



Neutral Citation Number: [2019] EWHC 2413 (Ch)

Case No: IL-2018-000115

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**  
**INTELLECTUAL PROPERTY**

The Rolls Building  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NL

Date: Thursday, 19 September 2019

**Before:**

**MS. PAT TREACY**  
**(SITTING AS A DEPUTY JUDGE OF THE HIGH COURT)**

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**Between:**

- (1) LIFESTYLE EQUITIES C.V.  
(2) LIFESTYLE LICENSING B.V.  
(both companies incorporated under the laws of the  
Netherlands)  
- and -  
(1) ROYAL COUNTY OF BERKSHIRE POLO CLUB  
LTD  
(2) GRETA MAE MORRISON  
(3) JAMES TARA MORRISON  
(4) THE PARTNERSHIP (LICENSING) LIMITED  
(5) JONATHAN ERIC BOWER TOWNSEND  
(6) MAYS ZONA LIBRE S.A.  
(a company incorporated in Panama)  
(7) EMPRESAS LA POLAR S.A.  
(a company incorporated in Chile)  
(8) EMPRESAS HITES S.A.  
(a company incorporated in Chile)  
(9) TIENDAS PERUANAS S.A.  
(a company incorporated in Peru)  
(10) SEARS OPERADORA MEXICO, SA DE CV  
(a company incorporated in Mexico)  
(11) ABDUL GHANI MAMOUN TR LLC  
(a company incorporated in the UAE)

**Claimants**

**Defendants**

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**MR. MICHAEL EDENBOROUGH QC, MR. THOMAS ST. QUINTIN and  
MR. THOMAS ELIAS** (instructed by **Brandsmiths**) appeared for the **Claimants**.  
**MR. MICHAEL SILVERLEAF QC** (instructed by **Gateley Plc**) appeared for the  
**Fourth and Fifth Defendants**.

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## **JUDGMENT**

## **DEPUTY JUDGE TREACY:**

### **Introduction**

1. Judgment on this interim application to strike out, alternatively for summary judgment, was given on Wednesday 17 July 2019. The application was refused. It was not possible to deal with all the consequential issues immediately after judgment.
2. Following brief submissions by the parties, a holding order was made on 17 July 2019. In summary, that order:
  - dismissed the Claimants' application;
  - awarded an interim sum of £47,600 on account of costs to be paid by the Claimants to the Fourth and Fifth Defendants;
  - required both parties to provide written submissions on matters relevant to the final order on a sequential basis by 31 July 2019;
  - required the Claimants to identify portions of the Defence and Counterclaim in respect of which they sought further particulars or amendment, and to submit draft grounds of appeal, if any;
  - stayed the commencement of time for appeal; and
  - ordered the Fourth and Fifth Defendants to make various amendments to their pleadings as had been agreed between the parties at the beginning of the hearing of the application.
3. The Claimants subsequently requested that the order for payment on account should be stayed. That request was refused on 29 July 2019. A copy of the written reasons for that decision, as given to the parties on 29 July, is attached to this Judgment.
4. The parties have agreed that the remaining issues be dealt with without a hearing. Under CPR 23.8(b), the Court has the power to deal with the matter in this way to assist the efficient dispatch of the Court's business.
5. Substantial written submissions issues were received from Mr. Edenborough QC, Mr. Elias and Mr. St. Quintin on behalf of the Claimants and from Mr. Silverleaf QC

on behalf of the Fourth and Fifth Defendants. I am grateful to Counsel and also to the parties' solicitors for enabling the Court to deal with the matter more efficiently and expeditiously than would have otherwise have been the case.

6. Three issues arise: costs; permission to appeal; and next steps.

## **Costs**

### Attribution

7. The general rule is that a summary assessment of the costs should be made at the conclusion of any hearing which has lasted not more than one day. The award of costs in relation to significant interim applications starts from the usual basis that costs follow the event. As the Claimants' application for strike-out / summary judgment was refused as reflected in paragraph 85 of the Judgment, the Fourth and Fifth Defendants were successful. For the reasons given on 29 June 2019 at paragraphs 6 to 11, there is no reason in this case to depart from the general principle. Costs of the application are therefore awarded to the Fourth and Fifth Defendants.

