Case Summaries
June 13, 2025

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DECIDED CASES

Univ. of Tex. Rio Grande Valley v. Oteka, ___ S.W.3d ___, 2025 WL ___ (Tex. June 13, 2025) [23-0167]

In this personal-injury case, does the district court or the division of workers' compensation decide whether an employee's injury was work-related for purposes of workers' compensation when the employer raises the issue by an exclusive-remedy affirmative defense?

A university professor was walking through a parking lot after attending a commencement ceremony when she was struck by a vehicle driven by a university police officer. The professor sued the university for negligence. The university responded with an affirmative defense that workers' compensation benefits are the exclusive remedy because the injury occurred during the course and scope of her employment. The university then filed a plea to the jurisdiction, arguing that the division had exclusive jurisdiction to determine the course-and-scope issue raised by the affirmative defense. The trial court denied the plea, and the court of appeals affirmed.

The Supreme Court affirmed. The Court noted the presumption in favor of the district court's jurisdiction. The Court also observed that there is no procedural mechanism in the Workers' Compensation Act to obtain a course-and-scope finding from the division unless the employee files a compensation claim. Relying on the presumption, its prior cases, and the Act's text and structure, the Court held that the division does not have exclusive jurisdiction to determine whether an injury occurred in the course and scope of employment when (1) the employer raises the issue outside the compensability context, and (2) the employee's requested relief does not depend on any entitlement to benefits.

EIS Dev. II, LLC v. Buena Vista Area Ass'n, ___ S.W.3d ___, 2025 WL ___ (Tex. June 13, 2025) [23-0365]

At issue in this case is the application of a deed restriction prohibiting more than two residences from being built on any five-acre tract.

EIS purchased adjoining parcels of land totaling about 100 acres near Waxahachie, Texas. EIS proposed a residential development of 73 single-family lots, each less than five acres. After the Ellis County Commissioners' Court approved the plat, some adjoining landowners formed the Association and sued to enforce the restriction. They sought a declaration that building one house on each lot would violate the restriction, and requested an injunction limiting construction.

EIS responded with several defenses including waiver or abandonment, estoppel, and changed conditions; EIS also counterclaimed to have the restriction declared unenforceable. The trial court rejected EIS's defenses and counterclaims, enjoined development of more than 40 residences, and ultimately ruled that development would violate the deed restriction. The court of appeals affirmed.

The Supreme Court reversed. In an opinion by Justice Busby, the Court held that the proper construction of the restriction permits tracts of fewer than five acres and allows for one residence to be built on each sub-five-acre tract. Nothing in the text of the restriction suggests that it should be read as a minimum-tract-size restriction. The Court went on to hold that: neither the Association nor the adjoining-landowner parties to the suit had waived or abandoned their right to enforce the restrictions; the trial court erred in refusing to allow the jury to consider changes that occurred after the restriction was created but before EIS purchased the parcels; and the remaining counterclaim did not require joinder of nonparty adjoining landowners or the State.

Justice Lehrmann dissented in part. She would have held that the restriction limited EIS to building no more than 40 main residences on the 100 acres.

White Knight Dev., LLC v. Simmons, ___ S.W.3d ___, 2025 WL ____ (Tex. June 13, 2025) [23-0868]

The issue in this case is whether a seller awarded specific performance for breach of a real estate contract may also be compensated for expenses incurred due to the buyer's delay in performance.

White Knight Development purchased land from Dick and Julie Simmons. White Knight later invoked a "buy-back" provision that required the Simmonses to repurchase the property. The Simmonses refused, and White Knight sued. After a bench trial, the trial court found that the Simmonses breached the contract and awarded White Knight specific performance of the buy-back provision as well as a monetary award for various expenses White Knight incurred.

The court of appeals modified the judgment to delete the monetary award. Although it concluded that courts may award equitable compensation along with specific performance in narrow circumstances, it held that such an award was impermissible because the trial court did not expressly state that its monetary award was equitable.

The Supreme Court reversed in part and remanded. The Court held that in limited circumstances a plaintiff may both obtain specific performance and recover equitable compensation for the breaching party's delay in performing to restore the plaintiff to the position it would have occupied had the contract been timely performed. The Court explained that recoverable expenses must be reasonable, foreseeable, directly traceable to the delay in performance, and, in cases in which the buyer breached, incurred in connection with the seller's care and custody of the property during the delay. The Court concluded that the court of appeals erred by deleting the entire monetary award without analyzing whether some expenses were recoverable, so it remanded the case to the court of appeals.

In re N.L.S., ___ S.W.3d ___, 2025 WL ___ (Tex. June 13, 2025) (per curiam) [23-0965]

The issue in this case is whether legally sufficient evidence supported the trial court's finding that a parent engaged in conduct that endangered his child's well-being.

The Department of Family and Protective Services received a report that N.L.S., who was five years old, had come to a neighbor's house several mornings in a row hungry and wearing the same dirty clothes. The police removed N.L.S. and his brother from their mother's home. The Department initiated termination proceedings against the parents, including the Petitioner, N.L.S.'s father. Father has been incarcerated for most of N.L.S.'s life. He has an extensive criminal history, including at least five felonies. One conviction stemmed from an arrest for possession of methamphetamine on the same day he visited N.L.S.

