

Federal Court



Cour fédérale

Date: 20210727

Docket: T-1845-17

Citation: 2021 FC 792

Ottawa, Ontario, July 27, 2021

PRESENT: Madam Justice Pallotta

BETWEEN:

**PATTERNED CONCRETE
MISSISSAUGA INC.**

Plaintiff

and

BOMANITE TORONTO LTD.

Defendant

JUDGMENT AND REASONS

I. Introduction

[1] Following my judgment and reasons reported at *Patterned Concrete Mississauga Inc v Bomanite Toronto Ltd*, 2021 FC 314, granting Patterned Concrete Mississauga Inc.'s (Patterned Concrete) motion for summary judgment and deciding the issues in this copyright infringement action, the parties provided written submissions on costs and on pre-judgment and post-judgment

interest. These are my reasons and order on costs and interest related to the motion and the action.

[2] Also, since the injunction and order for delivery up made as a result of the motion were to be subject to necessary exceptions to allow Bomanite to retain and reproduce documents for business purposes, I provided a draft judgment to the parties and asked for comment on its specific terms. The parties confirmed that they agree with the language of the draft judgment. I indicated that the final terms of judgment would be delivered together with the supplemental judgment and reasons on costs and interest, and the final terms of judgment follow these reasons.

II. **The parties' positions on costs and interest**

A. *Patterned Concrete*

[3] Patterned Concrete, as the successful party, seeks a lump sum award of not less than 25% of its legal fees incurred, which it claims amounted to \$233,608.55, plus disbursements of \$4,593.55 (both amounts include HST). Patterned Concrete submits that the Federal Court of Appeal has recognized that in intellectual property cases, the disparity between fees calculated according to the Tariff and actual fees incurred can support a lump sum cost award based on a percentage of the successful party's actual fees: *Nova Chemical Corporation v The Dow Chemical Company*, 2017 FCA 25 [*Nova FCA*]. It argues that a lump sum cost award based on actual fees is appropriate where the parties are sophisticated commercial entities, and an appropriate range is 25-50% of legal fees: *Nova FCA* at para 16. Patterned Concrete contends that a lump sum award supports the objectives of compensating a successful party, promoting settlement, and deterring abusive behaviour: *Nova FCA* at para 13; *Rallysport Direct LLC v*

2424508 *Ontario Ltd et al*, 2020 FC 1115 at para 11 [*Rallysport*]; *Air Canada v Thibodeau*, 2007 FCA 115 at para 24.

[4] Patterned Concrete submits that an award of at least 25% of fees incurred is warranted in this case based on the following: the matter was moderately complex; Patterned Concrete elected statutory damages, simplifying the damages calculation; Patterned Concrete served a request to admit seeking admissions that copyright subsists in the Works, that Patterned Concrete owns the copyright and that Bomanite infringed copyright, which Bomanite should have admitted; Bomanite did not concede liability, and its litigation strategy added to the complexity of the matter. Also, Patterned Concrete submits that while its written offers to settle do not meet the requirements of Rule 420 of the *Federal Courts Rules*, SOR/98-106 [*Rules*] for an entitlement to double its party-and-party costs, the offers should be considered in determining an appropriate cost award.

[5] Alternatively, Patterned Concrete seeks costs calculated in accordance with the maximum unit values under column V or column III of the table for Tariff B. Patterned Concrete filed draft bills of costs, resulting in total fees of \$35,256.00 if calculated under column V, total fees of \$21,187.50 if calculated under column III, and assessable disbursements of \$4,593.55 (all amounts include HST). I note that some line items on the column III draft bill of costs show maximum unit values under column V, rather than column III of the Tariff; however, the fees for these line items were in fact calculated using column III unit values.

[6] With respect to pre- and post-judgment interest, Patterned Concrete submits that the appropriate rates are those calculated pursuant to sections 127 and 128 of the *Courts of Justice Act*, RSO 1990, c C43. Patterned Concrete requests pre-judgment interest at a rate of 0.8% calculated from the date the cause of action arose to the date of judgment. According to Patterned Concrete, this amounts to \$7,359.23. Patterned Concrete requests post-judgment interest at a rate of 2.0% from the date of judgment.

