

Senate File 639 - Introduced

SENATE FILE 639
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 570)
(SUCCESSOR TO SSB 1203)

A BILL FOR

1 An Act creating a specialty business court, and including
2 effective date provisions.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. NEW SECTION. **602.6801 Establishment of business**
2 **court.**

3 The supreme court shall establish and maintain a business
4 court as authorized by the general assembly in this part.

5 Sec. 2. NEW SECTION. **602.6802 Purpose.**

6 The purpose of the business court is to expeditiously resolve
7 complex commercial and business litigation through the court
8 system.

9 Sec. 3. NEW SECTION. **602.6803 Jurisdiction.**

10 1. The business court shall have jurisdiction, concurrent
11 with the district court, over cases where compensatory damages
12 totaling five hundred thousand dollars or more are alleged,
13 and cases that involve claims seeking primarily injunctive or
14 declaratory relief, that meet at least one of the following
15 conditions:

16 a. Arise from technology licensing agreements, including
17 software and biotechnology licensing agreements, or any agreement
18 involving the licensing of any intellectual property right,
19 including patent rights.

20 b. Relate to the internal affairs of business entities,
21 including corporations created under chapter 490 or 504,
22 limited liability companies created under chapter 489, general
23 partnerships created under chapter 486A, limited partnerships
24 created under chapter 488, sole proprietorships, professional
25 associations, real estate investment trusts, and joint ventures,
26 including the rights or obligations between or among business
27 participants, or the liability or indemnity of business
28 participants, officers, directors, managers, trustees, or
29 partners, among themselves or to the business entity.

30 c. Involve claims of breach of contract, fraud,
31 misrepresentation, or statutory violations between businesses
32 arising out of business transactions or relationships.

33 d. Is a shareholder derivative action or commercial class
34 action.

35 e. Arise from commercial bank transactions.

1 f. Relate to trade secrets, or noncompete, nonsolicitation,
2 or confidentiality agreements.

3 g. Involve commercial real property disputes other than
4 residential landlord-tenant disputes and foreclosures.

5 h. Is a trade secret, antitrust, or securities-related
6 action.

7 i. Involve business tort claims between or among two or
8 more business entities or individuals as to their business or
9 investment activities relating to contracts, transactions, or
10 relationships between or among them.

11 2. The business court shall not have jurisdiction over any of
12 the following:

13 a. A civil action brought by or against a governmental
14 entity, unless the governmental entity invokes or consents to the
15 jurisdiction of the business court.

16 b. Any claim in which a party seeks recovery of monetary
17 damages for personal injury or death or any claim arising under
18 section 714.16, chapter 633, or chapter 633A, unless all parties
19 and a judge of the business court agree that the claim may
20 proceed in the business court.

21 c. Actions arising out of professional negligence unless the
22 underlying claim alleges negligence in a transaction within the
23 jurisdiction of the business court under this section.

24 Sec. 4. NEW SECTION. **602.6804 Initial filing — removal and**
25 **remand — transfer and dismissal.**

26 1. An action authorized in section 602.6803 may be filed in
27 the business court. If the business court does not have subject
28 matter jurisdiction over the action, or part of the action, the
29 court shall, at the option of the party filing the action, do one
30 of the following:

31 a. Transfer the action or part of the action to an
32 appropriate district court.

33 b. Dismiss the action or part of the action without prejudice
34 to the parties' rights.

35 c. Retain jurisdiction of the action not subject to the

1 jurisdiction of the business court if the court has jurisdiction
2 of a portion of the action.

3 2. A party to an action filed in a district court that is
4 within the subject matter jurisdiction of the business court may
5 file a motion to transfer the action to the business court in
6 the district court where the action was initially filed. The
7 motion to transfer shall be assigned to a business court judge to
8 determine if the business court has subject matter jurisdiction.
9 If the business court does not have jurisdiction of the action or
10 part of the action, the action or part of the action shall remain
11 in the district court where it was initially filed.

12 3. Removal of an action to the business court is not subject
13 to rule of civil procedure 1.441.

14 Sec. 5. NEW SECTION. **602.6805 Appeals.**

15 The procedure governing an appeal or original proceeding from
16 the business court is the same as the procedure for an appeal or
17 original proceeding from a district court.

18 Sec. 6. NEW SECTION. **602.6806 Composition of business
19 court.**

20 1. The governor shall appoint not fewer than two nor more
21 than three judges to serve exclusively on the business court.
22 On the effective date of this Act, and thereafter upon the
23 occurrence of any vacancy on the business court, the governor
24 shall announce each vacancy. The state judicial nominating
25 commission shall, applying the same procedure used by a district
26 judicial nominating commission under chapter 46, nominate for
27 each vacancy two candidates meeting the qualifications for
28 appointment to district court. The governor shall appoint one
29 of the two nominees to fill the vacancy.

30 2. In addition to the judges appointed under subsection 1,
31 the supreme court may assign as visiting judges of the business
32 court district court judges and senior judges.

33 Sec. 7. NEW SECTION. **602.6807 Business court judge assigned
34 to facilitate settlement conference.**

35 The state court administrator or the administrator's designee

1 shall assign one business court judge or visiting judge to
2 preside over every action filed or transferred to the business
3 court and a second business court judge or visiting judge to
4 serve as a settlement conference judge.

5 Sec. 8. NEW SECTION. **602.6808 Salary — conditions of**
6 **office.**

7 1. A judge of the business court shall receive the annual
8 salary set for a district judge under section 602.1501.

