
January 1972

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Recommended Citation

John L. Carter, Note, *Federal-State Comity: Federal Court Invites State Court Abstention*, 26 SW L.J. 443 (1972)

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IV. CONCLUSION

The net effect of the *Avondale* decision is to afford non-registering out-of-state corporations a federal forum in states that withhold the use of their local court system. Once diversity is established, a defendant foreign corporation will always seek removal in order to assert a counterclaim which is prohibited under state law.⁵³ Since this case involved a compulsory counterclaim and the res judicata considerations presented if the counterclaim had not been asserted,⁵⁴ it is questionable that a permissive counterclaim would be similarly treated.⁵⁵ Although *Hanna* affords a relatively simple and mechanical method for disregarding conflicting state legislation, its expanded use in this area of the law might ultimately force its reappraisal. In order to avoid this needless result, the courts must confront the implications of unconstitutionality in these state laws. The juxtaposition of *Erie* and *Hanna* in such future litigation may only serve to postpone a decision on the constitutionality of these laws that force economic loss across state lines.

John T. Arnold

Federal-State Comity: Federal Court Invites State Court Abstention

Plaintiff manufactured carpet backing under a license agreement with defendants. Plaintiff sought a declaratory judgment that defendants' patents were invalid. The federal district court dismissed the action for want of federal jurisdiction.¹ After the dismissal, one defendant sued plaintiff in state court for royalties allegedly due under the licensing agreement. Subsequently, the licensing agreement was terminated under the procedure provided by the agreement itself. Plaintiff returned to the federal district court and initiated a second action for a declaratory judgment that the patents were invalid. Since the license had been terminated, the federal district court found that it now had jurisdiction.² The court denied defendants' motion to dismiss and

⁵³ See note 1 *supra*.

⁵⁴ See Scott, *Collateral Estoppel by Judgment*, 56 HARV. L. REV. 1 (1942).

⁵⁵ Of course, most attorneys will protect their clients by submitting all counterclaims which are arguably compulsory as if they were compulsory. 1A W. BARRON & A. HOLTZOFF, FEDERAL PRACTICE AND PROCEDURE § 394.1 (C. Wright ed. 1960).

¹ The plaintiff alleged that federal jurisdiction existed under 28 U.S.C. § 1338(a) (1971): "The district court shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks . . ." The court in dismissing the action held that the declaratory judgment in the case did not "arise under" the patent laws because the action which the declaratory judgment sought to avoid would have been an action for breach of the license agreement, an action governed by state law. "Where the complaint in an action for declaratory judgment seeks in essence to assert a defense to an impending or threatened state court action, it is the character of the threatened action, and not of the defense, which will determine whether there is federal-question jurisdiction in the District Court." Public Serv. Comm'n v. Wycoff Co., 344 U.S. 237, 248 (1952). *But cf.* Beckman Instruments, Inc. v. Technical Dev. Corp., 433 F.2d 55 (7th Cir. 1970); J.F.D. Electronics v. Channel Master Corp., 229 F. Supp. 514 (S.D.N.Y. 1964).

² In the original declaratory judgment action the threatened suit by defendant which the plaintiff sought to avoid by use of a declaratory judgment action would have been for breach

restrained further proceedings in the state court action. Interlocutory appeals were allowed. *Held, affirmed in part and reversed in part*: While the anti-injunction statute³ prevents the federal court from enjoining the state court action, the federal court can issue a declaratory judgment which may have the same effect as an injunction, provided the state court indicates its willingness to refrain from action pending determination of the question of federal law. *Thiokol Chemical Corp. v. Burlington Industries, Inc.*, 437 F.2d 1328 (3d Cir. 1971), *cert. denied*, 92 S. Ct. 684 (1972).