B. *Bomanite*

[7] Bomanite submits that the Court should decline to make a lump sum cost award based on actual fees incurred because Patterned Concrete's legal fees are excessive and unreasonable in the circumstances of this proceeding. Bomanite contends this was a relatively short and simple copyright dispute involving three business forms, resulting in a modest monetary award of \$24,000 in statutory damages that amounts to one tenth of Patterned Concrete's legal fees. The parties exchanged pleadings, produced a small number of documents, and participated in a mediation. The issues in the action were determined on a motion for summary judgment supported by three straightforward affidavits, short cross-examinations, and one refusals motion (on which Bomanite was largely successful). The summary judgment motion required preparation and attendance on a one-day hearing, with accompanying legal briefs.

[8] Bomanite submits that Patterned Concrete's senior legal counsel docketed 319 hours to the file (which represents 86% of all hours billed on the file), without providing any description of the work completed in order to show whether the hours were reasonable. In comparison, Bomanite's counsel docketed a combined 68 hours to the file, and Bomanite's total legal fees

were about one fifth of Patterned Concrete’s legal fees (I note that since Bomanite’s fee summary does not indicate that it includes HST, the actual fraction may be closer to one quarter). In view of the foregoing, Bomanite argues that a cost award of 25% of Patterned Concrete’s fees would be grossly excessive and would undermine the policy consideration that cost awards should be predictable and consistent so that counsel can properly advise clients and clients can make informed decisions about litigation risks: *Nova FCA* at para 19.

[9] Cost awards in the Federal Court represent “a compromise between compensating a successful party and not unduly burdening an unsuccessful party”: *Eurocopter c Bell Helicopter Textron Canada Ltée*, 2012 FC 842 [*Eurocopter*] at para 14 (citing *Apotex Inc v Wellcome Foundation Ltd*, 1998 CarswellNat 2330 (FC) at para 7); *Dow Chemical Co v Nova Chemicals Corp*, 2016 FC 91 at para 10 [*Nova FC*]. Bomanite argues that it would defy the objectives of cost awards to permit recovery of legal fees that overwhelm the amount actually in dispute. In such cases, the litigation moves forward not as a means of adjudicating the dispute but rather as a vehicle for recovering legal fees.

[10] Bomanite argues that Patterned Concrete’s offers to settle should not increase the cost award because they do not meet the Rule 420 requirements and because the principal amount offered (which was exclusive of costs) steadily increased as the litigation progressed—as of the date of the mediation, Patterned Concrete’s offer was \$167,500 plus costs. Bomanite submits that its own offer to settle the litigation for \$7,500, plus interest and costs, was far closer to the amount that was awarded by the Court.

[11] Bomanite's position is that no costs should be awarded. Alternatively, Bomanite states that costs should be based on the Tariff. Bomanite submits that costs should be determined under column III because that is the default, and Patterned Concrete has not justified an award based on column V. Bomanite also takes issue with certain line items in Patterned Concrete's bills of costs. It maintains that the final award should be adjusted downward to: (i) reflect the actual time spent on cross-examinations, which was half of the time claimed; (ii) remove an unidentified fee of \$750 for the "hearing including correspondence and other services not otherwise particularized in this Tariff"; (iii) remove the fee for second counsel at the hearing as second counsel did not make submissions and had not been an active member of the litigation team (based on the hours recorded on the file); (iv) remove a disbursement for filing three applications to register copyright; (v) remove a duplicative court filing fee for the summary judgment motion; and (vi) reduce the amounts claimed for photocopying.

[12] With respect to pre- and post-judgment interest, Bomanite agrees with the rates proposed by Patterned Concrete but argues that Patterned Concrete has not shown how it arrived at \$7,359.23 for pre-judgment interest. Bomanite states the amount is a miscalculation, and pre-judgment interest on \$24,000 at 0.8% from the date Patterned Concrete alleges that the cause of action arose to the date of judgment (4 years and 301 days) would be \$926.33.

III. Analysis

A. *Costs*

[13] Costs are in the full discretion of the Court and governed by Rules 400-422 of the *Rules*. Rule 400(3) sets out a list of factors that the Court may consider in exercising discretion.

[14] Generally, costs are awarded to the successful party, and costs are often assessed according to Tariff B of the *Rules*. Unless the Court orders otherwise, costs are assessed in accordance with column III of the table to Tariff B: Rule 407.

