Federal Court Cour fédérale

Date: 20201130

Docket: T-1304-17

Citation: 2020 FC 1097

Present: **GARNET MORGAN, Assessment Officer**

BETWEEN:

PAUL WILLIAMS COB IT ESSENTIALS

Plaintiff

and

CISCO SYSTEMS, INC.

Defendant

Assessment of costs without appearance of the parties.
Certificate of Assessment delivered at Toronto, Ontario, on November 30, 2020.

REASONS FOR ASSESSMENT BY: GARNET MORGAN, Assessment Officer

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REASONS FOR ASSESSMENT

GARNET MORGAN, Assessment Officer

I. Introduction

[1] This is an assessment of costs further to the Defendant filing a Notice of Discontinuance on May 12, 2020, discontinuing the counterclaim against the Plaintiff.

[2] Further to the filing of the Defendant's discontinuance, the Plaintiff's costs will be assessed in accordance with Rule 407 of the *Federal Courts Rules,* SOR/98-106 (*FCR)* which states:

> 407. Unless the Court orders otherwise, party-and-party costs shall be assessed in accordance with column III of the table to Tariff B.

[3] On June 29, 2020, the Plaintiff filed a Bill of Costs, Affidavit of David A. Copp, sworn on June 29, 2020, and written representations. On July 31, 2020, the Defendant filed responding written submissions.

[4] On August 17, 2020, an assessment of costs direction was issued to the parties, directing that the assessment of costs will proceed in writing and that the Plaintiff may serve and file any rebuttal costs material (affidavit(s) and/or written submissions) by Friday, September 11, 2020.

[5] Subsequent to the direction dated August 17, 2020, on September 11, 2020, the Plaintiff filed rebuttal costs material (written reply representations). A review of the court record indicates that no further material was received by the court registry and no request was made by either party to provide additional material after the filing of the Plaintiff's written reply representations on September 11, 2020.

II. Preliminary Issues

[6] Before I assess the assessable services claimed by the Plaintiff, the Defendant's costs material has raised a few issues, which I will address as preliminary issues.

A. *Is the Plaintiff entitled to costs?*

(1) *Parties' submissions*

[7] The Plaintiff submitted the following with regards to the filing of a Bill of Costs at paragraph 1 of the Plaintiff's written representations:

> The sole issue in the Assessment of Costs is the amount of costs due to the Plaintiff (Defendant by Counterclaim) a a [sic] result of the filing of a unilateral Notice of Discontinuance by the Defendant (Plaintiff by Counterclaim).

[8] In response, the Defendant submitted the following at paragraph 2 of the Defendant's responding written submissions:

> The steps for which Williams now seeks costs have already been addressed by the Court and are part of the costs awarded by Prothonotary Tabib to Cisco in her Order dated October 22, 2018. Williams is therefore not entitled to any costs. Even if costs had not yet been addressed for those steps, Cisco would also be entitled to costs that would offset anything Williams could claim, and Williams is seeking costs for made-up items that do not exist under the *Federal Court Rules* [sic] and Tariff B.

[9] At paragraph 24 of the Defendant's responding written submissions it is submitted:

> Cisco elected to file a discontinuance of the Counterclaim to formally close the Court file, and bring finality this wasteful proceeding commenced by Williams. However, there arguably was no need for Cisco to file a discontinuance, as the pleadings underlying the Counterclaim had been vacated when Prothonotary Tabib struck Williams' Statement of Claim in full. Had Cisco any desire to pursue a claim to impeach the IT Essentials Marks and/or Trusted Partner Mark, all pleadings would have to be redone and refiled after Williams' Statement of Claim was struck.

[10] In reply, the Plaintiff submitted the following at paragraph 2 of the Plaintiff's written reply submissions:

> 2. In the respectful submission of the Plaintiff, the matter of costs was dealt with comprehensively by the Case Management Judge, but not in the manner urged upon the Court by counsel for the Defendant. That is, the Defendant attempted to obtain a summary order from this Court that the Defendant may discontine [sic] its counterclaim without risk of an adverse award of costs. In response, the Case Management Judge expressly held that the Defendant was not so entitled, and should the Defendant choose to unilaterally discontinue, which it did then do[1], it would do so at jeopardy of a costs liability under the Rules[2].