I. FEDERAL-STATE COMITY

Congress has the power to determine the jurisdiction of the federal courts.⁴ However, if exclusive jurisdiction is not given to the federal courts by the Congress, concurrent jurisdiction exists between the state and federal courts.⁵ This may, of course, result in petitions concerning the same controversy being filed simultaneously in a state and federal court.⁶ In an *in rem* proceeding, the court which first takes jurisdiction of the res has exclusive jurisdiction of the matter.⁷ However, if the action involved is an *in personam* action over which both courts have jurisdiction, both courts may proceed simultaneously.⁸ Because of the obvious waste of judicial energy which results from this simultaneous litigation by the same parties of the same issue⁹ it was important that the state and federal courts develop concepts of deference to each other's jurisdiction. This accommodation by a court with concurrent jurisdiction has usually meant that the federal court deferred to the jurisdiction of the state court because of two factors: (1) the anti-injunction statute,¹⁰ which generally prevents the federal court from enjoining the state court action, and (2) the

of the license contract, an *assumpsit* action governed by state law. In the second declaratory judgment action the threatened suit would have been for patent infringement, a suit which would "arise under" the patent laws. However, as is common in patent litigation, the defendants had made no direct threat of a suit for patent infringement. Nevertheless, the district court held that in view of the state court suit for royalties, a threat of an infringement suit could be implied. It appears that it is unnecessary to show an actual threat of a suit for patent infringement in order to show a sufficient case or controversy in a declaratory judgment action involving patent validity. *See, e.g.*, *Goodrich-Gulf Chems., Inc. v. Phillips Petroleum Co.*, 376 F.2d 1015 (6th Cir. 1967); *Dewey & Almy Chem. Co. v. American Anode, Inc.*, 137 F.2d 68 (3d Cir.), *cert. denied*, 320 U.S. 761 (1943); *Treemond Co. v. Schering Corp.*, 122 F.2d 702 (3d Cir. 1941); *Remington Prods. Corp. v. American Aerovap, Inc.*, 97 F. Supp. 644 (S.D.N.Y. 1951); *Kobre v. Photoral Corp.*, 100 F. Supp. 56 (S.D.N.Y. 1951); 3A J. MOORE, *FEDERAL PRACTICE* ¶ 17.11 (2d ed. 1969).

³ 28 U.S.C. § 2283 (1971); *see* note 10 *infra*.

⁴ U.S. CONST. art. III, § 1; *Bowles v. Willingham*, 321 U.S. 503, 512 (1944).

⁵ A state court may adjudicate the matter although it is based entirely on federal law. *Clafin v. Houseman*, 93 U.S. 130 (1876). This result seems to conform with the original judicial scheme: "I am even of opinion, that in every case in which [the state courts] were not expressly excluded by the future acts of the national legislature, they will of course take cognizance of the causes to which those acts may give birth." THE FEDERALIST NO. 82, at 608 (J. Hamilton ed. 1880) (A. Hamilton).

⁶ *See, e.g.*, *Vestal, Reactive Litigation*, 47 IOWA L. REV. 11 (1961).

⁷ *Palmer v. Texas*, 212 U.S. 118 (1909).

⁸ *Kline v. Burke Constr. Co.*, 260 U.S. 226 (1922); *Hyde Constr. Co. v. Koehring Co.*, 388 F.2d 501 (10th Cir.), *cert. denied*, 391 U.S. 905 (1968); *Hayes Indus., Inc. v. Caribbean Sales Associates, Inc.*, 387 F.2d 498 (1st Cir. 1968).

⁹ *See, e.g.*, *Hanson v. Denckla*, 357 U.S. 235 (1958), in which two state courts had litigated issues concerning the same will and a trust collateral to that will.