[15] Bomanite's written submissions do not explain why the usual rule of costs in favour of the successful party should not apply. I am not persuaded that I should decline to award costs to Patterned Concrete.

[16] With respect to whether the cost award in this case should be based on the Tariff or awarded as a lump sum, this Court has acknowledged that a cost award assessed under the Tariff usually results in an award that is much lower than the actual costs incurred. Lump sum awards are not reserved for complex matters: *Nova FCA* at para 12.

[17] I am guided by the following principles summarized in paragraph 12 of the *Rallysport* decision:

Awarding lump sum costs avoids granular analyses that devolve into an accounting exercise: *Nova Chemicals Corporation v Dow Chemical Company*, 2017 FCA 25 at paras 11 and 15. The Court should determine first whether a reasonable award can be achieved within the Tariff: *Ultima Foods Inc v Canada (Attorney General)*, 2013 FC 238 at para 24. If not, then the Court may consider setting an amount in excess of the Tariff and may consider setting a percentage of fee recovery, taking into account the factors in Rule 400(3): *Seedlings Life Science Ventures, LLC v Pfizer Canada ULC*, 2020 FC 505 at para 22. While a further trend in recent case law is to set the percentage between 25% and 50%, a lower or higher percentage may be warranted in the circumstances of the particular case: *Loblaws Inc v Columbia Insurance Company*, 2019 FC 1434 at para 15.

[18] In my view, a lump sum award is appropriate in this case. An award of costs based on the high end of column V would result in a fee award of about 15% of Patterned Concrete's fees. On the facts of this case, I believe such an award would not achieve an appropriate compromise between compensating a successful party and avoiding undue burden on an unsuccessful party: *Eurocopter* at para 14; *Nova FC* at paras 10 and 19. Further, an award calculated according to the Tariff does not adequately recognize Patterned Concrete's settlement efforts. While Patterned Concrete's settlement offers do not meet the requirements of Rule 420 for a doubling of costs, and while I acknowledge that Patterned Concrete's offer as of the date of mediation was high (\$167,000 plus costs), Patterned Concrete's written offer of April 24, 2018 reasonably offered to settle the action on terms that included payment of \$15,000 plus party-and-party costs according to the Tariff. That offer remained open for almost one year.

[19] In my view, neither party complicated the motion or the action unnecessarily, such as by raising extraneous issues or refusing to make admissions that should have been made.

[20] I am not satisfied that Patterned Concrete should be awarded at least 25% of its total fees incurred on this matter (claimed to be just over \$230,000, inclusive of HST). The Federal Court of Appeal noted in *Nova FCA* (para 18) that a party seeking a lump sum award should, as a matter of good practice, provide a sufficient description of the services provided in exchange for the fees to establish that it would be appropriate to be compensated for those services. Patterned Concrete filed a list of docket entries showing the date of each entry, time spent, the billing professional's initials and hourly rate, and total fees charged for each entry; however, Bomanite correctly points out that Patterned Concrete did not introduce evidence describing the work that

was carried out. Patterned Concrete's supporting affidavit, sworn by one of the lawyers at the firm, simply states that she was informed by senior counsel that the itemized costs and disbursements appended to the affidavit were reasonably and necessarily incurred to prosecute the action. This makes it difficult for the Court to determine whether the time entries were reasonably incurred in respect of a step in the proceeding.

[21] That said, I am not persuaded by Bomanite's arguments that Patterned Concrete's fees are excessive, unreasonable, or "far beyond the reasonable expectations of Bomanite".

According to Patterned Concrete's fee summary, senior counsel docketed about 320 hours over the course of 3.5 years (his fees represented over 86% of the fees billed). While that may be on the high side, I disagree that the fees are excessive or far beyond reasonable expectations, in the circumstances of the case. Rather, in my view, the 68 hours spent by Bomanite's counsel in the same 3.5-year period seems to be atypically low. For example, according to Bomanite's fee summary, its counsel spent a total of 22 hours preparing for and attending both a Court-assisted mediation and the motion for summary judgment (including the time required to prepare the responding motion record and memorandum of fact and law, and to attend an 8-hour hearing). Bomanite's fee summary also includes a number of time entries recorded to the nearest hundredth of an hour, which was not explained, but may reflect an alternative fee arrangement.

