

Federal Court



Cour fédérale

Date: 20110125

Docket: T-702-08

Citation: 2011 FC 83

Ottawa, Ontario, January 25, 2011

PRESENT: The Honourable Madam Justice Simpson

BETWEEN:

TARGET EVENT PRODUCTION LTD.

Plaintiff

and

**PAUL CHEUNG AND LIONS
COMMUNICATIONS INC.**

Defendants

REASONS FOR ORDER AND ORDER

BACKGROUND

[1] Following a nine day trial, the Plaintiff, Target Event Production Ltd. (Target) was awarded damages against both Defendants in the amount of \$15,000.00 for copyright infringement and passing off, a declaration that copyright subsists and was infringed in the Plaintiff's Market Site Plan, an injunction against further copyright infringement, and solicitor and client costs.

[2] The Federal Court of Appeal subsequently varied the costs award by changing it to party and party costs. As well, while the injunction was upheld, its terms were modified. The Court of Appeal also indicated that the parties could bring a motion asking me to give directions to the assessment officer pursuant to Rule 403. The Plaintiff so moved and this decision deals with that motion.

THE MOTION

[3] Target seeks:

- (i) A direction that costs be assessed at the higher end of Column V in Tariff B;
- (ii) A direction that trial fees be allowed for a second counsel under Tariff B, item 14 (b);
or, in the alternative,
- (iii) An award of fixed costs pursuant to Rule 400(4).

[4] Since the Defendants have agreed that a lump sum award should be made, these reasons will not provide directions. Instead, they will deal with the quantum of an award of fixed costs.

[5] Target and the Defendants have filed affidavits and written submissions which provide their suggested figures for fees and disbursements, as well as their arguments.

FEES

[6] Target's position is that the award should be greater than costs assessed at the high end of Tariff B, Column V. That amount, before tax, is \$96,555.00. This calculation includes fees for two counsel at trial. To provide context, Target indicates that its solicitor and client fees, before tax, are \$221,111.95. Target also asks for costs in the amount of \$2,500.00 for this motion.

[7] The Defendants, on the other hand, have calculated fees for one counsel. They say that Tariff B, mid column III should be the maximum award and suggest that a figure as low as one based on mid column I would be appropriate. They say that a lump sum award should reflect fees between \$13,065.00 and \$32,825.00 before tax. Their calculations are as follows:

Tariff B	Mid Column I	\$13,065.00	Excluding tax
Tariff B	Mid Column II	\$20,215.00	Excluding tax
Tariff B	Mid Column III	\$32,825.00	Excluding tax
Tariff B	Low Column V	\$38,090.00	Excluding tax
Tariff B	Mid Column V	\$57,005.00	Excluding tax
Tariff B	High Column V	\$77,350.00	Excluding tax

DISBURSEMENTS

[8] Target claims \$15,310.17, before tax. The Defendants suggest that the proper figure, before tax, is \$11,859.37.

SUBMISSIONS

[9] The Plaintiff relies on the complexity of the issues, the Defendants' conduct before and during the trial and the Plaintiff's success in establishing liability to justify an award above the high end of Tariff B Column V.

[10] The Plaintiff notes that the trial covered nine days in May and June 2009. Fourteen witnesses were called and many documents and recordings were in Chinese. The Plaintiff says second counsel was needed at trial to assist with all aspects of the case including the Chinese materials. The Plaintiff also says that a speedy trial was essential and that second counsel helped to achieve that objective.

[11] The Defendants focus on the low damage award (\$15,000.00) and equate it to the value of the claim. They also focus on my finding that Raymond Cheung was not truthful when he said that, but for a shortage of vendors caused by the Defendants, he could have opened a market in 2008. They note that second counsel did not speak at trial and say that his fees should not be permitted because his main contribution was his knowledge of Chinese. Lastly, they point out several instances in which they say that unreasonable amounts have been claimed as fees and disbursements.

DISCUSSION

The Value of the Claim

[12] During final argument, the Plaintiff submitted a draft judgment in which it sought damages against the Defendants on a joint and several basis in the amount of \$681,054.14 for infringement of copyright and for passing off in contravention of subsection 7(b) of the *Trade-marks Act*, R.S. 1985, c. T-13. This amount was arrived by amalgamating and reducing amounts which had initially been claimed under the following headings:

- (i) a claim of \$1,404,579.53 for estimated lost profits for markets which Target was allegedly unable to hold from 2008 to 2010;
- (ii) a claim of \$50,000.00 as aggravated damages; and
- (iii) a claim of \$100,000.00 for loss of goodwill.

