

SUPREME COURT OF THE STATE OF WASHINGTON

Outsource Services Management, LLC v. Nooksack Business Corporation

181 Wn.2d 272, 333 P.3d 380 (2014) · No. No. 88482-0 · Decided August 21, 2014

SUMMARY

The Washington Supreme Court held that Washington state courts have subject matter jurisdiction over a contract claim against a tribal enterprise when the enterprise waived sovereign immunity and expressly consented to state-court jurisdiction. The court concluded that honoring the tribal enterprise's contractual choice of forum did not infringe tribal sovereignty or the tribe's right of self-rule. The court affirmed the Court of Appeals but declined to decide whether a waiver of sovereign immunity alone would confer state-court jurisdiction.

CASE DETAILS

COURT	Supreme Court of the State of Washington
WRITING FOR THE COURT	Owens, J.; Gonzalez, J.; Fair, J.; Wiggins, J.; Gordon McCloud, J.
JURISDICTION	Washington
DECIDED	August 21, 2014
DOCKET	No. 88482-0
DISPOSITION	affirmed
PROCEDURAL POSTURE	Nooksack appealed the denial of its motion to dismiss for lack of subject matter jurisdiction in a breach-of-contract action. The Washington Supreme Court granted review of the Court of Appeals decision affirming the trial court.
STANDARD OF REVIEW	Subject matter jurisdiction is reviewed de novo as a question of law.
PRECEDENTIAL VALUE	Published Washington Supreme Court en banc opinion; precedential majority decision, with the holding expressly limited to the circumstances of a tribal enterprise's waiver of sovereign immunity and consent to state-court jurisdiction.
PARTIES	Nooksack Business Corporation v. Outsource Services Management, LLC

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QUESTIONS PRESENTED

1. Whether a Washington superior court has subject matter jurisdiction over a contract claim arising on tribal land when a tribal enterprise waived sovereign immunity and expressly consented to jurisdiction in Washington state courts.
2. Whether a tribal enterprise's consent to state-court jurisdiction may be considered in determining whether state jurisdiction would infringe the tribe's right to self-rule.
3. Whether waiver of sovereign immunity alone is sufficient to confer subject matter jurisdiction on Washington state courts.

HOLDINGS

1. Washington state courts have subject matter jurisdiction over a civil contract claim arising on an Indian reservation when the tribal enterprise waived sovereign immunity and expressly consented to jurisdiction in Washington state courts, because honoring that decision does not infringe tribal sovereignty or the tribe's right to self-rule.
2. Although parties cannot create subject matter jurisdiction by agreement or consent, a tribe's or tribal enterprise's consent to state-court jurisdiction may be considered when determining whether exercising jurisdiction would infringe tribal sovereignty.
3. The court declined to decide whether waiver of sovereign immunity alone is sufficient to confer subject matter jurisdiction on Washington state courts.

KEY QUOTATIONS

“Washington State courts have jurisdiction over civil cases arising on Indian reservations as long as it does not infringe on the sovereignty of the tribe.” (at 1)

“Thus, we hold that where state court jurisdiction is limited solely to protect tribal sovereignty and the tribe's right to self-rule, the limit does not apply when a tribal enterprise chooses to consent to such jurisdiction.” (at 11-12)

“Nooksack consensually entered into a contract in which it waived sovereign immunity and consented to the jurisdiction of Washington State courts. Under these circumstances, we hold that state court jurisdiction does not infringe on tribal sovereignty.” (at 12)

FACTUAL BACKGROUND

Nooksack Business Corporation, a tribal enterprise owned and controlled by the Nooksack Indian Tribe, entered into a financing contract with Outsource Services Management to renovate and expand the Tribe's casino. The contract included a limited waiver of sovereign immunity and express consent to arbitration, federal court,

Washington state court, and, under specified circumstances, tribal court jurisdiction. After Nooksack failed to make required loan and forbearance-agreement payments, Outsource sued for breach of contract in Washington state court.

PROCEDURAL HISTORY

Outsource sued Nooksack in Whatcom County Superior Court after Nooksack defaulted on loan and forbearance-agreement obligations. The trial court denied Nooksack's motion to dismiss and ruled that Washington courts had subject matter jurisdiction because Nooksack waived sovereign immunity and consented to state-court jurisdiction. The Court of Appeals affirmed on broader grounds, holding that waiver of sovereign immunity alone was sufficient to confer subject matter jurisdiction. The Supreme Court affirmed, but rejected the broader reasoning and held only that jurisdiction was proper because Nooksack both waived sovereign immunity and consented to state-court jurisdiction.

DISPOSITION

affirmed

CASES CITED

- Joy v. Kaiser Aluminum & Chemical Corp., 62 Wn. App. 909, 816 P.2d 90 (1991)
- Hoffer v. State, 110 Wn.2d 415, 755 P.2d 781 (1988)
- Powell v. Farris, 94 Wn.2d 782, 620 P.2d 525 (1980)
- Williams v. Lee, 358 U.S. 217 (1959)
- Three Affiliated Tribes of Fort Berthold Reservation v. Wold Engineering, P.C., 467 U.S. 138 (1984)
- In re Habeas Corpus of Wesley, 55 Wn.2d 90, 346 P.2d 658 (1959)
- Skagit Surveyors & Engineers, LLC v. Friends of Skagit County, 135 Wn.2d 542, 958 P.2d 962 (1998)
- Michigan v. Bay Mills Indian Community, 134 S. Ct. 2024, 188 L. Ed. 2d 1071 (2014)
- United States v. Nordic Village, Inc., 503 U.S. 30 (1992)
- McMahon v. United States, 342 U.S. 25 (1951)
- Ruckelshaus v. Sierra Club, 463 U.S. 680 (1983)
- Rupp v. Omaha Indian Tribe, 45 F.3d 1241 (8th Cir. 1995)
- Weeks Construction, Inc. v. Oglala Sioux Housing Authority, 797 F.2d 668 (8th Cir. 1986)
- Stock West, Inc. v. Confederated Tribes of Colville Reservation, 873 F.2d 1221 (9th Cir. 1989)
- Fisher v. District Court, 424 U.S. 382 (1976)

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