(2) *Relevant rules in the Federal Courts Rules*

[11] Rule 402 of the *FCR* states the following with regards to the filing a discontinuance and costs:

> Costs of discontinuance or abandonment
>
> 402. Unless otherwise ordered by the Court or agreed by the parties, a party against whom an action, application or appeal has been discontinued or against whom a motion has been abandoned is entitled to costs forthwith, which may be assessed and the payment of which may be enforced as if judgment for the amount of the costs had been given in favour of that party.

[12] In addition, Rule 412 of the *FCR* states the following with regards to the filing a discontinuance and costs:

> Costs of discontinued proceeding
>
> 412. The costs of a proceeding that is discontinued may be assessed on the filing of the notice of discontinuance.

(3) *Relevant jurisprudence*

[13] In *Ruhrkohle Handel Inter GMBH v Federal Calumet (The) (C.A.)*, [1992] 3 F.C. 98, at paragraph 15, the Court stated the following with regards to counterclaims being considered an independent action:

> I shall first dispose of the appellants' contention that the prothonotary and the Trial Judge erred in not dealing with the staying of the counterclaim. This contention is without foundation. The stay of the counterclaim proceedings was simply not asked for by the appellants, who were satisfied with asking for a stay of the "action". A counterclaim is essentially an independent action that is grafted procedurally onto the existing action (see Rule 1717 of the Federal Court Rules [C.R.C., c. 663] and article 2(f) of the Code), so much that a stay of the action does not entail a stay of the counterclaim (see Rule 1718). A stay of proceedings is of such an exceptional nature that it must be asked for explicitly. Furthermore, an oral request to amend the application at the hearing of the appeal, as was suggested by counsel for the appellants, comes too late.

[14] In addition, in *Rolls-Royce plc v Fitzwilliam*, at paragraph 7, the Assessment Officer stated the following with regards to counterclaims being considered an independent action:

> My second concern was a function of the principle that a counterclaim is essentially an action independent of the main action. I wished to satisfy myself that the claims for costs of the counterclaim were a function of the judgment or perhaps a separate judgment. The Plaintiffs noted that the Defendants' counterclaim had sought relief declaring that two registered trade-marks were invalid and striking their registrations. Instead, the judgment held that both trade-marks were valid. Therefore the Plaintiffs are entitled to the associated costs of the counterclaim. I have examined the pleadings and I agree with the Plaintiffs.

(4) *Determination*

[15] Further to the Defendant’s submissions that the steps that the Plaintiff “now seeks costs have already been addressed by the Court and are part of the costs awarded by Prothonotary Tabib to Cisco in her Order dated October 22, 2018”; I did not find this to be the case when I reviewed the Court’s Order, which only seemed to pertain to the Plaintiff’s Statement of Claim and did not address the Defendant’s counterclaim. My finding is supported by the Court’s direction dated May 4, 2020, wherein the Court stated the following:

> This direction is issued in respect of the April 27, 2020 letter of the Plaintiff by Counterclaim (“Cisco”) and the responding May 2, 2020 letter of the Defendant by Counterclaim (“Williams”).

> The relief sought by Cisco amounts to a request that the Court declares that no costs would be or will be payable upon its discontinuance of the counterclaim. Such a declaration either implies a determination that no assessable services or expenses have been incurred by Williams in respect of the counterclaim, or that, if they were, the Court should exercise its discretion to disallow the recovery of such costs. Neither of these determinations can be made on an informal letter request. Unless the parties can discuss and come to an agreement as to the terms of the discontinuance (which the Court could facilitate by way of telephone conference should both parties so request), Cisco may proceed in either of the two following manners:
>
> […]