### Quantum – introduction

8. An interim payment of £47,600 was awarded against total claimed costs of £68,284.60. Following the parties' submissions on quantum, the additional costs to be awarded, if any, must be considered. Where costs are awarded on the standard basis, as here, costs should be disallowed where they are:
  - unreasonably incurred;
  - unreasonable in amount;
  - disproportionately incurred; or
  - disproportionate in amount.
9. The Court should also disallow costs when there are doubts whether they were reasonably or proportionately incurred or are reasonable and proportionate in amount.
10. Under CPR 44.3(5), the Court should have regard to:

- (i) the sums in issue in the proceedings;
  - (ii) the value of any non-monetary relief in issue;
  - (iii) the complexity of the litigation;
  - (iv) any additional work generated by the conduct of the paying party; and
  - (v) any wider factors involved in the proceedings such as reputation or public importance.
11. Under CPR 44.4, the Court must also have regard to all the circumstances, including the conduct of all the parties, in particular:
- (i) conduct before, as well as during, the proceedings; and
  - (ii) efforts made, if any, before and during the proceedings to try to resolve the dispute.
12. Comparison of the parties' costs schedules shows that the Fourth and Fifth Defendants' claimed costs of £68,284.60 are lower than those incurred by the Claimants. The mere fact that both parties have incurred significant costs does not in itself mean that the costs incurred by either or both were either reasonable or proportionate. The standard of reasonably incurred costs is an objective one and the Court must not indulge costs which are either unreasonable or disproportionate. The costs of the paying party may, nevertheless, be an indicator of the importance of the matter to the parties and the skill, effort, specialised knowledge and responsibility involved in dealing with it.

Quantum – assessment

13. The Claimants make three broad criticisms of the costs claimed. These relate to:
- (i) the conduct of the Fourth and Fifth Defendants;
  - (ii) the fact that the Fourth and Fifth Defendants served their evidence for the application only shortly before the application was due to be heard and, the Claimants submit, late; and

(iii) various specific criticisms of the reasonableness of the costs incurred.

14. It is convenient first to focus on the specific criticisms of the costs on an item by item basis, before turning to the more general criticisms of the Defendants' conduct.

Criticisms of costs incurred

15. In considering costs, the Court must allow for the different judgments which those engaged in litigation can sensibly make as to what is required, without being beguiled by having the benefit of hindsight. There are three guiding principles:

(i) that reasonableness and necessity are objective standards;

(ii) that the Court must apply a sensible standard, having regard to the inherently imprecise nature of summary assessment, sometimes described as "relatively rough and ready"; and

(iii) that any reasonable doubt must be decided in favour of the paying party.

16. The Claimants make a general criticism of the time spent by the Fourth and Fifth Defendants' solicitors. The Fourth and Fifth Defendants' solicitors spent proportionately more hours on the application than the Claimants' solicitors. However, the Fourth and Fifth Defendants engaged only Leading Counsel, while the Claimants engaged both Leading and Junior Counsel. The total costs incurred by the Claimants were significantly greater than those of the Fourth and Fifth Defendants.

17. Having reviewed the cost schedules and work done by both sets of solicitors, I have no doubt the time spent overall was reasonable having regard to the importance of the matter to both parties, the complexity of some of the issues raised and the effort and specialised knowledge involved.

18. The specific complaints made by the Claimants are dealt with in turn below.

*Insufficient delegation*

19. This is an unparticularised attack on the approach taken by the Fourth and Fifth Defendants' solicitors in preparing to defend the application. The Claimants do not suggest what work should have been delegated or why. While the mix of fee earners

used by the representatives of the two parties was different, I do not have sufficient doubt as to the overall reasonableness of the approach to disallow substantial quantities of the Fourth and Fifth Defendants' costs. Where there is some particular doubt about delegation of particular tasks, it is dealt with specifically below.

*Unspecified research*

20. The Claimants argue that all costs for the research done by the Fourth and Fifth Defendants' solicitors should be disallowed. The research that was done formed the basis for a significant part of the evidence served by the Fourth and Fifth Defendants and was relevant to the submissions made by Counsel at the hearing. Simply because no detailed breakdown was given in the cost schedule of the nature of the research does not mean that I can infer that the research must have related to general matters falling within the normal skill and knowledge of a solicitor. It is apparent from dealing with the application that significant research was done. I accept the submissions of the Fourth and Fifth Defendants' Counsel that substantial quantities of research were required.
21. However, I consider that it is unreasonable for a Grade A Fee Earner to undertake roughly one-third of the research involved. I will therefore reduce the sum awarded under this heading by £433.50, being 1.5 hours of Grade A time.

