Petition for Writ of Mandamus Conditionally Granted and Memorandum Opinion filed February 11, 2010.

In The

Fourteenth Court of Appeals

NO. 14-09-00896-CV

IN RE JOHN D. HANBY, Relator

ORIGINAL PROCEEDING
WRIT OF MANDAMUS

M E M O R A N D U M O P I N I O N

In this original proceeding, relator, John D. Hanby, seeks a writ of mandamus ordering the respondent, the Honorable Brent Gamble, to enter an order dismissing the underlying lawsuit against Real Party in Interest, Weatherford International, Inc., in accordance with his notice of nonsuit. We conditionally grant the writ.

According to the petition[1], Hanby developed a new spectrometric technology to be used in oil and gas drilling. He then entered into a consulting agreement with Weatherford. Under the agreement, Weatherford was required to negotiate a license with Hanby for use of the technology and methodology he developed, "the Hanby Friedel-Crafts method." Weatherford agreed to pay a reasonable royalty for the exclusive license and the parties agreed to negotiate

[1] Weatherford disputes Hanby's statement of facts in its response.

the royalty rate "in good faith." When the terms of the agreement were set to expire, Weatherford offered a new employment agreement. After Hanby requested amendments to the new agreement, Weatherford terminated him. According to Hanby, Weatherford has since refused to abide by the consulting agreement. Hanby alleges that Weatherford is marketing and selling his invention for commercial use and is attempting to patent his work without credit. Hanby filed suit against Weatherford asserting claims as follows:

- breach of contract — Weatherford contracted that in return for the exclusive license to use the Hanby Friedel-Crafts method and apparatus, it would negotiate a royalty rate in good faith but has failed to do so and has refused to pay royalties;
- negligent misrepresentation — Weatherford misrepresented it would negotiate and pay royalties for use of the Hanby Friedel-Crafts method and apparatus;
- unjust enrichment — Weatherford failed to negotiate and pay royalties for use of the Hanby Friedel-Crafts method and apparatus;
- fraud — Weatherford falsely, and with actual knowledge, represented it would negotiate in good faith and pay royalties for use of the Hanby Friedel-Crafts method and apparatus;
- conversion and theft of trade secrets — Weatherford has wrongfully exercised dominion and control over the Hanby Friedel-Crafts method and apparatus, which is proprietary and confidential information belonging to Hanby; and
- misappropriation — Weatherford misappropriated the Hanby Friedel-Crafts method and apparatus when it refused to pay Hanby a royalty for its use and has thereby gained a special advantage in its competition with Hanby in that Weatherford bore little or no expense in developing the Hanby Friedel-Crafts method and apparatus.

Weatherford filed a counterclaim for declaratory relief and seeks the following declarations:

- Weatherford fully performed its obligations;
- Weatherford had no obligation to exercise the option for a license;
- Weatherford had no obligation to negotiate a license with Hanby;
- Weatherford owns all intellectual property created by Hanby;
- Weatherford owns all intellectual property to inventions in Hanby's possession before entering into the Agreement, including the Hanby Friedel-Crafts method and apparatus;
- Weatherford has not taken, used, or misappropriated Hanby's alleged trade secrets;

- Hanby breached the agreement by failing to cooperate with preparation of a patent application; and
- Weatherford is entitled to recover attorneys' fees under Tex. Civ. Prac. & Rem. Code § 38.001.

Hanby filed a notice of nonsuit dismissing the entire lawsuit. *See* Tex. R. Civ. P. 162. Weatherford filed an objection and motion to strike the notice of nonsuit, claiming it has sought relief that is independent of the relief sought by Hanby. The trial court granted Weatherford's objection and motion to strike. The trial court found that "Weathford has sought relief that is independent of the relief sought by Plaintiff Hanby," but did not specify the independent relief.

The granting of a nonsuit is a ministerial act by the court. *See Shadowbrook Apartments v. Abu-Ahmad*, 783 S.W.2d 210, 211 (Tex. 1990). Accordingly, a party is entitled to mandamus relief if the trial court erroneously refuses to grant a nonsuit and dismiss the case. *See BHP Petroleum Co,. Inc. v. Millard*, 800 S.W.2d 838, 840, n.7 (Tex. 1990).

