Date: 20080606

Docket: T-1105-06

Citation: 2008 FC 618

Ottawa, Ontario, June 6, 2008

PRESENT: The Honourable Mr. Justice Hughes

BETWEEN:

RESEARCH IN MOTION

Plaintiff
(Defendant by Counterclaim)

and

VISTO CORPORATION

Defendant
(Plaintiff by Counterclaim)

REASONS FOR JUDGMENT AND JUDGMENT AS TO COSTS

[1] On May 21, 2008, I signed a Judgment in this action, the operative terms of which had been consented to by the parties together with some of the preamble which I was required to draft myself. Paragraph 5 of the operative part of that Judgment required that the parties present written submissions as to costs, the assumption being that I would rule as to the matter of costs related to these proceedings to date after considering those submissions. Those submissions have been received and this is the ruling as to costs.

[2] The usual rule in this Court is that a successful party is entitled to its costs and, if nothing more is stipulated, those costs are to be taxed by a taxing officer at the values established by the Tariff at the middle of Column III.

[3] There are many exceptions to the usual rule, for instance, the Court may take into account the conduct of the parties in pursuing the litigation, the difficulty of the case, whether success was divided in respect of certain issues, agreements between the parties as to costs, the value of the matter at stake and offers to settle among them.

[4] Here the matter was settled, save for a reference as to question of damages and extent of infringement to be determined by the case management Prothonotary. The Judgment as agreed to by the parties includes a declaration that several claims of three patents owned by the Plaintiff have been infringed by the Defendant and that the Plaintiff is entitled to damages the quantum of which is to be determined on the reference. There can be no appeal as to the matters that were disposed of on consent namely liability for infringement and damages at some level. Thus the normal rule would be that the Plaintiff is entitled to its costs to be taxed at the middle of Column III. The question becomes what other factors must be taken into consideration in arriving at a proper determination of costs in this particular case.

PARTICULAR CONSIDERATIONS

1. Complexity

[5] This was an action involving three patents; initially both infringement and validity were at issue. In the last few weeks before the judgment was signed only infringement remained at issue.

[6] The complexity of the bulk of the period of the litigation suggests the highest end of Column IV to be an appropriate level.

2. What was at stake?

[7] Initially, the Plaintiff asked for an injunction, damages and profits and other relief. The Defendant sought to invalidate the three patents. At the end of the day, the Plaintiff sought only damages, the Defendant abandoned its claim of invalidity. The material submitted to this Court suggests that damages to date may well prove to be excessively small.

[8] This all points to Column III at best for the initial phase of the litigation and the lower end of Column I for the last few months.

3. Final Result

[9] In the final result the Plaintiff remains with the validity of its three patents intact and recovers from the Defendant what would appear to be a very modest amount in damages.

[10] The Defendant may pay damages, but it appears that they are only modest. The Defendant is not subject to an injunction or any other equitable relief.

[11] All of this points to a level of costs to the Plaintiff not exceeding the middle or lower end of Column III.

4. <u>Conduct of the Litigation</u>

[12] The material that has been submitted to me during the pre-trial process indicates that litigation has been ongoing between these parties at least in Canada, Great Britain and the United States. The recent decision of Sir Christopher Floyd, a British judge for whom I have high regard, in *Research in Motion UK Limited v. Visto Corporation*, [2008] EWHC 819 (Pat) indicates that in a recent patent case between these or related parties the RIM party spent to some 6 million pounds and the Visto party spent some 1.6 million pounds on a case that lasted about 5 trial days. RIM is said to have said that the matter was "*of commercial insignificance*".

[13] I do not remark on the British proceedings to influence the outcome of my decision here except to say that the conduct of the parties here, particularly until a few months before the trial was to be heard, reflects an all out war and damn the expense attitude on behalf of both parties. The Plaintiff alleged infringement of virtually every claim of three patents but was reluctant to give meaningful particulars until well into the discovery process. The Defendant raised numerous invalidity issues including scores of prior art references and only winnowed all this down to a more focused effort a few months before trial.

[14] The Court was required to provide rigorous and extensive resources to case manage and mediate this case. The parties reserved 90 days for trial and waited until only a few weeks before reducing that number to 15, having moved the trial date and ultimately giving up the trial altogether. All of this wastes the valuable resources of the Court.

[15] Each party is quick to urge that much of the blame be put on the opposite party. I cannot easily or readily discern that one party was more at fault then the other in wasting the time and resources of this Court.

[16] The Court realizes that litigation is a tactical tool engaged by parties in commercial competition and those who have the resources and willingness to utilize such tools should not be prevented from doing so however where the Courts resources, time spent on motions, case management, mediation are expended in the process and a long trial date reserved then abandoned thus depriving other of a trial date and wasting the Court's time in preparing for a trial, the Court will not reward a seemingly successful party. It can express its disapproval through one of the few means at its disposal namely, costs.

[17] I view that this litigation has been conducted in an overzealous manner without due regard to the waste of the Court's resources and that the total costs plus disbursement assessed should be reduced by one-half.

5. Conclusion as to Level of Costs

[18] As a result of the foregoing and taking into account all the submission of the parties, even if I have not specifically touched on them in those Reasons, costs in will be awarded to the Plaintiff at the middle of Column III with all costs and disbursements ultimately taxed to be reduced by one-half.