*Excessive time preparing evidence*

22. The sum claimed for the preparation of evidence is just under £15,000. That evidence included two short witness statements plus lengthy exhibits and states that the principal exhibit to the Witness Statement of Mr. Townsend was prepared by him. The further evidence was voluminous and undoubtedly took some time to prepare. The letter to the Court from the Fourth and Fifth Defendants' Counsel just before the hearing of the application explained the nature of the material:

*“... much, if not all, of the material contained in the evidence is matter with which the claimants have long been acquainted. It comprises a variety of such materials. There are judgments of courts and tribunals in other jurisdictions in relation to the same or similar issues as those raised by the present pleading, to which many of the claimants or related parties were themselves parties. Some if not all of these could be referred*

*to without being in evidence. They are in evidence for convenience. There are pleadings in a parallel action brought by the present claimants in relation to the sale of Greenwich Polo Club merchandise. There are witness statements filed earlier in the present proceedings by other defendants. ...”*

23. Given the type of evidence and its familiarity to the parties, I have some doubt that incurring costs of around £15,000 was proportionate.
24. While I accept the point made by Counsel for the Fourth and Fifth Defendants that some of this evidence was required to deal with the approach taken by the Claimants, a total cost of preparing the evidence of more than £15,000 requiring more than 60 hours of fee earner time, of which more than half was Grade A, is, in my view, unreasonable and disproportionate given the nature of the evidence in question, and particularly when Mr. Townsend himself compiled the principal exhibit to his witness statement. A reduction is appropriate. Unfortunately, the Claimants made no suggestion as to the level of any reduction so I will reduce this head of costs by £2,890 representing 10 hours of Grade A Fee Earner time.

*Excessive time preparing a costs schedule*

25. The Claimants complain that a Grade A Fee Earner spent almost 4 hours (or about half a day) in preparing the costs schedule. Preparing a costs schedule requires care and attention and it is not unreasonable for a senior fee earner to be involved in doing so, although much of the preparatory work can be undertaken by less qualified fee earners. Two or three hours is reasonable to complete the task in respect of an interim hearing. On the basis that any reasonable doubt as to the reasonableness or proportionality of time spent is to be resolved in favour of the payor, I have concluded that it is appropriate to reduce the time claimed for this by 1 hour of Grade A Fee Earner time, namely £289.

*Counsel's brief fee*

26. The Claimants criticise the brief fee of £28,000 for Leading Counsel instructed by the Fourth and Fifth Defendants as being unreasonably high. They make a comparison with the brief fees charged by the Claimants' two Counsel for the hearing which the Claimants submit to have been £19,000 combined.

27. The approach taken by the Claimants in their submissions does not compare like with like. £28,000 represents the total costs paid by the Fourth and Fifth Defendants for the assistance of Counsel for the hearing and preparations. The equivalent sum for the Claimants was almost £42,000. Whilst the mere fact that the costs of the paying party are the same as, or higher than, those of the receiving party does not render the latter reasonable, it is a factor to bear in mind.
28. It is necessary to consider the work covered by a brief fee when assessing its reasonableness. In all the circumstances of this case, given the complexity of the issues and the very significant pre-hearing work done by Counsel for the Fourth and Fifth Defendants in preparing for the hearing, as well as in dealing with the hearing itself, I do not regard the fee of £28,000 as unreasonable or disproportionate although in other circumstances, such a fee for a one day hearing might be regarded as high.

*The conduct of the parties*

29. As mentioned above, the Claimants raised two further, more general, issues on costs:
- (i) the general conduct of the Fourth and Fifth Defendants; and
  - (ii) their conduct in serving evidence just before the hearing.
- (i) General conduct of the Fourth and Fifth Defendants
30. The Claimants complain that the Fourth and Fifth Defendants' conduct has been characterised by inactivity and note particularly the delay of the Fourth and Fifth Defendants in engaging with the application.
31. The Court's duty to manage cases actively includes encouraging the parties to co-operate with each other. Responding to correspondence in a timely fashion and engaging with the other party and its representatives in making the necessary preparations for a hearing reflects the overriding objective. The fact that the representatives of the Fourth and Fifth Defendants did not engage with the efforts of the Claimants' representatives to prepare for the hearing until just before the date of the hearing is relevant to the assessment of costs not least because it appears to have resulted in the evidence being filed only shortly before the hearing.

