

# Texas Litigation Since the Plunge in Oil Prices

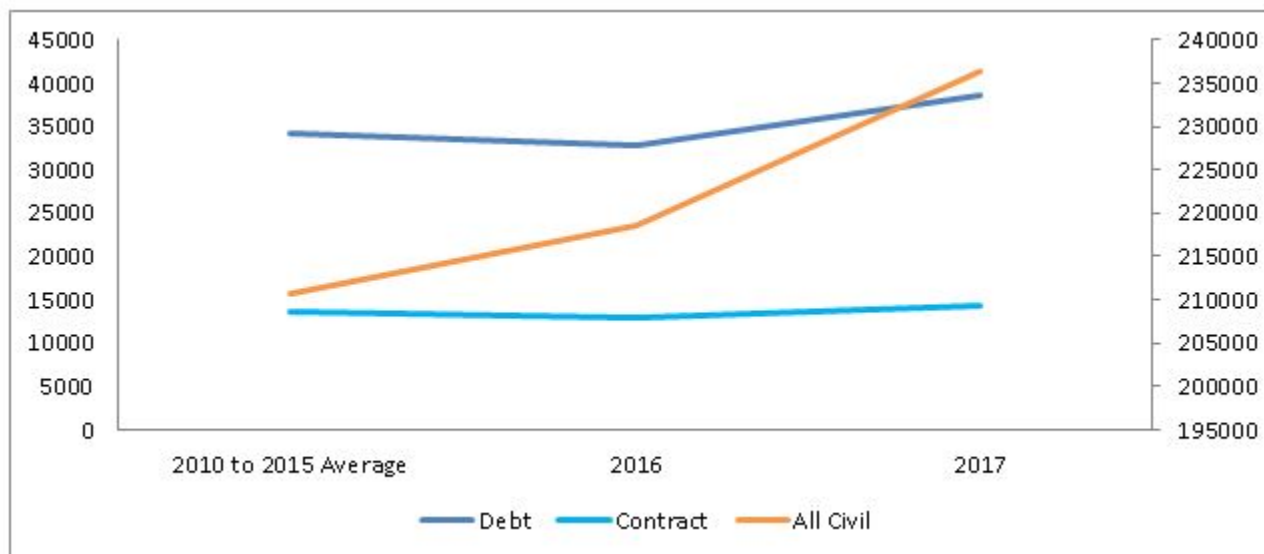
03.06.18

Texas attorneys have discussed a rise in litigation since the decline in oil prices that begun in 2014. However, many of the discussions have centered on anecdotal references to increases in certain types of litigation attributed to the oil and gas industry. It is common to hear people discuss a rise in labor and employment suits, royalty suits, bankruptcies, and debt collection actions. However, how could an increase in litigation because of the plunge be accurately quantified? The federal and state courts maintain a plethora of statistics regarding cases brought in their courts. Indeed, by analyzing the suits filed from 2010 to 2017, some clear trends emerged.

In 2016, intellectual property disputes in the 5th circuit rose 84% over the preceding five-year average from an average of 1,613 new cases filed to 2,969. Labor disputes, including FLSA suits for unpaid overtime and FMLA suits, increased 35.5% in 2016. Discrimination suits increased 11.1%. Indeed, federal civil litigation as a whole increased 23.5% in 2016. In 2017, intellectual property disputes maintained a 45.7% increase over the average filings from 2010 to 2015. Labor suits also maintained an 18.9% increase, and civil litigation as a whole increased an additional 25.5% to 37,648 suits filed in 2017.

Business Bankruptcy filings in certain categories also saw increases. In 2016, business Chapter 11 filings increased 15.8% over 2015, and an additional 37.7% in 2017. However, in the aggregate business bankruptcy filings actually dropped slightly in 2016 and 2017 compared to their previous five-year average.

In state courts, the data shows similarities to federal filings although to a lesser scale. Texas districts courts experienced a 3.8% increase in new civil filings in 2016, compared to the preceding five-year average. In 2017, the number of new civil suits increased an additional 8.4% to 236,390. One of the largest gains applicable to the oil and gas industry was a 12.8% increase in debt collection suits. Houston—the home of oil and gas—has shown a significant increase in litigation, with a 9.6% increase new civil suits in 2016, and an additional 8% increase in 2017.



Clearly, there has been an increase in certain

sectors of litigation. However, based on the data alone it is difficult to support the theory that plunge in oil prices alone is the culprit for any increase in Texas litigation.

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