

Federal Court



Cour fédérale

**Date: 20210818**

**Docket: T-448-17**

**Citation: 2021 FC 848**

**Ottawa, Ontario, August 18, 2021**

**PRESENT: Mr. Justice McHaffie**

**BETWEEN:**

**GUEST TEK INTERACTIVE  
ENTERTAINMENT LTD.**

**Plaintiff  
Defendant by Counterclaim**

**and**

**NOMADIX, INC.**

**Defendant  
Plaintiff by Counterclaim**

**ORDER AS TO COSTS AND REASONS**

I. Overview

[1] After trial, I dismissed Guest Tek Interactive Entertainment Ltd's claim for patent infringement and Nomadix, Inc's counterclaim for declarations of invalidity of the two patents at issue: *Guest Tek Interactive Entertainment Ltd v Nomadix, Inc*, 2021 FC 276 [Merits Decision].

While the parties agree Nomadix is entitled to its costs, they were unable to agree on the

appropriate amount of those costs. They made written submissions in accordance with the timelines in the Merits Decision, as extended.

[2] After review of Guest Tek's arguments, Nomadix filed a revised Bill of Costs seeking costs including fees and disbursements in the total amount of \$735,490 or, in the alternative based on a lower Tariff rate, \$699,743. Guest Tek challenges Nomadix's claims for both fees and disbursements, and asks that total costs be awarded to Nomadix of between \$274,225 and \$399,884, dependent on Tariff rate and whether certain claimed items are allowed.

[3] These are my reasons for granting Nomadix its costs in the amount of \$650,568.

## II. Analysis

### A. *General Principles*

[4] There is no dispute this Court has full discretion to award costs of a proceeding: *Federal Courts Rules*, SOR/98-106, Rule 400(1); *Betsler-Zilevitch v Petrochina Canada Ltd*, 2021 FC 151 at para 9. Rule 400(3) sets out a number of factors the Court may consider in exercising its discretion. In addition to "any other matter that it considers relevant," the listed factors include the amounts at issue, the complexity of the issues, offers to settle or to contribute, the amount of work involved, and the conduct of the parties in the litigation: Rule 400(3)(b), (c), (e), (f), (g), (i), (j), (k). The awarding of costs takes into account goals of indemnification, incentivising rational litigation behaviour, and facilitating access to justice: *Whalen v Fort McMurray No 468 First Nation*, 2019 FC 1119 at paras 2–5, citing *British Columbia (Minister of Forests) v Okanagan Indian Band*, 2003 SCC 71; *Air Canada v Thibodeau*, 2007 FCA 115 at para 24.

[5] The Court may award costs with reference to Tariff B of the *Rules* and/or as a lump sum, which may reflect “increased costs”: Rule 400(4); *Conorzio del Prosciutto di Parma v Maple Leaf Meats Inc*, 2002 FCA 417 at paras 6–9, 12. As discussed further below, Nomadix has calculated its requested costs with reference to the Tariff. It does not seek a lump sum award, although it makes comparative reference to lump sum awards in other proceedings, and argues its requested costs would be at the low end of the lump sum range calculated as a percentage of the fees incurred.

[6] Nomadix appropriately seeks its costs on a party-and-party basis rather than a solicitor-and-client basis. Its claim for costs covers some steps in the proceeding that are already the subject of costs orders of this Court, while a significantly larger portion of the claim pertains to the remainder of the action. I will deal with each of these in sequence.

**B. *Prior Costs Orders in Respect of Interlocutory Motions***

[7] A number of interlocutory steps in the proceeding already resulted in costs awards by Case Management Judge Tabib, as follows:

	<b>Date</b>	<b>Costs awarded</b>	<b>Payable to</b>
(a)	June 20, 2018	\$3,500	Guest Tek
(b)	August 7, 2018	Costs to be assessed at the middle of Column III	Guest Tek
(c)	October 9, 2018	“costs”	Guest Tek
(d)	October 19, 2018	\$1,500	In the cause
(e)	November 1, 2018	\$1,250	In the cause
(f)	July 30, 2019	\$3,500	In the cause

[8] The parties do not dispute that the orders granting costs “in the cause” are payable to Nomadix.

[9] In its Revised Bill of Costs, Guest Tek appears to propose costs amounts for orders (d), (e), and (f) above that differ from the amounts awarded (Items 5.5, 5.6, and 5.7). This may be due to oversight. In any event, the Court’s discretion under Rule 400 does not give me authority to revisit or alter those costs awards: *Ciba-Geigy Canada Ltd v Novopharm Ltd*, 1999 CanLII 9253 (FC) at para 32. The net amount of orders (a), (d), (e), and (f) is \$2,750 payable to Nomadix. This leaves orders (b) and (c).

[10] Order (b) grants Guest Tek its costs of two motions to be assessed at the middle of Column III. The parties agree that the costs of preparation and filing (Items 5.2 and 5.3 in their Bills of Costs) should be set at 5 units, with a fee for second counsel at 2.5 units, for a total of \$1,125 per motion. Although I question whether a fee for second counsel can be granted under Item 5 where no order to this effect was made in the costs award, I will not interfere with the parties’ agreement. Guest Tek asserts that six hours should be assigned for the first motion, but the Court record bears out Nomadix’s submission that the six hours of hearing time pertained to both motions. Three hours are appropriately assigned to each (Items 6.1 and 6.2) at 2 units per hour, again with a fee for second counsel, for a total of \$2,700.

