Federal Court

Cour fédérale

Date: 20200408

Docket: T-377-16

Citation: 2020 FC 501

Ottawa, Ontario, April 8, 2020

PRESENT: The Honourable Madam Justice McVeigh

BETWEEN:

BIOFERT MANUFACTURING INC.

Plaintiff/
Defendant by Counterclaim

and

AGRISOL MANUFACTURING INC. AND BIOFERT NA MANUFACTURING INC., COLLECTIVELY DBA BIOFERT, TAHIR MAHMOOD, AMARAN TYAB, SAIF MAHMOOD, AND FARRAH MAHMOOD

Defendants/
Plaintiffs by Counterclaim

ORDER AND REASONS

[1] By Judgment issued March 13, 2020, Agrisol Manufacturing Inc. and BioFert NA Manufacturing Inc. [the corporate Defendants] and the individual Defendant Dr. Tahir Mahmood [Dr. Mahmood] were held jointly and severally liable for trademark and copyright infringement.

The Plaintiff was not successful against the remaining Defendants and the Defendants were not successful in their counterclaim.

[2] Damages were awarded in the amount of $82,000.00 which reflected $81,000.00 for *Trademarks Act* infringement plus $1,000.00 for *Copyright Act* infringement.

[3] In addition, the Plaintiff was awarded costs to be determined at a future date because the Plaintiff requested the opportunity to make submissions on a Rule 420 settlement offer which was rejected and which could lead to double tariff costs following the date of rejection.

I. Submissions

[4] Originally, the Plaintiff sought costs as follows:

a) A total costs award of **$183,147.33** consisting of:

    i. Tariff costs from the outset of this litigation until August 2, 2019, in the amount of $28,280.00; and

    ii. Double-tariff costs of $109,125.00 (which is double the submitted tariff costs $54,562.50) from August 2, 2019 until the end of trial due to the Rule 420 offer for settlement refused by the Defendants, and

    iii. Disbursements in the amount of $45,742.33; or

b) Alternatively, the Plaintiff sought costs on a solicitor-and-client basis in the lump sum amount of $**915,945.83** which reflects the Plaintiff's anticipated costs and disbursements less costs already awarded.

A. *Request for Double Tariff Costs*

[5] In their Rule 420 submissions after the decision was rendered, the Plaintiff continued to request double-tariff costs following August 2, 2019. The Plaintiff explained that they made two settlement offers on August 2, 2019 (a Rule 420 offer) and September 30, 2019 (not a Rule 420 offer). The August 2, 2019 offer was an escalating offer that was open until the commencement of trial. The offer included compensation for damages, profits, punitive and exemplary damages as well as costs:

a) For **$200,000.00** if accepted by August 19, 2019;

b) Increased to $250,000.00 if accepted between August 19, 2019 and October 15, 2019; and

c) Increased to **$300,000.00** if accepted after **October 15, 2019**.

[6] The Plaintiff submitted that since the Court awarded $82,000.00 in damages, if this number was added to the submitted tariff costs of $81,842.50 ($82,842.50 minus $1,000.00 already awarded on prior motions) plus disbursements of $45,742.33, that would add up to a total of $**209,000.83.** This figure seems to include a miscalculation as these figures actually add up to **$209,584.83**. In any event, their argument is that their settlement offer of $200,000.00 qualifies as being less than what they have been awarded according to this calculation.

[7] With regards to the September 30, 2019 offer, the Plaintiff said it did not replace the August 2, 2019 offer. This offer was on the “same terms…other than a reduced settlement payment” of $125,000.00 which was lower than the damages awarded plus costs and

disbursements (calculated to be $209,584.83 at para 6 above). But the Plaintiff admitted it was only open until the conclusion of the pre-trial conference on October 2, 2019.

[8] The Plaintiff acknowledges that because the September 30, 2019 offer does not meet the strict application of Rule 420, it should be considered under Rule 400 which gives the Court discretion to award double costs as the offer was less than the damages awarded.

[9] For support they rely on jurisprudence where costs were awarded at 150% of regular tariffed costs when the technical requirements of Rule 420 do not apply but courts still wish to recognize the settlement offers (*Dimplex North America Limited v CFM Corporation*, 2006 FC 1403; *Apotex Inc. v Wellcome Foundation Ltd.*, 1998 CanLII 8792 (FC)).