¹⁰ "A court of the United States may not grant an injunction to stay proceedings in a state court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments." 28 U.S.C. § 2283 (1971).

doctrine of federal abstention.¹¹ However, since the idea that an action should be tried in the best possible forum is inherent in the concept of comity,¹² there seems to be no reason why in an appropriate action the state court should not defer to the federal forum.¹³

*Anti-Injunction Statute.*¹⁴ In order "to prevent needless friction between state and federal courts,"¹⁵ the United States Congress enacted a statute in 1793 which barred a federal court from enjoining similar proceedings in a state court.¹⁶ In 1941 Justice Frankfurter, speaking for the United States Supreme Court in *Toucey v. New York Life Insurance Co.*,¹⁷ held that the statute should be strictly construed, and that with the exception of in rem proceedings,¹⁸ only statutory exceptions to the prohibition would be recognized. In 1948 the statute was revised and put in its present form.¹⁹ Although some felt this revision contracted the scope of the statute,²⁰ Justice Frankfurter, once again speaking for the Supreme Court, held that the "prohibition is not to be whittled away by judicial improvisation"²¹ and should still be strictly construed. A specific statutory exception to the statute was still a prerequisite to the issuance of an injunction. More recently, the Supreme Court has held that the statute prohibits a federal court from enjoining a state court from proceedings which "interfere with a federal right or invade an area preempted by federal law, even when the interference is unmistakably clear."²²

In some cases a declaratory judgment may have the effect of an injunction. Since 1934 there has been a Federal Declaratory Judgments Act²³ under which

¹¹ See note 30 *infra*, and accompanying text.

¹² For example, a federal court can stay an action when the same issues may be determined in an action pending in another federal court which appears to be a better forum in which to conduct the litigation. The courts should give regard to conservation of judicial resources and comprehensive disposition of litigation. *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 183 (1952). A cardinal principle of equity is to afford complete relief and prevent a multiplicity of actions. *Angoff v. Goldfine*, 270 F.2d 185 (1st Cir. 1957).

¹³ It is not uncommon for one state court to defer to another state court. See, e.g., *Simmons v. Superior Court*, 96 Cal. App. 2d 119, 214 P.2d 844 (1950), in which it was held that the trial court abused its discretion in denying the defendant's motion for a stay of proceedings until final decision in a Texas court.

¹⁴ See note 10 *supra*.

¹⁵ *Oklahoma Packing Co. v. Oklahoma Gas & Elec. Co.*, 309 U.S. 4, 9 (1940).

¹⁶ Act of Mar. 2, 1793, ch. 22, § 5, 1 Stat. 334.

¹⁷ 314 U.S. 118 (1941).

¹⁸ See note 7 *supra*, and accompanying text.

¹⁹ The exception clause under the old statute provided that no injunction would be granted "except in cases where such injunction may be authorized by any law relating to proceedings in bankruptcy." Act of Mar. 3, 1911, ch. 231, § 265, 36 Stat. 1162. The 1948 exception provided that no injunction would be granted "except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments." 28 U.S.C. § 2283 (1971).

²⁰ The authors of the revised statute approved the dissent in *Toucey* and felt that the revised statute overruled the *Toucey* decision. H.R. REP. NO. 308, 80th Cong., 1st Sess. A182 (1947).

²¹ *Amalgamated Clothing Workers of America v. Richman Bros.*, 348 U.S. 511, 514 (1955).

²² *Atlantic Coast Line R.R. v. Brotherhood of Locomotive Eng'rs*, 398 U.S. 281, 294 (1970). One of the arguments in support of the injunction had been that the court should issue the injunction "in aid of its jurisdiction"; this argument was rejected by the Supreme Court. *Id.* at 295.

²³ In a case of actual controversy within its jurisdiction, except with respect to Federal taxes, any court of the United States, upon the filing of an appropriate

a party can ask for a declaration of rights when an actual case or controversy exists. An action for declaratory judgment is maintained at the discretion of the court.²⁴ However, the mere fact that there may be another appropriate remedy does not automatically bar the use of the declaratory judgment.²⁵ If a state action is pending in which all issues can be effectively determined, a federal court may refuse to entertain a declaratory judgment action²⁶ for the reason that the declaratory judgment has the practical effect of an injunction.²⁷ In a recent case involving the constitutionality of a state criminal statute the United States Supreme Court held that "the same equitable principles relevant to the propriety of an injunction must be taken into consideration in determining whether to issue a declaratory judgment."²⁸ However, the Court said that in unusual circumstances a declaratory judgment might be issued when an injunction would be improper.²⁹

Abstention. The courts have gradually recognized that a federal court may abstain from exercising its jurisdiction.³⁰ If the plaintiff in an action in which the federal court has abstained prefers adjudication of the federal issues in the federal forum, he must inform the state court of that desire and later have the federal court adjudicate the federal issues if the state court's resolution of the questions of state law has not completely resolved his case.³¹ It has been held that the mere fact that a case presents difficult questions of state law is not a sufficient ground for abstention.³² However, if a state supreme court is one which is authorized to issue advisory opinions, the federal court may stay the action

pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such.