The trial court terminated Father's parental rights to N.L.S., finding that he engaged in conduct or knowingly placed N.L.S. with persons who engaged in conduct that endangered N.L.S.'s physical or emotional well-being under Family Code Section 161.001(b)(1)(E) and that termination was in N.L.S.'s best interest.

The court of appeals reversed. It held the evidence was legally insufficient to support termination because the Department did not establish a causal link between Father's criminal conduct and any alleged endangerment to N.L.S.

The Supreme Court reversed. It held that a parent's pattern of behavior that presents a substantial risk of harm to the child permits a factfinder to reasonably find endangerment under Subsection (E). Proof that the parent's conduct directly harmed the child is not required. Father's pattern of escalating criminal convictions, his choice to not monitor N.L.S.'s safety during his incarceration, and his minimal efforts to be part of N.L.S.'s life supported the trial court's endangerment finding. The Court remanded to the court of appeals to review the factual sufficiency of the endangerment finding, as well as the legal and factual sufficiency of the finding that termination was in N.L.S.'s best interest.

Chief Justice Blacklock filed a dissenting opinion. He would have affirmed the court of appeals' judgment that the evidence was legally insufficient to support termination under Subsection (E).

In re Kay, ___ S.W.3d ___, 2025 WL ___ (Tex. June 13, 2025) (per curiam) [24-0149]

This case addresses whether a trial court has discretion to allow a judgment debtor with a net worth over $10 million to post alternative security.

Yosowitz sued Kay for breach of their divorce agreement and fiduciary duties, and Yosowitz obtained a $54 million judgment. Seeking to suspend the judgment, Kay filed an affidavit of net worth and two cashier's checks totaling half of his asserted net worth. At the net worth hearing, the parties principally contested the value of Kay's shares in his privately held startup, Entera Holdings. Accepting the valuation testimony of Yosowitz's experts over that of Kay's expert, the trial court found that Kay's shares were worth $182 million and set $25 million as the required bond amount.

Kay challenged the bond order by motion in the court of appeals, which upheld the trial court's order. Kay then sought mandamus relief in the Supreme Court.

The Court conditionally granted mandamus relief. The Court did not disturb the trial court's finding regarding the value of Kay's Entera shares. But the Court reversed the court of appeals' determination that Texas Rule of Appellate Procedure 24.2(e) deprives trial courts of the discretion to allow alternate security for judgment debtors with a net worth over $10 million. Instead, Rule 24.1(a) continues to contemplate supersedeas as ordered by the court. Thus, trial courts are not limited to the alternative security that Rule 24.2(e) requires in certain cases; they retain discretion to allow alternative security under Rule 24.1(a)(4) for judgment debtors with net worths of $10 million or more. Accordingly, the Supreme Court directed the court of appeals to determine in the first instance whether the trial court abused its discretion in refusing Kay's offer to tender his Entera stock certificate as alternate security.

CONSTITUTIONAL LAW

Religion Clauses

Perez v. City of San Antonio, ___ S.W.3d ___, 2025 WL ___ (Tex. June 13, 2025) [24-0714]

This certified question concerns the applicability and scope of Article I, Section 6-a of the Texas Constitution.

Gary Perez is a member of the Lipan-Apache Native American Church. The Church worships at a particular area in a public park in San Antonio. In 2023, the City blocked access to the sacred area to make improvements and announced its intention to remove a large number of trees, which Church members state are integral to their religious practice.

Perez sued the City in federal court, alleging, among other claims, violations of Article I, Section 6-a of the Texas Constitution, which forbids the state from "prohibit[ing] or limit[ing] religious services." The district court declined to grant a temporary restraining order. Perez appealed, and the Fifth Circuit certified the following question:

> Does the "Religious Service Protections" provision of the Constitution of the State of Texas—as expressed in Article 1, Section 6-a—impose a

> categorical bar on any limitation of any religious service, regardless of the sort of limitation and the government's interest in that limitation?

The Supreme Court answered that the Clause's force is categorical when it applies but its scope is limited and does not reach the type of governmental actions about which Perez complained. As to force, the Court determined that the Clause does not import a strict-scrutiny test. That it was enacted in response to COVID-19 lockdown orders confirms the understanding that the Clause provides greater protection for religious services than the Free Exercise Clause of the First Amendment or the Texas Religious Freedom Restoration Act.

As to the scope of the Clause, the Court declined to comprehensively define the boundaries of the Clause. It rejected proposed definitions from the parties and amici and stated only that the scope did not reach governmental actions taken to preserve and maintain public property for the safety and enjoyment of the public. The Clause generally forbids the government from prohibiting people from gathering for a religious service, restricting the number or relationships of people who can gather for a religious service, or regulating the activities in which people may engage when they gather. The City's decisions were not of that character and were thus not prohibited.

Justice Sullivan dissented. He would have declined to answer the certified question, as any answer in this case would be advisory.