[11] Order (c) dismissed Nomadix’s written motion with costs. As the order does not specify a level of costs, Column III applies: Rule 407; *Conorzio* at para 9. I cannot reopen the order to apply a different level of costs: *Ciba-Geigy* at para 32. Consistent with the parties’ agreement in

respect to order (b), I will award the same \$1,125 amount for preparation and filing for this order (Item 5.4). In total, costs of orders (b) and (c) will be awarded to Guest Tek in the amount of \$6,075. On my calculation, the net of these prior orders, including both Items 5 and 6, is \$3,325 payable to Guest Tek. This will be deducted from the award to Nomadix after considering fees for the remaining steps.

C. *Nomadix's Claim for Fees*

[12] As noted, Nomadix's claim for costs is made based on Tariff B, rather than as a lump sum award. Leaving out the items that were the subject of the prior costs awards above, Nomadix claims \$275,280 in fees, based on "mid-upper" Column V of Tariff B, or \$239,915, based on the upper end of Column IV (these figures are adjusted for an apparent typographical error in Item 11.8 in which units were doubled). Guest Tek argues that costs of these remaining items should be based on the middle of Column III and fixed at \$76,391 after removing certain line items.

[13] I conclude that fees for the steps in the proceeding other than those addressed in the prior costs orders should be awarded in the amount of \$202,805 for the following reasons.

- (1) Upper end of Column IV is appropriate in this case

[14] Nomadix suggests that in patent cases, this Court has moved to the upper end of Column IV of Tariff B as the "default," citing the recent decisions in *Apotex Inc v Shire LLC*, 2021 FCA 54 at para 11 and *dTechs epm Ltd v British Columbia Hydro and Power Authority*,

2021 FC 357 at paras 3, 36–37. It argues there are no circumstances in this case to justify a “return” to Column III, and seeks its fees based on the middle of Column V or, in the alternative, the upper end of Column IV. It further points to the complexity of the matter, the fact that two unrelated software patents were involved, the comparative lack of Canadian jurisprudence on software patents, and concerns about avoiding too great a disparity between the actual fees incurred and the amounts payable under the Tariff.

[15] Guest Tek, for its part, argues that the middle of Column III of Tariff B remains the “default,” citing Rule 407 and *Merck & Co v Apotex Inc*, 2006 FC 631 (see para 11). It says Nomadix has not demonstrated why this case warrants a “departure” from the default of the middle of Column III. It argues the two patents were in related technological fields and pertained to the same factual context. It also accuses Nomadix of various dilatory tactics, including refusing to produce source code, refusing to allow re-attendance on discovery, initially contesting the release of testing to US counsel, and seeking to delay and complicate the trial.

[16] While I do not believe there is a “default” for intellectual property cases at the upper end of Column IV, or necessarily even one in the middle of Column III, I conclude the upper end of Column IV is the appropriate level for costs in this case.

[17] As the Court of Appeal has stated, the middle of Column III is a “default” in the sense that where the Court has not ordered otherwise, then costs will be assessed in accordance with Column III: Rule 407; *Conorzio* at para 9. To my understanding, however, this does not create a presumption or default that in any way interferes with the Court’s full discretion to determine the

appropriate column or level of costs in the circumstances. Neither Nomadix nor Guest Tek has asked the Court to simply order costs without specifying their level, such that Rule 407 would apply.

[18] At the same time, I agree with Guest Tek that this Court’s recent decisions do not create a “default” in patent cases at the upper end of Column IV for which justification is required to return to Column III. Rather, as described by the Chief Justice in *Allergan*, those cases simply recognize that the various Rule 400(1) factors, including “greater than average complexity, sophisticated parties, legal bills far in excess of what is contemplated by Column III of Tariff B, and ‘giving parties an incentive to litigate efficiently’” often point to the upper end of Column IV as being an appropriate level of costs in intellectual property proceedings: *Allergan Inc v Sandoz Canada Inc*, 2021 FC 186 at paras 25–26, citing *Seedlings Life Science Ventures, LLC v Pfizer Canada ULC*, 2020 FC 505 at para 4.

[19] That said, while cases such as *Apotex v Shire*, *dTechs*, *Allergan*, and *Seedlings* do not create a “default” of the upper end of Column IV, they are nonetheless helpful and persuasive in assessing how the Rule 400(1) factors may be considered and applied in an intellectual property case, and in particular, a patent case.

