

Sovereign Immunity from Suit

Syllabus

KIOWA TRIBE OF OKLAHOMA v. MANUFACTURING TECHNOLOGIES, INC.

CERTIORARI TO THE COURT OF CIVIL APPEALS OF OKLAHOMA , FIRST DIVISION

No. 96-1037. Argued January 12, 1998, Decided May 26, 1998

Petitioner, a federally recognized Indian Tribe, owns land in Oklahoma, and the United States holds land in trust for it there. After the Tribe's industrial development commission agreed to buy from respondent certain stock issued by a third party, the then-chairman of its business committee signed a promissory note, in the Tribe's name, agreeing to pay respondent \$285,000 plus interest. The note recites it was signed at Carnegie, Oklahoma, where the Tribe has a complex on trust land. According to respondent, however, the note was executed and delivered in Oklahoma City, beyond tribal lands, and obligated the Tribe to make its payments in that city. The note does not specify a governing law, but provides that nothing in it subjects or limits the Tribe's sovereign rights. The Tribe defaulted on the note; respondent sued in state court; and the Tribe moved to dismiss for lack of jurisdiction, relying in part on its sovereign immunity from suit. The trial court denied the motion and entered judgment for respondent. The Oklahoma Court of Civil Appeals affirmed, holding that Indian tribes are subject to suit in state court for breaches of contract involving off-reservation commercial conduct.

Held: Indian tribes enjoy sovereign immunity from civil suits on contracts, whether those contracts involve governmental or commercial activities and whether they were made on or off a reservation. As a matter of federal law, a tribe is subject to suit only where Congress has authorized the suit or the tribe has waived its immunity. See, e.g., *Three Affiliated Tribes of Fort Berthold Reservation v. Wold Engineering, P. C.*, 476 U.S. 877, 890. Respondent's request to confine such immunity to transactions on reservations and to tribal governmental activities is rejected. This Court's precedents have not drawn those distinctions, see, e.g., *Puyallup Tribe, Inc. v. Department of Game of Wash.*, 433 U.S. 165, 168, 172, and its cases allowing States to apply their substantive laws to tribal activities occurring outside Indian country or involving nonmembers have recognized that tribes continue to enjoy immunity from suit, see, e.g., *Oklahoma Tax Comm'n v. Citizen Band of Potawatomi Tribe of Okla.*, 498 U.S. 505, 510. The Oklahoma Court of Appeals' belief that federal law does not mandate such immunity is mistaken. It is a matter of federal law and is not subject to diminution by the States. E.g., *Three Affiliated Tribes*, supra, at 891. Nevertheless, the tribal immunity doctrine developed almost by accident: The Court's precedents reciting it, see, e.g., *United States v. United States Fidelity & Guaranty Co.*, 309 U.S. 506, 512, rest on early cases that assumed immunity without extensive reasoning, see, e.g., *Turner v. United States*, 248 U.S. 354, 358. The wisdom of perpetuating the doctrine may be doubted, but the Court chooses to adhere to its earlier decisions in deference to Congress, see *Potawatomi*, supra, at 510, which may wish to exercise its authority to limit tribal immunity through explicit legislation, see, e.g., *Santa Clara Pueblo v. Martinez*, 436 U.S. 49, 58. Congress has not done so thus far, nor has petitioner waived immunity, so it governs here. Pp. 2-8.

Reversed.

KENNEDY , J., delivered the opinion of the Court, in which REHNQUIST , C. J., and O'CONNOR , SALIA , SOUTER , and BREYER , JJ., joined. STEVENS , J., filed a dissenting opinion, in which THOMAS and GINSBURG, JJ., joined.