

Federal Court



Cour fédérale

Date: 20131017

Docket: T-735-11

Citation: 2013 FC 1050

Ottawa, Ontario, October 17, 2013

PRESENT: The Honourable Mr. Justice Barnes

BETWEEN:

**ABB TECHNOLOGY AG,
ABB INC. AND
ABB AG**

Plaintiffs

and

HYUNDAI HEAVY INDUSTRIES CO., LTD.

Defendant

SUPPLEMENTARY REASONS FOR JUDGMENT AND JUDGMENT

[1] In my decision dated September 11, 2013 (see *ABB Technology AG, ABB Inc. and ABB AG v Hyundai Heavy Industries Co., Ltd.*, 2013 FC 947), I dismissed the Plaintiffs' action against the Defendant and allowed the Defendant's counterclaim declaring the Plaintiffs' patents to be invalid. The issue of costs was reserved pending further submissions from the parties.

[2] The Defendant argues for a departure from the Court tariff seeking to recover one-half of its actual legal costs ($\$2,809,161 \div 2 = \$1,404,580.50$) and all of its disbursements (\$451,733.81). In the alternative, the Defendant seeks costs at the highest end of Column IV which it has calculated in the amount of \$289,495.00 plus disbursements. In the further alternative, the Defendant requests an Order directing the assessment of its costs at the highest end of Column IV.

[3] The Plaintiffs argue that this case does not justify a departure from the Court tariff. It proposes allowable fees not exceeding \$75,337.50 based on the application of the tariff at the mid-point of Column III. The Plaintiffs also take issue with a number of the disbursement items claimed on the basis that they are either unjustified or unsubstantiated.

[4] This case exemplifies the growing disparity between the Federal Court tariff and the actual costs of patent litigation, but that alone is not a basis for departing wholly from the tariff in assessing costs. If it were otherwise the tariff would rarely, if ever, be used in cases of this type. On the other hand, this litigation included several aspects that justify a premium in the award of costs.

[5] This case involved two large multi-national companies in a contest over a lucrative electrical switchgear market in British Columbia. The Plaintiffs were obviously concerned about the loss of market share to an incoming and aggressive Korean competitor.

[6] Although the case was tried in Canada most of the evidence was held elsewhere. Substantial parts of the evidentiary record required translation and discovery examinations of the Plaintiffs' witnesses were conducted in Germany. Document productions were extensive and

required Defendant's counsel to travel to Korea. An inspection of the Defendant's products was carried out in Vancouver in the presence of counsel.

[7] About one month before the trial, the Defendant served an Offer to Settle that called for dismissal of the action and counterclaims and the payment to the Defendant of its assessed costs calculated to April 24, 2013. The Plaintiffs say that the Offer "was not calculated to settle the case". Nevertheless, it represented a better outcome for the Plaintiffs than the judgment that was ultimately rendered. The Plaintiffs' claims were tenuous at best and, notwithstanding its lateness, the Defendant's Offer should have received serious consideration by the Plaintiffs.

[8] In all of the circumstances of this case an award of party-and-party costs in the amount of \$350,000.00 is justified.

[9] The claim for disbursements will require an assessment, in part, because the amounts sought are not sufficiently detailed to permit the Court or the Plaintiffs to assess their accuracy or reasonableness.

[10] I do not agree that the Defendant's retention of two experts was unwarranted. The expert fees claimed do not appear to be inordinate but their reasonableness must be assessed. The hourly rates for the expert witnesses will, however, be fixed at the lesser of the rates actually charged or the hourly rate of the Defendant's most senior legal counsel.

[11] Subject to documentary verification, hotel, meals and business class travel expenses are allowed for witnesses who testified, for Mr. Albert Kim and for two senior counsel and one junior counsel where those counsel actually attended. Travel expenses for the Defendant's in-house counsel and other non-testifying corporate representatives to attend the trial and discoveries are not allowed. For greater certainty, the travel expenses of counsel to attend in Korea, Germany and Vancouver in advance of the trial are allowed.

[12] The Defendant's costs of retaining a German patent agent and United States counsel have not been justified to my satisfaction and are not allowed.

[13] Subject to verification, all translation expenses are allowed.

[14] The remainder of the Defendant's disbursements will be subject to verification and an assessment for their reasonableness.

JUDGMENT

THIS COURT'S JUDGMENT is that the Defendant's party-and-party legal costs are fixed in the amount of \$350,000.00.

THIS COURT'S FURTHER JUDGMENT is that the Defendant's disbursements are to be assessed in accordance with these Reasons.

"R.L. Barnes"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-735-11

STYLE OF CAUSE: ABB TECHNOLOGY AG ET AL
v
HYUNDAI HEAVY INDUSTRIES CO., LTD.

PLACE OF HEARING: Toronto, ON

DATE OF HEARING: June 10 to 14, 2013 and
June 17 to 20, 2013

REASONS FOR JUDGMENT: BARNES J.

DATED: October 17, 2013

APPEARANCES:

Mr. Christopher Van Barr FOR THE PLAINTIFFS
Mr. Michael Crichton
Mr. Kiernan Murphy

Mr. Alan Aucoin FOR THE DEFENDANT
Mr. Anthony Prenol
Ms. Sarah O'Grady

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