[22] Regardless of the reason for spending 68 hours on the file, I am not persuaded that a reasonable cost award to Patterned Concrete should be adjusted to account for Bomanite's choices regarding its litigation strategy. Furthermore, I am not persuaded by Bomanite's argument that the cost award should be in line with the amount awarded for statutory damages.

From its initial demand letter, Patterned Concrete sought an undertaking that Bomanite stop using the forms in question, and the relief that was sought and granted on the motion for summary judgment included an injunction and an order for delivery up.

[23] Based on the foregoing, I find that a lump sum fee award should be lower than the “trend” of 25%-50% referred to in the case law, to reflect a level of uncertainty regarding the reasonableness of the legal fees that Patterned Concrete actually incurred. Party-and-party fees calculated under column V of the Tariff, equate to about 15% of Patterned Concrete’s legal fees actually incurred, and I have kept that amount in mind arriving at a lump sum cost award that I believe to be reasonable. In my view, a lump sum fee award of \$45,000 inclusive of HST, which would represent less than 20% of total fees incurred by Patterned Concrete, is an appropriate fee award in the circumstances of this case.

[24] With respect to the disbursements, I agree with Bomanite that a filing fee of \$300 appears to have been duplicated in error. Also, given Patterned Concrete’s position that its copyright registration certificates were not obtained for the purposes of the litigation, filing fees of \$390 for obtaining the certificates will not be allowed. Bomanite argues that the \$1930.72 claimed for printing/copying and binding of motion records is unreasonable (Bomanite’s copying charges were about \$100). Patterned Concrete’s affidavit does not provide a breakdown of the copying charges, and it is my understanding that the parties served and filed electronic copies of the materials for the summary judgment motion rather than paper copies. I estimate \$1000 to be a more reasonable amount for printing/copying and binding. In conclusion, I would allow

Patterned Concrete's claimed disbursements subject to a reduction of \$300 + \$390 + \$1051.71
(being \$930.72 plus HST).

B. *Interest*

[25] With respect to pre-judgment interest, I agree with the parties that the rate should be 0.8%, and I agree with Bomanite that Patterned Concrete miscalculated interest at this rate. Pre-judgment interest calculated using a rate of 0.8% amounts to \$926.33 and will be so awarded.

[26] Post-judgment interest will accrue at a rate of 2.0% from the date of this judgment.

JUDGMENT IN T-1845-17

THIS COURT'S JUDGMENT is that:

1. The motion for summary judgment is granted;
2. Copyright subsists in the Works and Bomanite has infringed copyright by making substantial reproductions or copies of the Works;
3. Bomanite, its directors, officers, employees, agents, and all those over whom it exercises control are enjoined from making substantial reproductions or copies in material form of the Works, or authorizing the making of such reproductions or copies, contrary to the provisions of the *Copyright Act*;
4. Bomanite is ordered to deliver up under oath or destroy under oath all material which would offend the injunction in paragraph 3, in Bomanite's possession, or in the possession of its directors, officers, employees or agents and all those over whom it exercises control;
5. The injunction and order for delivery up or destruction are subject to an exception for any previously completed contracts or other previously completed forms, and such forms may be retained and reproduced to the extent necessary to fulfill Bomanite's business obligations, including for the purpose of performing its obligations to a customer under a contract, providing a copy of a completed contract to a customer, or complying with

ordinary business record retention policies for paper and electronic records;

6. Statutory damages are awarded in favour of Patterned Concrete, in the amount of \$24,000, plus pre-judgment interest in the amount of \$926.33;
7. Patterned Concrete is granted its costs of the motion and the action, in the amount of \$45,000 for fees and \$2,851.84 for disbursements, both amounts inclusive of HST;
8. This judgment bears post-judgment interest at a rate of 2.0%.

"Christine M. Pallotta"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1845-17

STYLE OF CAUSE: PATTERNED CONCRETE MISSISSAUGA INC. v
BOMANITE TORONTO LTD.

**WRITTEN SUBMISSIONS ON COSTS CONSIDERED AT OTTAWA,
ONTARIO PURSUANT TO THIS COURT'S JUDGMENT IN 2021 FC 314**

DATE OF HEARING: NOVEMBER 12, 2020
(ORIGINAL)

JUDGMENT AND REASONS: PALLOTTA J.

DATED: JULY 27, 2021

WRITTEN SUBMISSIONS BY:

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