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Appellate and Constitutional Law Update

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Fifteenth Court of Appeals Holds the Texas Business Court’s “Qualified Transaction” Jurisdiction Extends to Any Claim With a But-For Connection to the Transaction

In re Joseph Beard, No. 15-26-00136-CV – Decided October 15, 2026

In a unanimous opinion, the Fifteenth Court of Appeals held that an action “aris[es] out of a qualified transaction”—and thus falls within the Texas Business Court’s jurisdiction—whenever the transaction is a but-for cause of the plaintiff’s claims, even if the plaintiff was not a party to the deal.

“The Legislature also chose to use the phrase ‘arising out of,’ which had previously been interpreted to require but-for causation. We will not read a causation limitation into the statute that is inconsistent with existing law and that the Legislature did not choose to include.”

JUSTICE FARRIS, WRITING FOR THE COURT

Background:

Joseph Beard worked at the venture capital firm Perot Jain, L.P. from 2015 to 2020. His employment agreement made him eligible for a 3 percent “promote,” which Beard reads as a 3 percent equity interest in each portfolio company he worked on. Beard claims a 3 percent stake in one of those companies, Access Healthcare. When he left, his separation agreement listed the portfolio companies covered by the promote, and Access Healthcare was not among them. Op. 2.

Beard alleged that Perot Jain and its founders left Access Healthcare off the list because it was too hard to value and promised to pay him for his stake once they sold their interest. In January 2025, New Mountain Capital acquired a majority share of Access Healthcare in a reported \$2 billion deal with Perot Jain. When the defendants refused to pay, Beard sued them in Dallas County district court for fraud, promissory estoppel, quantum meruit, and breach of contract. Op. 2–3.

The defendants removed the case to the Business Court, invoking its jurisdiction over an action “arising out of a qualified transaction” in which more than \$5 million is in controversy. Tex. Gov’t Code § 25A.004(d)(1). Beard moved to remand. The parties agreed that the Access Healthcare sale was a qualified transaction, meaning a transaction or series of related transactions in which a party pays or receives at least \$5 million. Tex. Gov’t Code § 25A.001(14). They disagreed about what “arising out of” requires. The defendants said but-for causation is enough. Beard said the phrase demands a closer connection and that, in any event, his claims arise from his employment agreement, not a sale to which he was not a party. Op. 3–4, 9–11.

The Business Court denied Beard’s motion to remand. Beard then petitioned the Fifteenth Court of Appeals, which has exclusive intermediate appellate jurisdiction over the Business Court, for a writ of mandamus ordering the case returned to the district court. Op. 1, 3.

Issue:

Under Section 25A.004(d)(1) of the Texas Government Code, does the Business Court have jurisdiction over an action “arising out of a qualified transaction” whenever the transaction is a but-for cause of the plaintiff’s claims?

Court’s Holding:

Yes. “Arising out of” carries its settled meaning of but-for causation, and the court declined to read a tighter causal nexus into a statute the Legislature wrote without one. Op. 7–8. Beard’s claims rely on an alleged promise to pay him after the sale of Access Healthcare, so the sale is a cause “without which the litigation could not have occurred,” whether or not Beard was a party to it. Op. 11.

What It Means:

- The Business Court’s “qualified transaction” jurisdiction is broad. *In re Beard* is the first appellate decision to construe it. The court read “arising out of” to reach any claim with a but-for connection to the transaction, not just disputes over the transaction itself. Op. 10–

11. Companies that have bought or sold a business worth \$5 million or more, whether in one transaction or a series of related transactions, should be prepared to litigate the disputes that follow a deal in the Business Court, including fights over earnouts, promotes, carried interest, deferred compensation, and other payments triggered by the deal.

- The Business Court is not limited to “high stakes commercial cases” between “big businesses.” Op. 11. The statute grants jurisdiction over the listed actions “without any restriction on who has brought them.” Op. 12. Nor must the plaintiff have been a party to the deal because a qualified transaction is defined by what “a party” pays or receives, not by who sues. Op. 11. Companies should expect to defend deal-linked claims by executives, employees, and minority investors in the Business Court.
- The Fifteenth Court decides Business Court jurisdiction from the words of the statute. The court declined to resort to legislative history and held that floor statements by individual senators “cannot reliably describe the legislature’s intent.” Op. 5, 11–12. Companies assessing Business Court jurisdiction can rely on the statute’s text rather than its legislative history.
- Business Court jurisdiction is getting clearer as the docket grows. The Business Court has issued more than 100 written opinions in two years, and the Fifteenth Court is building on them. In *In re Beard*, it adopted the but-for reading the Business Court had already applied and relied on the Business Court’s practice of hearing claims brought by individuals. Op. 6–7, 9, 12. Companies should expect the open questions about the court’s reach to be answered as more removals are tested.

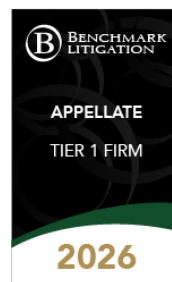
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The Fifteenth Court of Appeals' opinion in *In re Beard* is available [here](#).

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Fifteenth Court of Appeals and the Texas Business Court. Please feel free to contact the following practice leaders:

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