[20] Given the nature of this proceeding, I conclude that the upper end of Column IV is the appropriate basis for a Tariff-based costs calculation. I reach this conclusion in consideration of the example of cases such as *Apotex v Shire*, *dTechs*, *Allergan*, and *Seedlings*, and based on the following factors:

- Nomadix was successful in defending Guest Tek’s claims of infringement and inducing infringement, and their lack of success on their claims of invalidity does not affect their overall entitlement to costs in this case: *Betsler-Zilevitch* at para 11, citing *Raydan Manufacturing Ltd v Emmanuel Simard & Fils (1983) Inc*, 2006 FCA 293 at para 2;
- the matter was of above-average complexity, involving somewhat complex subject matter (numerous claims in two different software patents that related to different sub-areas of computer networking, and issues of both infringement and inducing infringement), and some complexity in case presentation (including the need for confidential evidence and expert evidence);
- although the amounts at issue were not determined given the bifurcation of the proceeding, the issues were clearly important to both parties as they related to technologies and products central to their respective businesses, and evidence such as Confidential Exhibits 38 and 43 showed the impugned devices represented a material amount of business for Nomadix;
- the amount of work involved for both parties was clearly substantial throughout the proceedings; and
- Nomadix’s legal bills—and no doubt Guest Tek’s, although there is no evidence in this regard—are well in excess of what is contemplated in Column III of the Tariff, and that while Nomadix is not entitled to full indemnity, the upper end of Column IV gives a more reasonable reflection of the appropriate level of partial indemnification.



[21] I agree with Nomadix that Guest Tek's accusations of dilatory and tactical conduct do not have material bearing on the determination of the appropriate level of costs. The disputed discovery and trial scheduling issues were dealt with through the various interlocutory orders in which costs were awarded, namely those listed at paragraph [7] above and my decision in *Guest Tek Interactive Entertainment Ltd v Nomadix, Inc*, 2020 FC 860 [*Guest Tek (2020)*]. The same is true of Guest Tek's references to a motion it brought regarding release of testing results to US counsel. In addition to the issue having been resolved between the parties, I agree with Nomadix that it has no bearing on the costs claimed by Nomadix and pertains more to Guest Tek's interests in pursuing its US litigation rather than this action. I further agree with Nomadix that some of Guest Tek's accusations, such as its claim that Nomadix threatened litigation against owners of Nomadix gateway devices if they provided one to Guest Tek, lack evidentiary support. Such allegations, made without evidentiary backing and apparently raised to create a generalized aura of misconduct without being addressed to relevant costs claims, are unhelpful at best.

[22] Guest Tek notes that Nomadix advised shortly before trial that the most recent version of its NSE software included modifications that meant it did not infringe one of the patents on the theory put forward by Guest Tek's expert: see Merits Decision, paras 412–416. It argues this increased the duration and complexity of a trial management conference and the trial. However, the software update was but one of a number of issues discussed at the trial management conference of September 24, 2020, and was not the subject of extensive evidence given my pre-trial and trial rulings. I cannot see that this issue materially affects either the appropriate level of costs or any particular line item.

[23] I also cannot accept Guest Tek's argument that the costs award in *Guest Tek Interactive Entertainment Ltd v Nomadix, Inc*, 2018 FC 818 (identified as order (b) above), in which Case Management Judge Tabib awarded costs on two interlocutory motions at the middle of Column III, supports using the same column for costs of the action. In addition to there being different considerations on an interlocutory motion than at the conclusion of a matter after trial, Case Management Judge Tabib expressly indicated at paragraph 56 of that decision that she ordered costs at the middle of Column III to reflect the fact that Guest Tek's success was "only partial."

[24] The only exception to using the upper end of Column IV pertains to the trial management conference of August 25, 2020 (Item 11.10). This conference resulted in my decision in *Guest Tek (2020)*, in which I ordered costs in the cause. Again, that order remains in effect and amounts to an order for costs at Column III based on Rule 407.

(2) Quantum of fees

[25] As noted, Nomadix's claim for fees based on the upper end of Column IV is \$239,915. Guest Tek argues that even if fees are based on the upper end of Column IV, they should amount to \$145,011. I derive this latter figure from Guest Tek's Revised Bill of Costs, removing the items it has highlighted, and taking into account its further written argument that Items 8.3 to 8.5 and 9.3 to 9.5 should also be disallowed.

[26] The \$94,904 difference between Nomadix and Guest Tek's positions derives from the following issues (again, the amounts in row (c) below reflect my adjustment of the error in Item 11.8 in which units were doubled):

	<b>Items</b>	<b>Issue(s)</b>	<b>Impact</b>
(a)	7.1 to 7.7	Supplementary affidavits of documents and inspection	\$12,825
(b)	8.3 to 8.5 and 9.1 to 9.5	Further rounds of discovery and hours of discovery	\$25,056
(c)	10.1 to 10.7, 11.1 to 11.11, and 26	Preparation for case conferences, and second counsel on case conferences and on costs assessment	\$15,150
(d)	13(a) and (b)	Rate for second counsel in trial preparation	\$6,075
(e)	14.1 to 14.15	Trial hours	\$21,510
(f)	28.1 to 28.14	Recovery of <i>stagiaire</i> trial fees	\$14,288

[27] I will briefly address each of these issues.

(a) *Affidavits of documents: Items 7.1 to 7.7*

[28] Nomadix claims for the preparation of its affidavit of documents plus four supplemental affidavits of documents. It also claims for inspection of Guest Tek's two affidavits of documents. For each, it claims a first counsel fee of 9 units (\$1,350) and a second counsel fee of 4.5 units (\$675), such that its total claim under Item 7 is 94.5 units, or \$14,175.