[13] However, the Plaintiff was awarded only \$15,000.00 principally because I did not believe his evidence to the effect that he had located a suitable site and could have held a night market in 2008 if the Defendants had not “stolen” his vendors.

[14] That said, Target did establish two other critical aspects of its case.

[15] First, it established copyright in its Market Site Plan and showed that it was knowingly and repeatedly infringed. Without this infringement, the Defendants would not have been able to open their market as they did in June of 2008. In this regard, I refer to my Reasons for Judgment and

Judgment of January 11, 2010 (the Reasons) at paragraphs 45 to 49, 98, 111, 112 and 231. Target's success in proving this claim led to both declaratory and injunctive relief.

[16] Second, Target proved that it had valid distinctive trademarks and that the Defendants knowingly and repeatedly passed off their night market to potential visitors as Target's earlier highly successful night market. In this regard, see the Reasons at paragraphs 159, 202-204, 207, 210 and 227.

[17] For these reasons, I have rejected the Defendants' assertion that the damages awarded are indicative of the value of the Plaintiff's action.

Credibility

[18] Paul Cheung gave evidence that I concluded was untruthful. Many important aspects of his curriculum vitae were overstated to the point of being complete fabrications. Further, and more critically, he testified that representatives from the city of Richmond and Lions' architect advised him that Target's Market Site Plan represented the only viable way to stage a night market on the property on Vulcan Way. However, no evidence was called to corroborate this testimony and, since he had no expertise, I rejected his evidence and the Defendants' submission that copyright did not subsist in the Market Site Plan because of its functionality (see Reasons, paragraphs 86 and 87).

[19] In sum, both Raymond and Paul Cheung were untruthful when they thought it would be to their advantage. However, the Plaintiff's untruthful testimony took more time at trial and

contributed to an inflated claim for damages. For these reasons, credibility has had a negative impact on the lump sum award.

CONDUCT

[20] The affidavit of Paul Smith, senior counsel for the Plaintiff, indicates that, during the pre-trial period, the Defendants:

- Failed to deliver an affidavit of documents within the time period provided in the *Federal Court Rules, 1998, SOR/98-106*;
- Failed to provide the documents once the affidavit had been delivered;
- Refused to answer undertakings given on discovery so that a motion was needed; and
- Provided documents in boxes which included material which was never listed in an affidavit of documents.

[21] As well, the Defendant Paul Cheung defied an order of the Court during trial. An order was made prohibiting parties from speaking to the press about the litigation. Yet, on the day the order was made, he gave an interview to CBC TV in which he speculated about the possibility that the Court would grant injunctive relief.

[22] On the other hand, the Defendants responded in a substantive manner to the Plaintiff's requests to admit and those admissions significantly reduced the length of the trial. I have therefore concluded that the Defendants' conduct only slightly favours an increased award.

COMPLEXITY

[23] In my view, neither the multiple issues nor the lengthy facts were particularly complex. However, I agree that the involvement of spoken and written Chinese significantly complicated matters during preparation and at trial when translations and explanations for the Court were required. This factor suggests a somewhat increased award.

OFFERS TO SETTLE

[24] The Plaintiff made written offers to settle of \$500,000.00 and \$250,000.00 plus injunctive relief. On May 11, 2009, the Defendants offered \$10,000.00 with meaningful injunctive relief relating to both the Market Site Plan and the Vendor Application Form. The Plaintiff did not respond to the Defendants' offer and the trial started the next day. The Defendants say that this exchange of offers illustrates that damages were the issue which drove the case to trial.

[25] The Plaintiff makes no submissions on this point. However, in my view, an offer delivered on the eve of trial does not carry the same weight, when considering costs, as one delivered earlier when the recipient has reasonable time to reflect and confer with counsel.

[26] For this reason, I have not treated Defendants' offer as a factor which will reduce the award.

THE AMOUNT OF WORK

[27] In my view, this case required and received substantial pre-trial preparation. The extensive facts were presented in a clear fashion and the many documents were well organized. These efforts were overlaid by the need to translate many of the materials and the need to bring motions to require the Defendants to respond to the claim in a timely way. This factor favours an increased award.

SECOND COUNSEL

[28] The Defendants also seek to avoid a second counsel fee on the basis that (i) he did not speak at trial and (ii) his primary role was to provide translations. In my view, the first point is not determinative and the second is unsubstantiated. I am satisfied that, given the extensive factual and documentary record, second counsel contributed in a meaningful way to the effective and expeditious presentation of the Plaintiff's case. Accordingly, a second counsel fee at trial will be factored into the lump sum award. Given that a unit is valued at \$130.00, if the mid-point of Column III is used (i.e., 2.5 units) second counsel generates a fee of \$8,612.00.