[16] Further to my review of the parties' submissions, the *FCR*, the aforementioned jurisprudence and the Court's Order dated October 22, 2018 and Direction dated May 4, 2020, for this particular file, I find that the issue of costs in relation to the Defendant's discontinuance of the counterclaim is still outstanding as it is considered to be a separate proceeding and it was not disposed of at the same time as the Plaintiff's Statement of Claim. The Court's Direction dated May 4, 2020, addressed the issue of the Defendant potentially filing a discontinuance for the counterclaim and provided options to the parties to resolve this outstanding issue. The Court's direction noted that costs may be payable by the Defendant to the Plaintiff. Considering these factors, I do not find that the court record nor the jurisprudence have precluded the Plaintiff from filing a Bill of Costs pursuant to Rules 402 and 412 of the *FCR*. Therefore, I have determined that the Plaintiff's Bill of Costs will be assessed for costs, if any should be allowed, in relation to the discontinuance of the Defendant's counterclaim.

B. *Set-off of costs.*

[17] There was no consensus between the parties regarding the setting-off of costs pursuant to Rule 408(2) of the *FCR.* Therefore, two separate assessment of costs decisions will be issued to the parties for the Defendant's Bill of Costs filed on December 19, 2019 and the Plaintiff's Bill of Costs filed on June 29, 2020.

III. Assessable Services

[18] The Plaintiff has claimed $2,250.00 in assessable services.

[19] The Plaintiff's Bill of Costs has not referred to the specific items in Tariff B of the *FCR* and has only listed a variety of steps in the litigation process that the Plaintiff would like to be indemnified for. In the responding written submissions of the Defendant, it is submitted that the Plaintiff has sought costs that do not exist under the *FCR* and that Tariff B "provides an exhaustive list of items for which costs can be sought." The Defendant has submitted that the Plaintiff is trying to seek costs for pleadings that were not produced and that the Plaintiff is only eligible to claim Item 2 once. In reply, the Plaintiff has submitted at paragraph 3 of the Plaintiff's written reply representations:

> Surely it is trite that the "preparation" of any document must involve a number of discrete steps by counsel for a party. However they may be termed, such steps must necessarily include the perusal of the antecedent documents filed by the other side, review of the case file, creation of an initial version of the document drafted, review and revision of that draft, possibly involving consultation with the client, and printing of the final form of the document for service and filing.

[20] Although, the Plaintiff did not refer to the specific items listed in Tariff B of the *FCR*, in *Mitchell v Canada*, 2003 FCA 386, at paragraph 12, the Court states the following with regards to the positive application of costs provisions:

> 12. The Appellants are correct that the wording for item 27 does not generally fetter discretion. However, that discretion, as for other items in bills of costs, is still fettered by reasonable necessity and the limits of an award of costs. Consistent with Rule 3, and with my sentiment in *Feherguard Products Ltd. v. Rocky's of B.C. Leisure Ltd.*, [1994] F.C.J. No. 2012 (A.O.), at para. 10 that the "best way to administer the scheme of costs in litigation is to choose positive applications of its provisions as opposed to narrower and negative ones", application of discretion should be part of a reasoned process to achieve a result on assessment which is equitable for both sides. Item 27 addresses the professional services of counsel not already addressed by items 1 - 26. Its wording, "such other services", is clearly plural and I understand that to permit assessment of discrete services, as opposed to a restriction to a bundling of several services, not already addressed by items 1 - 26, within a single item 27 claim. That is, item 27 may be claimed more than once.

[21] Utilizing the *Mitchell* decision as a guideline, I have determined that although the Plaintiff did not refer to specific items in the Bill of Costs, my insertion of the applicable items for the services claimed by the Plaintiff is the "best way to administer the scheme of costs" and will facilitate "positive applications of its provisions as opposed to narrower and negative ones". Further to the parties' submissions, I have reviewed the Plaintiff's Bill of Costs in conjunction with the court record and as submitted at paragraph 28 of the Defendant's responding written submissions, I have also found that the Plaintiff has submitted some claims for assessable services that do not exist in Tariff B of the *FCR*. Upon my review of the court record in conjunction with Tariff B I have determined that the Plaintiff is eligible to claim the following assessable services in relation to the discontinuance of the Defendant's counterclaim:

Item 2.	Preparation and filing of all defences, replies, counterclaims or respondents' records and materials.
Item 26.	Assessment of costs.

