KEATHLEY v. BUDDY AYERS CONSTRUCTION, INC.

608 U.S. ___ (2026)

Case No. 25–6

Decided June 11, 2026

HEADNOTE/SYLLABUS:

(NOTE: This headnote/syllabus constitutes no part of the opinion of the Supreme Court but has been prepared by the Court's Reporter of Decisions for the convenience of the reader.)

Thomas Keathley and his wife filed a Chapter 13 bankruptcy petition in U. S. Bankruptcy Court in December 2019. The Bankruptcy Code requires debtors to file bankruptcy schedules listing their property, including "[c]laims against third parties, whether or not [the debtor] ha[s] filed a lawsuit or made a demand for payment." Official Form 106A/B, Schedule A/B: Property, Pt. 4, Question 33. Debtors must swear "[u]nder penalty of perjury" that the information provided is "true and correct." Official Form 106Dec, Declaration About an Individual Debtor's Schedules. In April 2020, based on the Keathley's disclosures, the Bankruptcy Court confirmed an amended repayment plan providing for interest-free repayment of 100% of creditors' claims over five years. In August 2021, while the bankruptcy case remained open, Keathley was involved in a car accident in Mississippi with a driver employed by Buddy Ayers Construction, Inc. Keathley retained a personal-injury attorney and informed his bankruptcy counsel that he intended to sue Buddy Ayers Construction. Neither Keathley nor his bankruptcy counsel disclosed the potential personal-injury claim to the Bankruptcy Court. Keathley then filed a personal-injury action in U. S. District Court in December 2021, asserting negligence claims against the company, again without notifying the Bankruptcy Court.

In March 2023, Buddy Ayers Construction moved for summary judgment on grounds of judicial estoppel based on Keathley's failure to disclose his personal-injury claims in the pending bankruptcy proceeding. Keathley immediately filed an amended schedule notifying the Bankruptcy Court of his pending claims. He then submitted affidavits in response to the motion for summary judgment, explaining that his omission had been inadvertent. The District Court, relying on Fifth Circuit precedent, found that Keathley knew of the facts underlying his claims and hypothetically had a motive to conceal, and therefore held the omission was not inadvertent or a mistake, entering summary judgment for Buddy Ayers Construction. The Fifth Circuit affirmed, with one judge concurring but expressing doubt that

judicial estoppel's goals were advanced by its application given evidence the omission was an "honest mistake."

Held: To determine whether an omission of a claim in the bankruptcy context was inadvertent or mistaken for purposes of judicial estoppel, courts should look to the totality of the circumstances surrounding the omission; the Fifth Circuit erred by artificially narrowing its inquiry to whether the debtor had knowledge of the underlying facts or a potential motive to conceal the claim. Pp. 6–9.

(a) Judicial estoppel is an "equitable doctrine" intended "to protect the integrity of the judicial process" by "prohibiting parties from deliberately changing positions according to the exigencies of the moment" and preventing the "risk of inconsistent court determinations." *New Hampshire* v. *Maine*, 532 U. S. 742, 749–751 (internal quotation marks omitted). Some lower courts apply judicial estoppel to bar lawsuits by debtors who fail to disclose claims in bankruptcy proceedings, viewing the failure to disclose as an "implicit representation" that the claim does not exist. 18B C. Wright, A. Miller, & E. Cooper, Federal Practice and Procedure §4477.9. Pp. 6–7.

(b) Assuming without deciding that judicial estoppel can apply in the bankruptcy context and that "inadvertence or mistake" can function as an exception to that application, the Fifth Circuit's rule is both too rigid and too broad. The rigidity comes from the Fifth Circuit's failure to fully recognize that "judicial estoppel is an equitable doctrine." *New Hampshire*, 532 U. S., at 750 (internal quotation marks omitted). Equity "eschews mechanical rules; it depends on flexibility," *Holmberg* v. *Armbrecht*, 327 U. S. 392, 396, and when a court conducts an equitable inquiry, it must act "on a case-by-case basis," considering all relevant facts and circumstances, *Holland* v. *Florida*, 560 U. S. 631, 649–650 (internal quotation marks omitted). The Fifth Circuit's rule allows courts to consider only two circumstances—whether the debtor knew of the underlying facts and whether there was a potential motive to conceal—and does not permit courts to look at any other evidence tending to show the omission was inadvertent. That rigidity is out of step with equity. The Fifth Circuit's rule is also overly broad because it holds that an omission falls outside the exception any time a debtor knows certain facts or could potentially benefit from nondisclosure, circumstances that will almost always be true, as the Fifth Circuit recognized. A near-dispositive criterion is a poor fit for a fair inquiry into whether an omission is *actually* the result of inadvertence or mistake. Pp. 7–9.

Vacated and remanded.

Jackson, J., delivered the opinion for a unanimous Court. Thomas, J., filed a concurring opinion, in which Gorsuch, J., joined. Sotomayor, J., filed a concurring opinion.