[29] Item 7 of Tariff B reads "Discovery of documents, including listing, affidavit and inspection." In *Dewji*, Assessment Officer Smith concluded that Item 7 covers "the aggregate event of discovery that is intended to be reimbursed rather than each event in that process", but that where there is an unusual amount of work associated with discovery, additional amounts may be allowed under Item 27, which covers "[s]uch other services as may be allowed by the

assessment officer or ordered by the Court”: *Dewji & Gheciu Consultants Inc v A&A Consultants & Felicia Bilc*, [1999] FCJ No 1263 at paras 3–4; *Janssen Inc v Teva Canada Limited*, 2012 FC 48 at para 19. At the same time, other cases of this Court and the Competition Tribunal have recognized that multiple claims may be made under Item 7 where justified in the circumstances and with appropriate adjustment, including claims for review of another party’s affidavit: *Early Recovered Resources Inc v Gulf Log Salvage Co-Operative Assn*, 2001 FCT 1212 at paras 4, 9, 14; *Cameco Corp v “MCP Altona” (The Ship)*, 2013 FC 1263 at paras 7–9; *Nadeau Poultry Farm Limited v Groupe Westco Inc et al*, 2010 Comp Trib 1 at para 41.

[30] Guest Tek argues that all of the supplementary affidavits were caused by Nomadix’s “tactical choice of withholding documents from production that were clearly relevant.” Nomadix responds that the need for multiple affidavits of documents was due to Guest Tek seeking updated affidavits as the software evolved. I have little before me to assess these arguments other than the interlocutory orders of Case Management Judge Tabib.

[31] In her order of August 7, 2018 (2018 FC 818), Case Management Judge Tabib required Nomadix to provide a further and better affidavit of documents because the affidavits produced to that point were deficient. Costs of Guest Tek’s motion were ordered. In my view, Nomadix cannot claim under Item 7 for this affidavit. By contrast, in her order of October 19, 2018, Case Management Judge Tabib noted that the need to consider whether additional records were in Nomadix’s possession arose because of Guest Tek clarifying which records it sought.

[32] I conclude that Nomadix should be allowed 9 units for its first affidavit of documents, and 6 units for each of three of its four supplemental affidavits. It should also be allowed a further 9 units total for inspection of Guest Tek's affidavits of documents. Item 7 does not itself provide for a second counsel fee, but such a fee may be granted given the broad discretion under Rules 400(1) and (4): *Nature's Path Foods Inc v Country Fresh Enterprises Inc*, 2007 FC 116 at para 21. Neither party directed much argument to the need for second counsel in preparation of affidavits of documents, but it is clear that there were numerous documents and important issues of confidentiality designations to be addressed. I will allow a second counsel fee at 50% of the above for preparation of Nomadix's affidavits (total 13.5 units) but not inspection of Guest Tek's. The total is 49.5 units or \$7,425. Plainly, this is considerably less than either party spent on documentary production. However, this is a function of the Tariff and, at least to some degree, the manner in which documentary production occurred in the proceeding.

(b) *Examinations for discovery: Items 8.3 to 8.5 and 9.1 to 9.5*

[33] Nomadix's CTO, Mr. Olshansky, was examined for discovery four times. Nomadix claims for preparation for each of the examinations at 8 units plus 4 units for second counsel, and for attendance on each of the examinations at 4 units per hour for all of the examinations, plus 2 units per hour for second counsel at the first and second rounds. Guest Tek again argues Nomadix's tactical approach of limiting production required further rounds of discovery. It argues Nomadix should not recover for either preparation or attendance for any of the three follow-up rounds of discovery.

[34] It appears much of Mr. Olshansky's second examination pertained to the source code produced following Case Management Judge Tabib's order of August 7, 2018, and to answers provided to undertakings. While preparation might perhaps have been reduced to some degree had the source code been produced earlier, Guest Tek has not satisfied me that the total examination time would have been shorter in consequence. The third and fourth rounds were brief. The fourth in particular appears to have arisen from an agreement between the parties based on amendments to Nomadix's Statement of Defence. Again, I cannot conclude that these examinations were only necessary due to inappropriate tactical decisions by Nomadix. That said, given their limited scope, a lower value is appropriately assigned for preparation.

[35] I will allow 8 units for preparation for each of the first examinations (of Mr. Olshansky and Mr. Levy), and 4 units each for preparation for the continuations. Again, Item 8 does not expressly provide for a second counsel fee, but the broad discretion of the Court under Rule 400 permits of such a fee. I believe a second counsel fee is appropriate for the first and second rounds, but not for the much shorter third and fourth rounds. The total for Item 8 is 38 units or \$5,700.

[36] As for the examinations themselves, as indicated I am not satisfied that they would have been materially shorter but for the issue of software production or other documentary production issues. They will be allowed essentially as claimed subject to the discussion below on length, with 4 units per hour for first counsel for all examinations, and a second counsel fee at 2 units per hour for the first and second rounds.

[37] Guest Tek argues that the hours claimed for the examinations are incorrect. It seeks to factor out lunch breaks and short adjournments during the examination, claiming this is “in accordance with the case law,” citing *Janssen v Teva* at paras 42–46. However, while Assessment Officer Preston in *Janssen v Teva* noted that lunch recesses are typically factored out, he relied on *Estensen Estate* for the principle that brief recesses are generally *not* factored out: *Estensen Estate v Canada (Attorney General)*, 2009 FC 152 at para 15. In my view, brief breaks during the course of an examination are part of the examination (and trial) process and there are diminishing returns in attempting to define the length of an examination to the minute for costs purposes. I agree with Nomadix that brief adjournments in both the examinations for discovery and the trial hearing days need not be factored out of the time calculation.