[10] The Plaintiff submitted that further support for awarding costs is that settlement was also attempted in a without prejudice letter dated March 8, 2016. That settlement offer would have encompassed this action as well as the British Columbia Supreme Court matter *BioFert Manufacturing Inc. v Agrisol Manufacturing Inc., BioFert NA Manufacturing Inc., Tahir Mahmood, Imran Ahmed, and Kamal Preet Singh Bagha.*

B. *Request for Solicitor-and-Client Costs*

[11] Their alternative request is for solicitor-and-client costs of $**915,945.83** (actual fees of $712,221.50 plus $45,742.33 in disbursements plus $160,000.00 in estimated trial fees, minus $1,000.00 already awarded on a prior motion). There is another minor miscalculation as these figures in fact add up to **$916,963.83**. Part of the discrepancy appears to be because the

Plaintiff's submissions used $2,000.00 rather than $1,000.00 as the amount already awarded on prior motions. In support of this request for solicitor-and-client costs the Plaintiff argued in their submissions at trial that:

a) The Defendants knowingly and flagrantly set up a copycat business;

b) The Defendants were evasive and vague in their testimony;

c) The Defendants' efforts to required the Plaintiff to undertake additional costly proceedings to regain control of the domain name;

d) The Defendants took unreasonable litigation positions, including failing to consent to routine amendments; failing to respond to the requests to admit; Defendant Saif Mahmood bringing a last-minute motion to self-represent the corporate Defendants; and Dr. Mahmood bringing a motion to introduce new documents that he did not end up using;

e) The Defendants chose not to retain counsel despite not being "impecunious";

f) None of the Defendants obtained copies of their own documents from prior counsel and they relied on the Plaintiff to provide these documents;

g) Defendant Saif Mahmood asked witnesses about information covered by settlement privilege; and

h) Defendant Amaran Tyab was not present on two occasions when scheduled to testify.

[12] Though original costs submissions were provided by Dr. Mahmood, he provided no further submissions in response to the Rule 420 submissions of the Plaintiff. The other Defendants had given submissions at trial but provided no subsequent submissions. No submissions were received from the corporate Defendants.

[13] I have considered all of these submissions as well the factors set out in Rules 400 and 420 of the *Federal Courts Rules.*

II. Analysis

A. *Double Tariff Costs*

[14] In order for Rule 420 regarding double tariff costs to apply, the offer to settle must be made at least 14 days before the hearing starts and is not to be withdrawn or expire before the trial starts (see Rules 420(3)(a) and (b)).

[15] In this case, the August 2, 2019 settlement offer meets those conditions and the September 30, 2019 offer does not because it was only open until October 2, 2019.

[16] However, the August 2, 2019 offer does not meet the Rule 420(1) requirement that the offer must be "… as favorable or more favourable that the terms of the offer to settle" for Rule 420 to apply.

[17] Even if I use the Plaintiff's calculations of $209,584.83 as set out in paragraph 6 above, which is more than the lowest settlement amount in the August 2, 2019 offer of $200,000.00, it must be remembered that the offer was an escalating offer for settlement. The settlement amount of $200,000.00 was only open until August 19, 2019 but at trial the settlement offer open to accept was **$300,000.00**.

[18] Justice Lemieux confirmed that “The plaintiff's offer to settle is characterized in the case law as an escalating offer to settle because the offer grows in monetary terms as the plaintiff incurs more legal expenses particularly in trial preparation and at trial until acceptance of the offer” (*Gravel and Lake Services Ltd. v Bay Ocean Management Inc*., 2002 FCT 265 at para 7). He held that the proper date to value a settlement date is the date of trial. I agree.

[19] I am not prepared to order Rule 420 costs on any settlement offers that do not meet the conditions in Rule 420(3).

B. *Solicitor-and-Client Costs*

[20] This trial was not easy for the Plaintiff’s counsel. On these facts it is clear that the Plaintiff’s counsel did far more “work” because the individual Defendants did not hire counsel and the corporate Defendant’s counsel chose not to attend as was discussed in the trial reasons.