28 U.S.C. § 2201 (1971).

²⁴ *Brillhart v. Excess Ins. Co. of America*, 316 U.S. 491 (1942).

²⁵ *FED. R. CIV. P.* 57.

²⁶ *Brillhart v. Excess Ins. Co. of America*, 316 U.S. 491 (1942). See also *H.J. Heinz Co. v. Owens*, 189 F.2d 505, 508 (9th Cir.), *cert. denied*, 342 U.S. 905 (1951); *Ballard v. Mutual Life Ins. Co.*, 109 F.2d 388 (5th Cir. 1940); *Maryland Cas. Co. v. Consumers Fin. Serv., Inc.*, 101 F.2d 514 (3d Cir. 1938); *Aetna Cas. & Sur. Co. v. Yeatts*, 99 F.2d 665 (4th Cir. 1938).

²⁷ *Public Serv. Comm'n v. Wycoff Co.*, 344 U.S. 237, 247 (1958) (*semble*).

²⁸ *Samuels v. Mackell*, 401 U.S. 66, 73 (1971).

²⁹ *Id.* The Court suggested that a declaratory judgment might be appropriate under "basic equitable doctrines" when an injunction would be "particularly intrusive or offensive." However, the language of the opinion suggests that such a situation would seldom, if ever, arise.

³⁰ Although John Marshall believed that if a federal court had subject matter jurisdiction of a controversy, it must exercise that jurisdiction, *Cohens v. Virginia*, 5 U.S. (6 Wheat.) 82 (1821), his view has not prevailed. Professor Wright now recognizes four categories of cases in which the federal courts have abstained: (1) to avoid decision of a federal constitutional question when the case may be disposed of on questions of state law; (2) to avoid needless conflict with the administration by a state of its own affairs; (3) to leave to the states the resolution of unsettled questions of state law; and (4) to ease the congestion of the federal court docket. C. WRIGHT, *LAW OF FEDERAL COURTS* 196 (2d ed. 1970).

³¹ *England v. Board of Medical Examiners*, 375 U.S. 411 (1964). However, in *United Serv. Life Ins. Co. v. Delaney*, 396 S.W.2d 855 (Tex. 1965), the Supreme Court of Texas held that when a federal court abstained so that a declaratory judgment could be brought in the state court, the state court could not act so long as the federal court retained jurisdiction to render a final judgment, because under such circumstances the state court opinion would be advisory in nature and advisory opinions were prohibited by the Texas Constitution.

³² *Meredith v. Winter Haven*, 320 U.S. 228 (1943). *But cf.* *Louisiana Power & Light Co. v. City of Thibodaux*, 360 U.S. 25 (1959), which may be read, as the dissent did in the case (*id.* at 58), as saying that such ground is sufficient.

pending before it and certify a difficult question of state law to the state's supreme court.³³ Although there is authority that such action is improper,³⁴ some federal courts have held that they may abstain when a similar in personam action is pending in a state court.³⁵ Interestingly, it has been held that a judge did not abuse his discretion when, because of a crowded docket, he ordered a stay in a trademark infringement action pending the outcome of a declaratory judgment action in a state court involving the same issues.³⁶