[38] That said, the first four days of Mr. Olshansky’s examination appear to have averaged about 7 hours each once lunch is factored out, rather than the 8-hour average claimed by Nomadix. It is possible that Nomadix did not factor out the lunch breaks as it apparently did for trial. In any event, Item 9 is allowed for a total of 35.5 hours for first counsel at 4 units per hour, and second counsel for 32.5 hours at 2 units per hour, for a total of 207 units (\$31,050).

(c) *Case conferences and costs assessment: Items 10.1 to 10.7, 11.1 to 11.11, and 26*

[39] Nomadix has claimed for preparation and attendance at each of 11 case conferences and trial management conferences. It seeks 8 units for preparation for first counsel and 4 units for second counsel for each conference. It seeks 4 units per hour of attendance for first counsel for each conference, and a second counsel fee at 2 units per hour in respect of six of the conferences.

[40] Guest Tek argues that the first seven conferences were largely scheduling matters requiring limited preparation and no attendance of second counsel. Nomadix did not reply specifically to this argument, but maintained its claims in association with the conferences.

[41] I begin by repeating that costs of the trial management conference of August 25, 2020 were addressed in my decision on the requested adjournment [*Guest Tek (2020)*]. These will be awarded based on the middle of Column III. Given the issues, Nomadix will be awarded 5 units for preparation and 2 units per hour for attendance, plus a second counsel fee of half of these amounts, for a total of 13.5 units. The following discussion pertains to the other 10 case and trial management conferences.

[42] In my view, even scheduling matters typically require some preparation, and a claim may be made under Item 10 of Tariff B for preparation even in respect of more routine case conferences. This does not mean, however, that a discretionary second counsel fee is always appropriate. Nor is a second counsel fee always appropriate on a case conference even if second counsel attends. As trial approaches, the value of having two counsel preparing for and attending on case and trial management conferences may increase.

[43] In the absence of detailed information regarding the contents of the conferences, I will award 8 units for preparation under Item 10 for each of the ten conferences, plus a second counsel fee of 4 units in respect of those in 2020, being the final five of them. I will also award a counsel fee for attendance at the conferences under Item 11 at 4 units per hour as claimed, with a



second counsel fee at 2 units per hour in respect of the three conferences in 2020 at which second counsel attended (11.6, 11.8, and 11.9). This totals 151.5 units.

[44] The total awarded under Items 10 and 11 is 165 units, or \$24,750.

[45] I am also satisfied that a second counsel fee on the assessment of costs is appropriate given the nature of the submissions required. I will award Nomadix's fees under Item 26 at 10.5 total units as claimed.

(d) *Trial preparation: Items 13(a) and (b)*

[46] Nomadix claimed a counsel fee for trial preparation under Item 13(a) for the first day of hearing, and under 13(b) for 12 subsequent days of hearing based on two first counsel (*i.e.*, with second counsel at the same full rate as first counsel). This totals 162 units. Guest Tek does not challenge the fee for two counsel, but its Revised Bill of Costs includes the amounts for second counsel at the usual 50% rate. Neither party directed any substantive argument to this point.

[47] This Court has permitted claims for two "first counsel" in other patent cases, where justified: *Bayer Inc v Apotex Inc*, 2016 FC 1013 at para 6 (Judgment); *Apotex Inc v H. Lundbeck A/S*, 2013 FC 1188 at paras 19–24.

[48] In the present case, each of Nomadix and Guest Tek had three counsel present at trial. Ms. Aubin, in her role as "second counsel" to Nomadix was a full and important participant in the trial, taking the lead in examinations, cross-examinations, and in closing argument on one of

the two patents. There is no question she was an active participant in trial preparation both before and during the trial, taking on significant elements of a first counsel role. Nomadix has claimed counsel fee at trial on a “first counsel/second counsel” basis. In the circumstances, I accept Nomadix’s claim for the preparation fee on a two “first counsel” basis.

(e) *Trial hours: Items 14.1 to 14.15*

[49] Nomadix claimed 7 hours for each day at trial other than the last two days of argument. As with the examinations for discovery, Guest Tek challenges Nomadix’s ascription of time, proposing to back out breaks and ascribe time per hearing day to the minute.

[50] As a general matter, the Court was scheduled to sit from 11:00 am to 6:30 pm Eastern Time, with a one hour break for lunch. During the course of trial, the Court often adjourned between 10 minutes and an hour early, such as when an examination was complete and it seemed appropriate to reconvene. Typically, this was at the request of the parties. At the end of the first week of trial, the Court sat for a half-day as the evidence of Guest Tek’s lay witnesses was complete.

[51] Nomadix concedes the lunch hour should not be included. I have noted above that I consider brief breaks during the day as part of the hearing day. I also agree with the observation of Assessment Officer Stinson that Item 14 “necessarily includes some time in the courtroom before the scheduled start or resumption times” and that the assessment of costs must involve some “sensible approximation”: *Wanderingspirit v Marie*, 2007 FC 329 at paras 3–4; *Media tube Corp v Bell Canada*, 2017 FC 495 at para 13.