[21] Clearly, the Plaintiff’s counsel were exasperated with the Defendants. At trial, I asked them as officers of the Court to assist on occasion. I commended them for providing documents to the Defendants when the Defendants did not bring them to court. As well counsel had to endure other frustrations that arose daily. It was very difficult for the Registry Officer as she also had to provide documents and other assistance she would not have had to if parties are represented. There is no question that the trial took far longer than if all parties were represented. Adding to the difficulty was the necessity to have a translator for some of the witnesses.

[22] None of this is unexpected as it is often more difficult for the Court and the Plaintiff's counsel when you have a complex intellectual property trial and instead of legal counsel we have four legally untrained Defendants.

[23] But the Defendants to their credit were respectful to the Court and Plaintiff's counsel when court was open. Which is quite remarkable given that the Defendants did not all get along with even each other. In the end, though there was personal acrimony between a number of the participants this was a commercial intellectual property case and we all did the best we could in the circumstances The Defendants often did not bring documents or review previous transcripts but once they were instructed what to do they did it immediately and were genuinely apologetic of their lack of legal knowledge.

[24] Is this the situation to award solicitor-and-client costs against the Defendants? No, this is not. This is not that rare case to justify such an award. The Defendants did not show reprehensible, scandalous or outrageous conduct (*Louis Vuitton Malletier S. A. v Yang*, 2007 FC 1179).

C. *Costs awarded*

[25] The Federal Court of Appeal has indicated that lump sum costs are appropriate to avoid an exercise in accounting and to streamline the process (*Nova Chemicals Corporation v Dow Chemical Company*, 2017 FCA 25 at paras 11–13).

[26] The Plaintiff has provided detailed bills of costs and disbursements and I will award a lump sum that takes into consideration all the factors set out in Rule 400. I note in the bill of costs that the Plaintiff used column III for some of the costs and column IV for the majority so the tariff calculation is generous for the Plaintiff.

[27] Positive factors to consider are that the Plaintiff did try to settle the matter as well as the tremendous amount of work it was to run the trial with self-represented individuals. This extra work involved having to bring procedural motions within the trial as well as countless objections and superfluous work because they were not dealing with counsel. Despite this, the Plaintiff's counsels were both highly organized and prepared.

[28] On the other hand, there are negative factors I have to also consider. The Plaintiff claimed a far higher amount in damages ($942,300.00 in compensatory damages plus $100,000.00 in punitive and exemplary damages) than what was recovered ($82,000.00). In fact they seek more in costs than what was awarded for damages. The Plaintiff also had divided success as they were not successful against three of the Defendants or in any of their claim for punitive damages.

[29] A positive for the Defendants is that the Defendants did admit some facts as well as entering into an agreed statement of facts which saved valuable court time. It must be remembered that this was only done at the Plaintiff's initiation with the Plaintiff doing all of the work but it does not negate that the defendants in the end did cooperate and this saved some time and witnesses.

[30] Balancing all of the positives and negative factors under Rule 400, I will award lump sum costs in the amount of $80,000.00 inclusive of fees, disbursements and taxes to be paid by the corporate Defendants and Dr. Mahmood on a joint and several basis. The remaining Defendants will not have costs awarded against them or awarded to them.

ORDER IN T-377-16

THIS COURT'S ORDER is that:

1. The Plaintiff will receive a lump sum of $80,000.00 inclusive of fees, disbursements and taxes from the corporate Defendants and Dr. Mahmood on a joint and several basis;
2. No costs are awarded for or against the other Defendants.

"Glennys L. McVeigh"
Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-377-16
STYLE OF CAUSE:	AGRISOL MANUFACTURING INC. AND BIOFERT NA MANUFACTURING INC., COLLECTIVELY DBA BIOFERT, TAHIR MAHMOOD, AMARAN TYAB, SAIF MAHMOOD, AND FARRAH MAHMOOD
PLACE OF HEARING:	VANCOUVER, BRITISH COLUMBIA
DATE OF HEARING:	NOVEMBER 25-29, 2019 DECEMBER 2-5, 2019 DECEMBER 9-11, 2019 JANUARY 8-9, 2020
ORDER AND REASONS:	MCVEIGH J.
DATED:	APRIL 8, 2020

APPEARANCES:

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Usman Ghani	FOR THE DEFENDANTS, AGRISOL MANUFACTURING INC. AND BIOFERT NA MANUFACTURING INC.

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