II. THIOKOL CHEMICAL CORP. V. BURLINGTON INDUSTRIES, INC.

Prior to 1971 it had not been expressly held that the concept of judicial abstention could be utilized to justify abstention by state courts. In *Thiokol Chemical Corp. v. Burlington Industries, Inc.*³⁷ the court was faced with a plaintiff who had previously been before it seeking a declaratory judgment concerning the validity of certain patents. Although the court did not have subject matter jurisdiction in the first action it possessed such jurisdiction at the time of the second action.³⁸ However, by the time of the second action Burlington had filed suit against Thiokol in a Pennsylvania court for royalties due under the license that had existed between them. In such an action the invalidity of the patents would have provided Thiokol with a defense.³⁹ Therefore, the validity of the patents would probably have been litigated in the state court action. The federal district court enjoined the state court action, but allowed an interlocutory appeal. Because of the anti-injunction statute, the Third Circuit found that the injunction was improper.⁴⁰ The defendants had also contended that the action should be dismissed because the declaratory judgment would have the same effect as an injunction. The court of appeals recognized that the policy which precluded an injunction of a state court action would usually prohibit a declaratory judgment which would decide and preempt the matter pending in the state court. However, the court held that in this instance the federal district court could issue the declaratory judgment so long as the state court indicated its willingness to refrain from action pending the federal court's decision. The court justified this holding on the ground that the state court case was likely to turn on a question of federal law with which the federal court was likely to be more familiar and experienced than the state court.

From a common-sense standpoint, in actions involving substantial questions

³³ *Clay v. Sun Ins. Office, Ltd.*, 363 U.S. 207 (1960).

³⁴ *See, e.g., McClellan v. Carland*, 217 U.S. 268 (1910), in which the United States Supreme Court held that the federal district court had abused its discretion when it entered a ninety-day stay order so that a state court action which involved a substantial issue in the case might be had. *See also Liberty Mut. Ins. Co. v. Pennsylvania R.R.*, 322 F.2d 963 (7th Cir. 1963), in which the Seventh Circuit held that a federal district court is without power to dismiss an action on the ground that an action involving the same parties and issues is pending in the state court.

³⁵ *Amdur v. Lizars*, 372 F.2d 103 (4th Cir. 1967); *Mottolese v. Kaufman*, 176 F.2d 301 (2d Cir. 1949).

³⁶ *P. Beiersdorf & Co. v. McGohey*, 187 F.2d 14 (2d Cir. 1951). Note that this is the action suggested for the state court judge in the *Thiokol* opinion.

³⁷ 448 F.2d 1328 (3d Cir. 1971), *cert. denied*, 92 S. Ct. 684 (1972).

³⁸ *See notes 1, 2 supra.*

³⁹ *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969).

⁴⁰ 448 F.2d at 1332.

of federal law, it is preferable for the state court to defer to the federal court. The court in *Thiokol* introduced this concept of comity between federal and state courts; *i.e.*, a state court abstention doctrine, in which the state court defers to the federal forum.⁴¹

An important argument against the holding in *Thiokol* is that the decision could encourage forum shopping, especially in the area of patent litigation.⁴² However, to accept such an argument requires that it be conceded that the courts are unaware of this propensity, a concession which is unwarranted⁴³ and unnecessary because of the discretionary latitude given the courts in the Federal Declaratory Judgments Act.⁴⁴ Such an argument also ignores the fact that the *Thiokol* decision holds that the state court must indicate its willingness to "hold its hand" pending the outcome of the federal action.⁴⁵ The state court could hardly be expected to do so in the case of a party who is merely seeking a strategic advantage in the litigation.

The *Thiokol* opinion unfortunately is incomplete in that it fails to offer any firm directions on how the state court is to indicate its willingness to hold the state court action in abeyance pending the outcome of the federal litigation.⁴⁶ Certainly the best method would be for the state court to enter a stay order as has been done in the case of a federal court deferring to a state forum,⁴⁷ even though the possibility of appeal from this order would complicate matters.⁴⁸ However, the *Thiokol* decision indicates that if the state court does not proceed to adjudicate the matter "in normal course," the delay of action can be interpreted as indicating consent to the federal court's adjudication of the matter.⁴⁹ The wisdom of this holding can be questioned because of the possibility that an implication may be incorrectly drawn by the federal court without a positive statement from the state court. The state court delay might be

⁴¹ This procedure could be used in Texas since the state court would make the final determination, even though a state court in Texas has no jurisdiction of an action in which a federal court has abstained. See note 31 *supra*.