[52] In the circumstances, I will award counsel fees at trial based on an average of 6¼ hours per day at 4 units for the first 13 days of trial, save for the first Friday, for which I will use 3 hours. For the final two days of argument, I will award counsel fees based on the parties' agreed times. Second counsel fee will be awarded at 50% throughout. This totals 571.7 units, or \$85,755.

(f) *Stagiaire: Items 28.1 to 28.14*

[53] The final area of dispute is for fees for the attendance of a *stagiaire* (student-at-law) during trial. Nomadix seeks recovery of the student's time under Item 28, at 50% of the second counsel rate, *i.e.*, 25% of the upper end of Column IV. Guest Tek argues that amounts for articling students are routinely characterized by the Court as unrecoverable overhead costs, citing *Sanofi-Aventis Canada Inc v Apotex Inc*, 2009 FC 1138 at para 19 and *Sanofi-Aventis Canada Inc v Novopharm Limited*, 2009 FC 1139 at para 19.

[54] Clearly not all student time is unrecoverable overhead, or it would not be described in Item 28 of Tariff B: "Services in a province by students-at-law, law clerks or paralegals that are of a nature that the law society of that province authorizes them to render, 50% of the amount that would be calculated for a solicitor." Justice Reed of this Court noted in *Apotex v Syntex* that whether a student's time is recoverable depends on the nature of the work: *Apotex Inc v Syntex Pharmaceutical International Ltd*, 1999 CanLII 8811 (FC) at para 22, varied on other grounds, *Syntex Pharmaceuticals International Ltd v Apotex Inc*, 2001 FCA 137. Nevertheless, as Justice Harrington noted, fees for students-at-law are not usually taxed on assessment: *Apotex*

*Inc v H Lundbeck A/S*, 2013 FC 1188 at para 31, citing *Janssen-Ortho Inc v Novopharm Ltd*, 2006 FC 1333 at para 25.

[55] Despite this general approach, Justice Grammond recently noted that where costs are not being awarded by assessment but by lump sum, it is not appropriate to disallow expenses related to articling students as long as they were incurred: *Seedlings Life Science Ventures, LLC v Pfizer Canada ULC*, 2020 FC 505 at para 12.

[56] Here, Nomadix is seeking costs based on the Tariff and not as a lump sum based on total fees. However, it is not asking that costs be assessed by an assessment officer but that they be fixed by the Court. In such circumstances, I consider it would be unjust to entirely disallow a claim for an articling student's incurred fees simply based on the manner of calculation. I do not doubt that the *stagiaire* was performing legal work as part of Nomadix's legal team at trial. Without affecting the principle described by Justice Harrington in *Apotex v Lundbeck*, and in exercise of my discretion under Rule 400, I will award a fixed sum of \$5,000 in partial recovery of the fees for the *stagiaire*'s contribution at trial and in the preparation of final written argument.

(g) *Conclusion on fees*

[57] The total of the foregoing amounts for fees and those on which the parties had no dispute is \$202,805. Subtracting the \$3,325 in favour of Guest Tek arising from the prior interlocutory steps yields an award of fees of \$199,480.

[58] Nomadix argues that an award of this magnitude is in the range of what might be awarded as a lump sum, based on its total fees in excess of \$1,000,000. I agree with Guest Tek that it is difficult to use this as a guide since Nomadix's total fees must include an unknown amount of fees related to the motions for which there were costs awards, including those awarded against Nomadix. However, it does give some sense of magnitude and provides some confirmation that the award is not starkly out of line with what parties might expect as a cost award in such a case.

[59] Finally on the issue of fees, I note that while each party's Bill of Costs assumed GST would be payable on fees, in supplementary submissions on the issue each party agreed GST should not be awarded since it was not charged to Nomadix's foreign client.

D. *Disbursements*

[60] Nomadix claims \$451,088 in disbursements, about 86% of which are the fees and expenses of Nomadix's expert, Dr. Tal Lavian. Guest Tek does not dispute the remaining amounts, totalling \$64,316, which pertain to charges such as travel expenses arising from testing and examinations, printing, couriers, and transcripts.

[61] Nomadix claims Dr. Lavian's fees of US\$238,380 (C\$300,358 at the parties' agreed 1.26 exchange rate) for services prior to trial, and US\$60,000 (C\$75,600) for preparation for and attendance at trial, for a total of US\$298,380 (C\$375,958). It also claims his billed expenses of US\$9,082 (C\$11,443). Guest Tek argues that significant reductions should be applied to Dr. Lavian's fees and expenses.

(1) Dr. Lavian's fees

[62] Guest Tek describes Dr. Lavian's fees as a "whopping" US\$298,380. However, despite Nomadix's express invitation in its submissions on costs, Guest Tek provided no information as to the fees its own experts charged for their services. In the absence of such information, a generalized statement that Dr. Lavian's fees are high is of limited persuasive effect: see, e.g., *Mariano v The Queen*, 2016 TCC 161 at para 46(2), citing *Hague v Liberty Mutual Insurance Co*, [2005] OJ No 1660 at para 15; see also *GFL Infrastructure Group Inc v Temple Insurance Co*, 2021 ONSC 3630 at para 14.