6. Specific Matters as to Costs

a) Motion and other Interlocutory Proceedings

[19] Where an Order has been made on a motion or other interlocutory proceeding that addresses costs that Order should prevail. Where the Order is silent, no costs are to be taxed. Where reasons indicate no costs such as my reasons accompanying the Judgment on consent, there shall be no costs. Where the Order awards costs but sets no amount or level, costs shall be taxed at the Column III level.

b) Discoveries and Cross-Examinations

[20] The party conducting discovery or cross-examination is entitled to tax for the attendance of up to two counsel, senior and junior, if present. The defending party may tax only one counsel.

c) In-House Counsel, Outside Layers, Paralegals and Others

[21] No costs or disbursements may be taxed for in-house counsel, or any other lawyers or paralegals or others.

d) Matters of Agreement

[22] I have been made aware of at least one agreement between the parties that appears to affect the matter of costs that of April 9, 2008. To the extent that this agreement and any other agreement between the parties affect the matter of costs, it shall prevail.

7. DISBURSEMENTS

a) Tariff Items

[23] Disbursements allowed by Tariff A are, of course, allowable where actually expended for the purpose of this litigation.

b) Transcripts

[24] Disbursements in respect of transcripts generated for the purposes of this litigation are allowed. Where both parties agreed to or requested special services, such as expedition or copies in particular formats electronic or otherwise and this resulted in increased disbursements, they shall be allowed, but not otherwise.

c) Electronic Document Management

[25] There is no doubt that in complex modern litigation involving a large number of documents that technology such as electronic document management is useful and perhaps almost essential. However, without more I cannot ascertain whether the amount submitted by the Plaintiff for such services on its draft Bill of Costs reflects what was truly reasonable and necessary. Perhaps the

parties can come to some agreement as to an amount (I say somewhat sceptically) if not the Plaintiff may recover such amount as the taxing officer finds to be both reasonable and necessary.

d) Photocopying

[26] A maximum of 25 cents per page or the actually amount expended, whichever is less, is allowed but only in respect of copies found by the taxing officer to be reasonable and necessary.

e) Travel Expenses

[27] No travel expenses except for witnesses actually appearing on discovery or cross-examination or up to two counsel, as previously discussed, attending discovery or cross-examination together with such other travel as was reasonable and necessary to prepare for the same and follow-up on the same, is allowed.

[28] Expenses for such travel shall be limited to the lesser of the actual amount or that normally permitted for judges which is no more than $275.00/day for accommodation and $100.00/day for meals and other expenses plus taxes. Economy class travel only for trips under 1000km shall be allowed.

f) Expert Witnesses

[29] Fees charged by expert witnesses shall be only those reasonable and necessary for their litigation and shall not include any other litigation or other matters. The hourly or daily rate as the case may be shall not exceed that of Plaintiff's senior counsel.

[30] Only those experts that the taxing officer can be persuaded were to be called at trial as matters stand as of the first of April 2008 (being the time just before the parties started in earnest to reduce issues) shall be allowed.

g) Other Disbursements

[31] No other disbursement shall be allowed unless the taxing officer can be persuaded that such disbursement was actually made for this litigation only and was reasonable and necessary for the conduct of the litigation.

8. RESOLUTION OF COSTS AND DISBURSEMENTS

[32] It is the intent of this resolution of costs and disbursements to keep them at the modest level and restricted to that which directly relates to this litigation and was reasonable and necessary.

[33] That being said, the sum found shall be reduced by one half, as previously discussed. Applicable taxes may be added.

[34] I would suggest that those Reasons serve as a guideline to the parties such that they can resolve the matter as to the amount between themselves. Hopefully at this stage there will be enough goodwill between them to do that. As a suggestion, if they are unable to resolved the matter, I could do so by a “baseball” type resolution with each party submitting a draft Bill of Costs or similar submission and I would simply pick one without modification and without providing

reasons. If they want to do this, it should be done before the end of June while all matters are reasonably fresh and other matters have not overtaken our attention.

[35] The costs of the reference, if any, are of course yet to be dealt with in the reference process. No costs are awarded in respect of this part of the Judgment.

JUDGMENT

FOR THE REASONS PROVIDED:

1. The Plaintiff is entitled to recover costs at the level of the middle of Column III together with reasonable and necessary disbursements, made for the purpose of this litigation such costs and disbursements to be reduced by one-half, together with applicable taxes;
2. Taxation, if necessary, shall be conducted in accordance with those Reasons;
3. No costs are awarded in respect of this particular portion of Judgment;
4. The costs of the reference are left to be decided in the reference.

"Roger T. Hughes"

Judge

FEDERAL COURT

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	T-1105-06
STYLE OF CAUSE:	**RESEARCH IN MOTION LIMITED v. VISTO CORPORATION**

MOTION DEALT WITH IN WRITING WITHOUT APPEARANCES OF PARTIES

REASONS FOR JUDGMENT and JUDGMENT AS TO COSTS: Hughes, J

DATED: June 6, 2008

WRITTEN REPRESENTATIONS BY::

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Mr. Tim Gilbert	FOR THE DEFENDANT VISTO CORPORATION

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