⁴² "In perhaps no other field is there such a clearly defined and widely recognized disparity in the attitudes and holdings of the different circuits, and in no other field is the resulting temptation to forum shop so easily gratified." Note, *Joinder of Controlling Non-Parties: Eliminating Hide-and-Seek in Patent Litigation*, 70 YALE L.J. 1166, 1169 (1961).

⁴³ *Id.* The courts have had little patience with the forum shopping party in patent litigation. See, *e.g.*, *Rayco Mfg. Co. v. Chicopee Mfg. Corp.*, 148 F. Supp. 588 (S.D.N.Y. 1957).

⁴⁴ See note 24 *supra*, and accompanying text. "The manufacturer who is charged with infringing a patent cannot stretch the Federal Declaratory Judgments Act to give him a paramount right to choose the forum for trying out questions of infringement and validity." *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 185 (1952).

⁴⁵ 448 F.2d at 1332.

⁴⁶ Perhaps this is a problem which could be solved by State-Federal Judicial Councils which have now been established in forty states. See Address by Chief Justice Berger before the American Bar Association, July 5, 1971, in 57 A.B.A.J. 855 (1971).

⁴⁷ See notes 35, 36 *supra*, and accompanying text.

⁴⁸ State law would determine whether a stay order by the state court would be appealable. The weight of authority seems to be that such an interlocutory order would not be appealable. Annot., 18 A.L.R.3d 402 (1968). If such an order were appealable, to adopt the holding in *Thiokol* would simply cause the federal court action to be delayed while the stay order was appealed through the state courts. Such a result would not seem to be desirable. Abstention also causes other problems of appealability. What happens, for example, if a state appellate court later determines that the state trial court should not have abstained? It may be argued, of course, that these are simply problems to be expected when a dual system of judicial administration is utilized. To be balanced against these potential problems is the fact that the forum which is presumably best qualified to decide the particular issue is allowed to do so.

⁴⁹ 448 F.2d at 1332.

for quite legitimate reasons (*e.g.*, a crowded docket or a series of dilatory pleas) and the state court might, in fact, be unwilling to defer to the federal court. Perhaps the holding can be justified because of the discretionary nature of a declaratory judgment action. Even if it can, additional criteria are needed. How much delay is sufficient? Must evidence of the reasons for the delay in the state court be adduced in the federal action? Must there be some affirmative indication by the state court of its willingness to delay? These questions were left unanswered.

The most serious criticism of the holding in *Thiokol* is that it defeats the purpose of the federal removal statute.⁵⁰ An action brought in a state court can be removed to a federal court if the federal court had original jurisdiction of the claim. The federal court has jurisdiction of an action if the plaintiff's claim states a cause of action arising under the federal law or the United States Constitution.⁵¹ Jurisdiction cannot be based solely on the fact that the defendant may raise a question of federal law in asserting his defense.⁵² In *Thiokol* the state court action was in assumpsit and, therefore, based on state law. To allow a federal declaratory judgment action to determine the federal issue which would be raised by the defendant in the state action would, in effect, remove the non-removable state court action to federal court. The use of a declaratory judgment in this manner has been condemned.⁵³ This complaint ignores the practice in patent litigation of not openly asserting an infringement claim,⁵⁴ the concurrent jurisdiction which both the state⁵⁵ and federal court⁵⁶ have over the issue of the patent's validity, the federal nature of this central issue, and the agreeability of both the state and federal court to the federal adjudication of the claim which is a prerequisite to the federal court's exercise of jurisdiction.⁵⁷ The state court action is not being removed to the federal court, the federal court is simply determining an issue upon which it is presumably more qualified to pass judgment. The action being avoided by use of the declaratory judgment is an action for infringement. That this federal determination may admittedly prove determinative of the state court action is simply a possible consequence of the decision.⁵⁸

A legitimate question raised is whether this decision has any application beyond Third Circuit patent litigation cases. While declaratory judgments are

⁵⁰ 28 U.S.C. § 1441 (1971).