[63] Guest Tek's more substantive attack on the fees relates not just to their size but also to the quality of Dr. Lavian's evidence. Guest Tek submits I should take the approach Justice Manson took in *Betser-Zilevitch*, where he reduced by one-third the fees of an expert whose report included "unnecessary and unhelpful analyses on alternative claim constructions": *Betser-Zilevitch* at para 20. Guest Tek mounts a lengthy attack on Dr. Lavian and argues that his fees should be reduced by two-thirds, to US\$99,460 (C\$125,320).

[64] I begin by observing that Justice Manson's reduction in *Betser-Zilevitch* was also based on a comparison to the fees of the other experts, a comparison I am unable to make given Guest Tek's decision not to reveal the fees paid to Drs. Dordal and Reiher: *Betser-Zilevitch* at paras 20, 21, 23. However, I accept that the Court has discretion not to grant complete recovery of an expert's fees where they appear unreasonable due to either their magnitude or the helpfulness of the expert's evidence: *Canada (Attorney General) v Cold Lake First Nations*,

2015 FC 1387 at paras 4–6. That said, I do not believe that costs are the occasion to undertake a detailed *post mortem* of an expert’s evidence so as to try to weigh its value with nicety. The opinions of an expert in a patent matter will not usually be accepted in their entirety, and the mere fact that the Court disagrees with or does not accept one or more of an expert’s conclusions on issues of construction or validity does not automatically mean that their fees are not recoverable or ought to be discounted: *Seedlings* at paras 30–31.

[65] Guest Tek’s submissions on costs include a recitation of the Court’s observations on Dr. Lavian’s evidence in the Merits Decision, as well as additional attacks on his report and his *viva voce* evidence. Guest Tek argues that Dr. Lavian’s opinions were “used sparingly and adopted even less frequently.”

[66] Some of Guest Tek’s arguments are simply trivial. For example, they complain of three occasions on which Dr. Lavian had difficulty finding a passage in his report to which cross-examining counsel was referring. In addition to having taken up mere moments of trial time, such occurrences are commonplace, and are all the more explicable in light of the fact that the trial was being held by videoconference. Referring to these passages as exemplary of the quality of Dr. Lavian’s evidence or the recoverability of his fees is wholly unpersuasive and undermines Guest Tek’s arguments.

[67] Some of Guest Tek’s other arguments have to do with Dr. Lavian’s mode of responding to questions in cross-examination. It is true that Dr. Lavian had a tendency to stray from the point, and that inefficiencies in cross-examination arose owing to his approach to claims

construction: Merits Decision at para 33. However, this did not materially undermine his evidence or unduly lengthen the trial. Dr. Lavian's cross-examination was completed in the anticipated time despite these issues. It is worth noting that of Dr. Lavian's US\$298,380 in fees, only US\$60,000 was for the trial hearing and preparation time as a result of an agreement between Nomadix and Dr. Lavian. Slight inefficiencies in the trial arising from responses or clerical errors do not persuade me that his fees should be discounted.

[68] Guest Tek's largest concern appears to be that the Court did not refer to Dr. Lavian's evidence frequently in the Merits Decision, and that it disagreed with a number of his conclusions, including his conclusions as to validity.

[69] I believe Guest Tek's arguments exaggerate the concerns regarding Dr. Lavian's evidence. Much of Dr. Lavian's evidence pertained to the background technologies and common general knowledge (CGK). He was the only expert to address the CGK at length in his report, and the Court described that discussion as "thorough and generally useful," despite the fact that it "often veered into areas less relevant to the patents and issues in dispute" : Merits Decision at paras 31, 76, 78. A material part of the role of an expert in a patent case is to assist the Court in being able to read the patent through the eyes of the person of ordinary skill in the art (POSITA) in light of the CGK: Merits Decision at paras 27, 51. Dr. Lavian's evidence gave this assistance in respect of both of the patents in issue, and the Court's discussion of what was known by the POSITA referred frequently to Dr. Lavian's evidence including exhibits: Merits Decision at paras 27–28, 79–80, 105, 112, 193–194, 290, 292–304.



[70] Guest Tek correctly points out that the Court did not accept some of Dr. Lavian's opinions. However, in other areas, his opinions were accepted and the opinions of Guest Tek's experts were rejected. As noted, this is not uncommon in a patent case, and I do not believe cost recovery for experts should be dependent upon a detailed score-keeping of which opinions were accepted and which were not.

[71] It is relevant to note in assessing Dr. Lavian's fees that his work prior to 2020 pertained to the four patents that were then at issue, two of which Guest Tek ultimately withdrew from its claim. While Case Management Judge Tabib's order of January 22, 2020 provided that there were to be no costs with respect to the amendment, it does not purport to deal with costs of the action pertaining to the withdrawn allegations, and Guest Tek does not argue it does. Guest Tek does argue that it was not in a position to withdraw these allegations until it independently obtained a Nomadix gateway device and that it could have done so earlier had Nomadix produced source code and devices earlier. This background could equally be viewed, however, as Guest Tek having made patent infringement allegations for which it did not yet have the supporting factual foundation.