SPECIFIC OBJECTIONS

(a) Fees

[29] The Defendants take issue with the following amounts claimed in the Plaintiff's draft bill of costs at the high end of Column V (Exhibit D to the affidavit of Paul Smith). The Plaintiff has not provided submissions responding to these objections:

(i) **Tariff item 27** Re: other services The Defendants say that 20 units are claimed but the tariff maximum is 5 units

In my view, this objection is well founded. Since 1 unit is valued at \$130.00, \$1,950.00 has been overcharged.

(ii) **Tariff item 5** Re: September motion The Defendants say that 11 units are claimed for a contested motion even though 6 units are the maximum and the motion was not contested.

In my view, the motion was contested when filed and that is what the tariff requires. However, there is a 5 unit or \$650.00 overcharge.

(iii) **Tariff items 10 and 11** Re: Two case management conferences The Defendants say that 14 units are claimed for preparing and for attending but each conference lasted only 15 minutes.

I agree and would allow 2 units for preparation and 1 for attendance at each conference for a total of 6 units. This means that there is an overcharge of 8 units or \$1040.00.

(iv) **Tariff item 11** Re: Pre-trial conference The Defendants say that 2 hours or 10 units are claimed for attendance when only one hour was actually used as a conference.

In my view, only 1 hour or 5 units should have been claimed. This results in an overcharge of 5 units or \$655.00.

(v) **Tariff item 13(b)** Re: Trial preparation The Defendants say 9 days are claimed when 8 days is the proper number

I agree with this submission and note an overcharge of 8 units or \$1,040.00.

[30] Based on the Plaintiff's criticisms, the total fees excluding tax of \$96,555.00 based on the high end of Column V should be reduced by \$5,335.00 for a revised figure of total fees plus tax of \$91,220.00.

(b) Disbursements

[31] The Defendants object to the disbursements described below. Again, the Plaintiff has not replied to the objections.

[32] Investigator fees of \$1,323.49 are objected to on the basis that they were incurred to protect the Plaintiff's trademarks and not for the litigation. However, in this case, Ms. Kolton was retained to impersonate a prospective vendor. Her work was primarily directed to the issue of passing off (see the Reasons paragraph 200.) Accordingly, the disbursement is appropriate.

[33] The Defendants object to disbursements for online research of \$1,270.17 and for the rental of audio-visual equipment for use at trial \$54.51. In my view, these are appropriate disbursements.

[34] The Defendants also object to the charge for certified copies. Since I cannot tell from the account what documents were certified, the disbursement of \$567.00 will be disallowed.

[35] Meal disbursements of \$125.63 will also be disallowed.

[36] The cost of \$100.00 to expedite the trademark will be disallowed because I am not able to determine why this charge was incurred.

[37] Interpreter costs of \$1,010.00 are challenged. In my view, this disbursement is appropriate. Given the volume of material in Chinese, it was reasonable to have an interpreter present to assist the Court during the entire presentation of the Plaintiff's case.

[38] These conclusions reduce the disbursements by \$792.63 for a revised total of disbursements before tax of \$15,310.17 minus \$792.63 = \$14,517.54.

CONCLUSIONS

[39] The Federal Court of Appeal has ordered party and party costs. In setting a lump sum, I am mindful of the normal rule that Tariff B, Column III governs party and party costs. For the reasons given above, I have reached the following conclusions:

- The damage figure of \$15,000.00 does not represent the value of the litigation. This means that a figure below column III is not appropriate.
- The Plaintiff was untruthful about a material aspect of his claim and the damages claimed were unreasonably inflated so a figure based on or above Column V is not appropriate.

[40] The mid-point of Column III generates (according to the Defendants) a figure for fees of \$32,825.00. To this, I have added a second counsel fee of \$8,612.00 and \$2,500.00 for this motion. I have then rounded the total of \$43,937.00 up to \$47,000.00 as a result of the Defendants' conduct before and during trial and because of the amount of work involved in pre-trial preparation.

[41] Accordingly, I will award the following: \$47,000.00 for fees before tax and \$14,517.54 for disbursements before tax. The applicable taxes are to be added to reach the final award.

ORDER

THIS COURT ORDERS that costs in the amount of \$47,000.00 for fees (plus tax) plus \$14,517.54 for disbursements (plus tax) are forthwith to be paid by the Defendants to the Plaintiff and that the Defendants' liability for costs is joint and several.

"Sandra J. Simpson"

Judge