"The plaintiff's right to take a nonsuit is *unqualified and absolute* as long as the defendant has not made a claim for affirmative relief." *Id*. at 841 (original emphasis). A defensive pleading must allege the defendant has an independent cause of action on which he could recover to qualify as a claim for affirmative relief. *Id.* at 841. Restating defenses as a claim for declaratory judgment does not deprive the plaintiff as his right to the nonsuit. *Id.* Denials of the plaintiff's cause of action do not suffice. *Id*. The allegations pleaded in the defendant's counterclaim must aver facts upon which affirmative relief could be granted. *Id*.

Weatherford contends that its counterclaims exceed the scope of Hanby's suit by seeking declarations that (1) Weatherford had no obligation to exercise the license option or negotiate a license; (2) Weatherford owned all intellectual property at issue; and (3) Hanby failed to cooperate with preparation of a patent application. Weatherford does not argue that any of its other claims for declaratory relief are independent of the relief sought by Hanby.

We conclude that the declaratory relief sought by Weatherford does not exceed the scope of Hanby's suit. A declaration that Weatherford had no obligation to exercise the option

for or negotiate a license with Hanby would establish that Weatherford did not breach the contract as alleged by Hanby. Accordingly, the counterclaims for license-related declarations are merely defenses to Hanby's breach of contract claim. "Restating a defense in the form of a request for a declaratory judgment does not defeat a plaintiff's claim to a nonsuit." *Digital Imaging Assoc., Inc. v. State*, 176 S.W.3d 851, 854 (Tex. App. – Houston [1st Dist.] 2005, no pet.). Therefore, Weatherford's second and third counterclaims are not independent claims for affirmative relief.

A declaration that Weatherford owns all intellectual property created by Hanby is a defense to Hanby's claim of conversion and theft of trade secrets. As noted above, a defense to a cause of action is not an independent claim for affirmative relief. *See id.* Similarly, a declaration that Hanby breached the contract by failing to cooperate with preparation of a patent application is a defense to enforcement of the contract rather than an independent claim for affirmative relief. *See id.*

Weatherford also argues that its counterclaims seeking declarations regarding intellectual property ownership and Hanby's alleged failure to cooperate with preparation of a patent application are independent because the parties have an ongoing relationship with continuing obligations. Specifically Weatherford asserts that its counterclaims "seek enforcement of Hanby's ongoing obligations to provide clear title to Weatherford's intellectual property, require Hanby to assist in procurement of patents relating to Weatherford's intellectual property, and to recover damages in relation to Hanby's breach of these provisions of the Consulting Agreements." Counterclaims that seek a declaration controlling an ongoing relationship have been held to be independent of the underlying action. *See BHP Petroleum Co.*, 800 S.W.2d at 841-42. However, the continuing obligations Weatherford refers to here are not actually raised by their counterclaims. Weatherford's counterclaims do not seek enforcement, performance, or damages; rather, Weatherford seeks only declarations of liability and ownership. Accordingly, they simply mirror the controlling issues at issue in Hanby's

claims. *See Digital Imaging Assoc.*, 176 S.W.3d at 854 ("A claim that simply mirrors the controlling issues of the plaintiff's suit is not a claim for affirmative relief.").

A declaratory judgment action is not available to settle disputes already pending before a court. *See BHP Petroleum Co.*, 800 S.W.2d at 841-42. Weatherford's counterclaims do not aver any facts upon which affirmative relief could be granted. *See Digital Imaging Assoc.*, 176 S.W.3d at 855. Because the counterclaims asserted by Weatherford already are encompassed by Hanby's original suit, the trial court abused its discretion in refusing to nonsuit the entire case.

Weatherford further asserts that mandamus should be denied to prevent "forum shopping." We reject this contention because a declaratory judgment action is not to be used to "deprive the real plaintiff of the traditional right to chose the time and place of suit." *BHP Petroleum Co.*, 800 S.W.2d at 841. (quoting *Abor v. Black*, 695 S.W.2d 564, 566 (Tex. 1985)).

For these reasons, we conditionally grant the petition for a writ of mandamus and direct the trial court to vacate its order of October 9, 2009 granting Weatherford's objection and motion to strike Hanby's notice of nonsuit. We direct the trial court to sign an order dismissing the underlying lawsuit. The writ will issue only if the trial court fails to act in accordance with this opinion.

PER CURIAM

Panel consists of Justices Yates, Anderson, and Boyce.