[72] It is also relevant that Dr. Lavian's fees for the pre-trial period apparently included a number of discounts for time not billed, including travel time and reduced hours. While these are not large in the scheme of the overall fee, they amount to over US\$40,000 and come into consideration in assessing the reasonableness of the fee. Similarly, Dr. Lavian's fee for preparation for and attendance at trial was limited to US\$60,000 by agreement, when his total time on an hourly rate would have amounted to about US\$170,000. I cannot agree with

Guest Tek's criticism that these reductions were "artificial" or that they included "frivolous" charges such as Dr. Lavian's attendance during the testimony of some fact witnesses that was unrelated to Dr. Lavian's testimony. These witnesses were generally brief, sprinkled through the trial, and some addressed facts that underlay the infringement and inducement issues. Both to prepare for his own evidence and to assist counsel on technical issues, I cannot consider Dr. Lavian's presence at trial as a frivolous charge, particularly absent any information regarding Dr. Dordal or Dr. Reiher's attendance.

[73] In sum, I am satisfied that Dr. Lavian's fees as claimed are reasonable in the context of the litigation that was pursued by Guest Tek. While his reports and evidence were far from perfect, this is not the standard for recovery. The Court accepted material parts of his evidence, which played a role in Nomadix's success, and found it useful in understanding the patents, the art, and the prior art. Guest Tek's repetitions of its criticisms of his evidence do not convince me that Dr. Lavian's fees should be discounted as unreasonable, particularly where the Court has no ability to compare his fees with those incurred by Guest Tek's experts. Dr. Lavian's fees are awarded as claimed.

(2) Dr. Lavian's expenses

[74] Dr. Lavian charged expenses of US\$9,082. About half of these pertained to travel to Calgary, Los Angeles, and Montreal from Dr. Lavian's home in San Francisco during the pre-trial period. The Calgary and Los Angeles trips pertained to testing, while the Montreal trip related to a meeting with counsel concerning report preparation. These expenses are reasonable.

[75] Guest Tek challenges the charge of US\$4,044 for a hotel in Los Angeles during the trial, given that the trial was conducted by videoconference. I agree with Nomadix that there is value to a client having their expert in proximity even during a virtual trial if they choose to do so. The conduct of the trial by videoconference no doubt reduced the parties' trial-related travel expenses considerably. It cannot be assumed to eliminate them entirely.

[76] Dr. Lavian's expenses are awarded as claimed.

[77] The result of the foregoing is that Nomadix's awarded disbursements are greater than its awarded fees by over a 2:1 margin. I consider this a function of the nature of this particular litigation and the fact that while recovery of fees provides partial indemnity, incurred disbursements may be fully recoverable. Having disbursements in excess, and even greatly in excess, of recoverable fees is not unusual in patent proceedings given the importance of expert evidence: see, e.g., *Seedlings* at paras 26, 32; *Leo Pharma Inc v Teva Canada Limited*, 2016 FC 107 at Annex "A", aff'd 2017 FCA 51.

#### E. *Interest*

[78] Nomadix seeks interest from the date of judgment at a rate of 5% per annum, which is the rate set out in section 3 of the *Interest Act*, RSC 1985, c I-15: *Seedlings* at para 34. Guest Tek asks that interest be set at 1%, citing the low interest rates applicable to Alberta judgments. For the reasons in the thorough analysis of Justice Grammond in *Seedlings*, which I adopt, I conclude that a 2.5% simple interest rate is reasonable: *Seedlings* at paras 34–40.

[79] Nomadix seeks its interest from the date of the judgment. In my view, such an order would risk offending paragraph 36(4)(c) of the *Federal Courts Act*, RSC 1985, c F-7, which precludes prejudgment interest on an award of costs. Costs will be payable from the date of this order.

### III. Conclusion

[80] I award Nomadix fees in the net inclusive amount of \$199,480 and its disbursements of \$451,088, for a total of \$650,568. Simple interest is payable thereon at a yearly rate of 2.5%.

[81] I close by noting that experienced counsel representing sophisticated and apparently well-funded parties ought to be able to resolve basic issues like the length of examinations for discovery or the amount of time to ascribe to a trial day. Fighting over a question of 10 minutes here and there comes, no doubt, at a greater cost to their clients than the amount in dispute, in addition to engaging unnecessary Court time. Parties may disagree on important issues of costs, and the appropriate Tariff level or the appropriateness of certain claims may need to be determined. However, reasonable parties and reasonable counsel should be better able to limit through discussion the number of costs issues that need to be decided by the Court.

**ORDER IN T-448-17**

**THIS COURT ORDERS that**

1. Guest Tek Interactive Entertainment Ltd shall pay Nomadix, Inc its costs of the action, fixed at \$650,568, inclusive of fees and disbursements.
2. The amounts in paragraph 1 shall bear simple interest at an annual rate of 2.5% from the date of this order.

“Nicholas McHaffie”

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Judge

**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-448-17

**STYLE OF CAUSE:** GUEST TEK INTERACTIVE ENTERTAINMENT LTD  
v NOMADIX INC

**COSTS SUBMISSIONS MADE IN WRITING CONSIDERED AT OTTAWA,  
ONTARIO**

**ORDER AS TO COSTS AND REASONS:** MCHAFFIE J.

**DATED:** AUGUST 18, 2021

**WRITTEN REPRESENTATIONS BY:**

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Patrick Smith  
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