

SUPREME COURT OF THE UNITED STATES

Keathley v. Buddy Ayers Construction, Inc.

608 U.S. ____ (2026) · No. 25-6 · Decided June 11, 2026

SUMMARY

The Supreme Court held that, assuming judicial estoppel may apply in the bankruptcy context and that inadvertence or mistake may constitute an exception, courts must assess the totality of the circumstances surrounding a debtor’s omission of a claim from bankruptcy schedules. The Court rejected the Fifth Circuit’s rule limiting the inquiry to the debtor’s knowledge of the underlying facts and potential motive to conceal. The judgment was vacated and the case remanded.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Justice Jackson
JURISDICTION	Supreme Court of the United States
DECIDED	June 11, 2026
DOCKET	25-6
DISPOSITION	vacated
PROCEDURAL POSTURE	On writ of certiorari from the United States Court of Appeals for the Fifth Circuit, the Supreme Court reviewed the affirmance of summary judgment for Buddy Ayers Construction based on judicial estoppel arising from Keathley's failure to disclose a personal-injury claim in his pending Chapter 13 bankruptcy.
STANDARD OF REVIEW	The Supreme Court reviewed the Fifth Circuit's formulation of the equitable judicial-estoppel inquiry for legal error.
PRECEDENTIAL VALUE	Binding Supreme Court precedent
PARTIES	Thomas Keathley v. Buddy Ayers Construction, Incorporated

TOPICS

- bankruptcy disclosure requirements
- chapter 13
- summary judgment
- civil procedure
- remedies

PRACTICE AREAS

- Bankruptcy
- Federal civil procedure
- Judicial estoppel
- Summary judgment
- Equitable remedies

QUESTIONS PRESENTED

1. Whether, assuming judicial estoppel can apply in the bankruptcy context and that inadvertence or mistake can provide an exception, courts must determine inadvertence or mistake by considering the totality of the circumstances rather than only the debtor's knowledge of the underlying facts and hypothetical motive to conceal.
2. Whether the Fifth Circuit's two-factor formulation for evaluating inadvertence or mistake was an impermissibly rigid and overbroad application of an equitable doctrine.

HOLDINGS

1. Assuming without deciding that judicial estoppel applies in the bankruptcy context and that inadvertence or mistake can operate as an exception, courts must assess whether an omission was inadvertent or mistaken by considering the totality of the circumstances surrounding the omission.
2. The Fifth Circuit erred by treating an omission as inadvertent or mistaken only when the debtor lacked knowledge of the underlying facts or lacked a potential motive to conceal.
3. The Court did not decide whether judicial estoppel applies in the bankruptcy context or whether bad faith is required for its application.

KEY QUOTATIONS

“To determine whether an omission was inadvertent or mistaken for purposes of judicial estoppel, courts should look to the totality of the circumstances surrounding the omission.” (608 U.S. ___, 2)

“The rigidity comes from the Fifth Circuit’s failure to fully recognize that “judicial estoppel is an equitable doctrine.”” (608 U.S. ___, 7)

“To determine whether the omission was inadvertent or a mistake, the Fifth Circuit instead should have examined the totality of the circumstances surrounding Keathley’s failure to report his personal-injury claims earlier.” (608 U.S. ___, 8)

“A near-dispositive criterion is a poor fit for a fair inquiry into whether an omission is actually the result of inadvertence or mistake.” (608 U.S. ___, 9)

FACTUAL BACKGROUND

Keathley and his wife were participating in a Chapter 13 bankruptcy case with a confirmed five-year repayment plan. After Keathley was injured in a car accident, he retained counsel and intended to sue Buddy Ayers Construction, but neither he nor his bankruptcy counsel disclosed the potential claim while the bankruptcy case remained open. When Buddy Ayers moved for summary judgment in the later personal-injury action, Keathley amended his bankruptcy schedules and submitted evidence that the omission had been inadvertent.

PROCEDURAL HISTORY

Keathley and his wife filed a Chapter 13 bankruptcy petition in the Eastern District of Arkansas in December 2019, and the Bankruptcy Court confirmed an amended repayment plan in April 2020. After Keathley was injured in an August 2021 automobile accident, he filed a personal-injury action in the Northern District of

Mississippi without disclosing the claim in the open bankruptcy case. The District Court granted Buddy Ayers Construction summary judgment on judicial-estoppel grounds, and the Fifth Circuit affirmed under circuit precedent limiting inadvertence or mistake to lack of knowledge of the underlying facts or lack of a potential motive to conceal. The Supreme Court vacated and remanded.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The judgment of the Fifth Circuit was vacated, and the case was remanded for further proceedings consistent with the opinion, including a holistic, totality-of-the-circumstances inquiry into whether Keathley's omission was inadvertent or mistaken.

CASES CITED

- United States v. Detroit Timber & Lumber Co., 200 U.S. 321, 337 (1906)
- New Hampshire v. Maine, 532 U.S. 742, 749-753 (2001)
- Holmberg v. Armbrecht, 327 U.S. 392, 396 (1946)
- Holland v. Florida, 560 U.S. 631, 649-650 (2010)
- United States National Bank v. Chase National Bank, 331 U.S. 28, 36 (1947)
- In re Coastal Plains, Inc., 179 F.3d 197, 204, 210 (5th Cir. 1999)
- Love v. Tyson Foods, Inc., 677 F.3d 258, 262 (5th Cir. 2012)
- Ah Quin v. County of Kauai Department of Transportation, 733 F.3d 267, 271, 276-277 (9th Cir. 2013)
- Slater v. United States Steel Corp., 871 F.3d 1174, 1176, 1185-1189 (11th Cir. 2017) (en banc)
- Cannon-Stokes v. Potter, 453 F.3d 446, 447-448 (7th Cir. 2006)
- Martineau v. Wier, 934 F.3d 385, 393-396 (4th Cir. 2019)
- Stanley v. FCA US, LLC, 51 F.4th 215, 221 (6th Cir. 2022)
- Spaine v. Community Contacts, Inc., 756 F.3d 542, 547-548 (7th Cir. 2014)
- Eastman v. Union Pacific Railroad Co., 493 F.3d 1151, 1157 (10th Cir. 2007)
- Marrama v. Citizens Bank of Massachusetts, 549 U.S. 365, 372-374 (2007)
- Biesek v. Soo Line Railroad Co., 440 F.3d 410, 413 (7th Cir. 2006)
- Hamilton v. Zimmerman, 37 Tenn. 39 (1857)
- Parkinson v. California Co., 233 F.2d 432, 437-438 (10th Cir. 1956)
- Konstantinidis v. Chen, 626 F.2d 933, 937-938 (D.C. Cir. 1980)
- Davis v. Wakelee, 156 U.S. 680, 689-690 (1895)
- Trump v. CASA, Inc., 606 U.S. 831, 841, 846-847 (2025)
- Trump v. Hawaii, 585 U.S. 667, 716 (2018) (Thomas, J., concurring)
- Erie Railroad Co. v. Tompkins, 304 U.S. 64 (1938)

- Massachusetts v. Missouri, 308 U.S. 1, 15 (1939)

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