9 2. A judge of the business court shall be subject to
10 retention election under chapter 46.

11 3. A judge of the business court shall be subject to
12 disqualification under section 602.1606.

13 4. A judge of the business court shall be subject to the
14 authority of the supreme court and the commission on judicial
15 qualifications under article 2.

16 5. A judge of the business court shall be subject to
17 impeachment under section 602.2201.

18 6. A judge of the business court shall be subject to the Iowa
19 code of judicial conduct.

20 Sec. 9. NEW SECTION. **602.6809 Jury practice and**
21 **procedure.**

22 1. A jury trial of the business court shall be held in a
23 county in which venue is proper under the Iowa rules of civil
24 procedure.

25 2. Subject to subsection 1, a jury trial in an action removed
26 to the business court shall be held in the county in which the
27 action was originally filed.

28 3. Subject to subsection 1, a jury trial in an action filed
29 initially in the business court shall be held in any county,
30 as chosen by the plaintiff, in which the action could have been
31 filed under the Iowa rules of civil procedure.

32 4. The parties and the judge of the business court may agree
33 to hold the jury trial in any other county. However, a party
34 shall not be required to agree to hold the jury trial in a
35 different county.

1 5. The drawing of jury panels, selection of jurors, and other
2 jury practice and procedure in the business court shall follow
3 the standards for juries provided in chapter 607A.

4 6. Practice, procedure, rules of evidence, issuance of
5 process and writs, and all other matters pertaining to the
6 conduct of trials, hearings, and other business in the business
7 court are governed by the laws and rules prescribed for district
8 courts, unless otherwise provided under this part.

9 Sec. 10. NEW SECTION. **602.6810 Written opinions.**

10 To facilitate the establishment of a coherent body of law, a
11 judge of the business court shall issue a written opinion when
12 deciding issues of law by order or judgment, unless any of the
13 following apply:

14 1. The court has a well-developed body of law on the issue.

15 2. The court is applying the precedent on the issue.

16 3. Another opinion on the issue will not significantly
17 contribute to the development of the law.

18 Sec. 11. NEW SECTION. **602.6811 Business court staff.**

19 The state court administrator or the administrator's designee
20 may appoint personnel necessary for the operation of the business
21 court.

22 Sec. 12. NEW SECTION. **602.6812 Seal.**

23 The seal of the business court is the same as that provided by
24 law for a district court except the seal must contain the phrase
25 "The Business Court of Iowa".

26 Sec. 13. NEW SECTION. **602.6813 Rules.**

27 Subject to the provisions of this part, the supreme court
28 shall promulgate rules for the jurisdiction and operation of
29 the business court as the supreme court determines necessary,
30 including rules providing for any of the following:

31 1. The timely and efficient transfer and remand of cases to
32 and from the business court.

33 2. The assignment of cases to judges of the business court.

34 Sec. 14. NEW SECTION. **602.6814 Transition provision.**

35 This part applies to civil actions described under section

1 602.6803 filed on or after the effective date of this Act. If an
2 action described under section 602.6803 was pending in a district
3 court before the effective date of this Act, the parties may
4 agree to have the civil action transferred or removed to the
5 business court in accordance with this part.

6 Sec. 15. EFFECTIVE DATE. This Act takes effect September 1,
7 2025.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill creates the business court of Iowa.

12 The bill provides that the business court has jurisdiction
13 over cases involving compensatory damages of \$500,000 or
14 more involving claims that arise from at least one of the
15 following: technology licensing agreements; the internal
16 affairs of business entities; breach of contract, fraud,
17 misrepresentation, or statutory violations between businesses;
18 shareholder derivative actions or commercial class actions;
19 commercial bank transactions; trade secrets or noncompete
20 agreements; commercial real estate disputes; antitrust or
21 securities-related actions; or business tort claims.

22 The bill sets forth provisions governing transfer, dismissal,
23 retention, and removal of cases in the business court, and
24 specifies that the procedure for appeals is the same as for
25 proceedings in a district court. Removal of an action from the
26 business court is not subject to rule of civil procedure 1.441
27 (time to move or plead).

28 The bill requires the governor to appoint no fewer than two
29 but not more than three judges to the business court from among
30 nominees selected by the state judicial nominating commission
31 and provides that if a vacancy occurs, the vacancy must also be
32 filled following the same procedure.

33 The bill allows the supreme court to appoint district court
34 judges and senior judges as visiting judges of the business court
35 and requires the state administrator or designee to assign one

1 business court judge or visiting judge to preside over every
2 action in the business court and a second judge to serve as
3 settlement conference judge.

4 The bill provides that a business court judge shall receive
5 the same salary as a district court judge and further provides
6 for the conditions of office of a business court judge.

7 The bill creates directions for the jury practice and
8 procedure in the business court, including venue of jury trials.

9 The bill requires business court judges to produce written
10 opinions to create a coherent body of law. A business court
11 judge does not have to issue a written opinion if the court has
12 a well-developed body of law on the issue, the court is applying
13 precedent, or another opinion on the issue will not significantly
14 contribute to the development of the body of law.

15 The bill authorizes the court to appoint personnel necessary
16 for operation of the court and creates a seal of the business
17 court. The bill directs the supreme court to establish court
18 rules as necessary for the operation of the business court.

19 The bill takes effect September 1, 2025, and provides for
20 the transfer of civil actions pending before that date to the
21 business court by agreement of the parties.