[22] The range of units under Column III of Tariff B for Item 2 is 4 -7 units; and the range of units under Column III of Tariff B for Item 26 is 2 - 6 units. Items 2 and 26 subsume the review of another party's material in the preparation of any documents listed under these items. In *Flag Connection Inc. v Canada*, 2006 FC 10, at paragraph 9, the Assessment Officer states the following regarding a similar assessment of costs scenario:

> I think that Rules 405 and 407, requiring that an assessment of costs proceed according to Column III unless otherwise provided, gives me the jurisdiction to decide which items are assessable, including how many times a given item may be claimed. The tariff is intended to capture partial indemnity relative to counsel fees and I think that my conclusions in Starlight v. Canada, supra, do not preclude me from comparing the language of given items to determine the extent of indemnity in the tariff's overall scheme. The use of the phrase "all defences, replies, counterclaims or respondents' records and materials" for item 2, when compared to the language in item 8, for preparation for discovery (ordinarily allowed multiple times), contemplates a single recovery in the course of a proceeding. I find some merit in the Respondent's argument concerning the amount of work and I allow a single item 2 at the maximum 7 units.

[23] Further to the *Flag Connection Inc.* decision, the review of another party's material is also included under Item 13(a) in Tariff B of the *FCR*, which is for the preparation for hearings. Item 13(a) could have been applicable for the Plaintiff's claim for "Review of Reply to Defence to Counterclaim", if the Defendant's counterclaim had been scheduled for a hearing but that is not the case for this particular file. My review of the court record shows that the Plaintiff filed a Reply and Defence to Counterclaim on October 20, 2017 and that the Plaintiff has filed documents pertaining to this assessment of costs.

[24] It is also noted that the Defendant has requested costs in relation to this assessment of costs and has submitted at paragraph 41 of the Defendant's responding written representations that:

> While Williams' conduct would have warranted elevated costs, Cisco will accept costs under Item 26 of Tariff B, at the mid-point of Column III (4 units x 150 per unit = $600).

[25] Concerning the Defendant's request for costs for Item 26, both parties are eligible to claim costs for the services performed in relation to this assessment of costs. Further to my review of the parties' costs material, I have determined that 4 units is a reasonable amount to allow for the Plaintiff's services in relation to this assessment of costs. As the responding party, I have determined that 2 units is a reasonable amount to allow for the Defendant's services in relation to this assessment of costs. Subtracting the Defendant's allowable units from the Plaintiffs allowable units, leaves 2 units remaining for which the Plaintiff will be indemnified for.

[26] Concerning Item 2, further to my review of Plaintiff's Reply and Defence to Counterclaim, I have determined that 4 units is a reasonable amount to allow for the Plaintiff's services in relation to this document.

[27] A total of 6 units have been allowed for the Plaintiff's assessable services for a total amount of $900.00.

IV. Disbursements

[28] The Plaintiff's Bill of Costs did not have any claims for disbursements.

V. Conclusion

[29] For the above reasons, the Plaintiff's Bill of Costs has been assessed and allowed in the amount of $900.00. A Certificate of Assessment will be issued for $900.00, payable by the Defendant to the Plaintiff.

"Garnet Morgan"
Assessment Officer

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1304-17
STYLE OF CAUSE:	PAUL WILLIAMS, COB IT ESSENTIALS v CISCO SYSTEMS, INC.

MATTER CONSIDERED AT TORONTO, ONTARIO WITHOUT PERSONAL APPEARANCE OF THE PARTIES

REASONS FOR ASSESSMENT BY:	GARNET MORGAN, Assessment Officer
DATED:	NOVEMBER 30, 2020

WRITTEN SUBMISSIONS BY:

David A. Copp	FOR THE PLAINTIFF
Jay Zakaïb Frédéric Lussier	FOR THE DEFENDANT

SOLICITORS OF RECORD:

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