⁵¹ *Id.* § 1331.

⁵² *Tennessee v. Union & Planters' Bank*, 152 U.S. 454 (1894). However, it is of interest to note that the American Law Institute proposes that the law of removal should be changed. Generally, their proposal would make it possible for either party to remove the action from state court to federal court when the defendant asserts a defense based on federal law. ALI, *STUDY OF DIVISION OF JURISDICTION BETWEEN STATE AND FEDERAL COURTS* § 1312(a) (Official Draft 1969).

⁵³ *H.J. Heinz Co. v. Owens*, 189 F.2d 505 (9th Cir.), *cert. denied*, 342 U.S. 905 (1951); *American Auto. Ins. Co. v. Freund*, 103 F.2d 613 (7th Cir. 1939).

⁵⁴ See note 2 *supra*.

⁵⁵ See note 5 *supra*, and accompanying text.

⁵⁶ See note 1 *supra*.

⁵⁷ See note 45 *supra*, and accompanying text.

⁵⁸ It should be noted that if the federal court held that the patents were valid, this would certainly not preclude a judgment for the defendant in the state court action in assumpsit as other defenses (*e.g.*, payment of royalties, invalidity of the contract, etc.) would still be available for his use if they were appropriate under the facts.

most widely used in the area of patent and insurance litigation,⁵⁹ they may be used in any situation involving the requisite case or controversy. It would seem that the *Thiokol* decision would be applicable in any instance involving a declaratory judgment in which (1) the character of the threatened action⁶⁰ presents a question arising under the federal law or the United States Constitution, and (2) the state and federal court are in agreement that the federal court is the better forum for determination of the issue.⁶¹ State court abstention could be utilized when questions of a federal nature are controlling, *e.g.*, many labor disputes.

The *Thiokol* decision is open to all the criticisms which federal abstention has invoked.⁶² The objections to abstention revolve around the continuation of litigation in two separate forums. Hypotheticals can be constructed in which the two forums take turns deferring to each other and nothing gets decided.⁶³ A compelling argument against abstention is that it is better to put the case in one forum or the other and decide it rather than risk the possibility of delay.

III. CONCLUSION

The significance of *Thiokol* lies in the fact that the court recognized that in an appropriate situation, a state court can defer to a federal court which may be better able to adjudicate a particular issue. The state court may "abstain" from resolving an issue which the state court believes the federal court is better qualified to decide. The idea that one court should defer to another court which is better able to decide a particular question is simply an extension of the concept of abstention which the federal courts now employ. So long as an abstention concept is to be used, it would appear that in an appropriate situation a state court should be able to defer to a federal forum. This extension of the abstention concept by the Third Circuit was the best answer possible under the circumstances. However, in view of the difficulties inherent in any abstention concept, the best solution to the problem presented in the *Thiokol* case would be to allow removal of an action from a state court to federal court when the defendant asserts a defense based upon federal law.⁶⁴ This removal should be permitted upon the motion of either party.

John L. Carter

⁵⁹ 3 W. BARRON & A. HOLTZOFF, FEDERAL PRACTICE AND PROCEDURE 1264 (C. Wright ed. 1960).

⁶⁰ See note 1 *supra*.

⁶¹ The *Thiokol* decision requires that the state must agree to the federal determination. 448 F.2d at 1332. The discretionary nature of the declaratory judgment action requires that the federal court must agree to the federal determination. See note 24 *supra*, and accompanying text. This approach would seem to be closely analogous to the transfer of an action by one federal court to another federal court where the action might have been brought, which is possible under the federal venue statute. 28 U.S.C. § 1404 (1971).

⁶² See, *e.g.*, Justice Brennan's dissent in *Louisiana Power & Light Co. v. City of Thibodaux*, 360 U.S. 25, 31 (1959).

⁶³ See note 48 *supra*.

⁶⁴ See note 52 *supra*.