32. There is no general obligation on a party's representatives to engage with each and every piece of correspondence. As with other steps in litigation, inter-solicitor correspondence should be proportionate and reflect the need for the parties to co-operate appropriately to enable the Court to deal with matter expeditiously and fairly. Repeatedly failing to respond to proportionate and reasonable procedural enquiries does affect the efficiency with which litigation is conducted.
33. A specific complaint was made of the failure of the Fourth and Fifth Defendants to respond to the Claimants' letter in November 2018 (and the follow up in January 2019) threatening a strike out application. This lack of response is explained by the Fourth and Fifth Defendants by reference to the uncompromising nature of the 21 November letter, not least because it used language suggesting that, notwithstanding the relatively early stage of the proceedings, no alternative proposals would be considered and that only voluntary deletion of a substantial portion of the pleadings of the Fourth and Fifth Defendants would suffice to avoid an application.
34. While recognising that a failure to engage with correspondence at all can increase costs and demonstrate a lack of co-operation, the Court must also consider whether inter-solicitor correspondence makes appropriate efforts to resolve issues in dispute, including in relation to any particular application. The Fourth and Fifth Defendants submitted that on various matters the Claimants did not seek to resolve matters in a cooperative way. It was suggested that, rather than seeking to strike out significant portions of the Defence and Counterclaim, a more proportionate approach would have been to invite proposals for amendment and/or seek particularisation of the pleadings that were regarded as being inadequate.
35. On this specific complaint, I do not regard either party's conduct as having been ideal, but taking all of the conduct complaints into account, I consider that an adjustment to the overall costs claimed by the Fourth and Fifth Defendants of 10% is appropriate, relating particularly to the failure to engage constructively with the Claimants in preparing for the application once the hearing had been set down.
- (ii) Time of service of evidence
36. The Claimants submit that all costs arising from the alleged late service of the evidence of the Fourth and Fifth Defendants for the application should be disallowed.

The Claimants focus primarily on the provisions of CPR 24.5(1) relating to the service of evidence for a summary judgment application, while noting that paragraph 9.4 of Practice Direction 23A requires evidence to be served “as soon as possible” in any event.

37. I disagree that all costs should be disallowed for three reasons:
- (i) no significant additional costs appear to have been incurred by the Fourth and Fifth Defendants as a result of the time at which the evidence was served;
  - (ii) the time of serving the evidence was unlikely to involve significant additional work for the Claimants: if the evidence was relevant, it needed to be dealt with; and
  - (iii) given the interplay between CPR 24 and CPR 3, as explained by the Fourth and Fifth Defendants’ Counsel before the hearing and by the Fourth and Fifth Defendants in correspondence, the evidence would have needed to be dealt with in any event.
38. As costs relating to the evidence are not disallowed, the question is whether the evidence was late in a way that suggests that a further costs reduction is appropriate.
39. The Claimants submit that no explanation was given for the time at which the evidence was served. This overlooks the letter from the Fourth and Fifth Defendants’ solicitors dated 20 May 2019 which explained that a number of factors had combined to make it very difficult for the evidence to be served earlier. The Fourth and Fifth Defendants submit that the evidence was both served “as soon as possible” and that it was not late. They also submit that their position has been explained to the Claimants in their solicitors’ letter of 16 May 2019, repeated in their letter of 20 May 2019 and further explained in the pre-hearing letter to the Court from Counsel before the application was heard which asked the Court to take the evidence into account, not just in relation to the strike out application but also for the summary judgment application. At the hearing, the Claimants did not pursue their objections but noted that the issue should be considered when dealing with costs.

40. I have considered the submissions of Counsel for both parties, including the explanations for the timing of the evidence given at paragraphs 13, 35 and 38 of Mr. Silverleaf's submissions. It is unhelpful that some of the Claimants' criticisms were rather over-stated. However, having delayed in engaging in correspondence relating to the application, the representatives of the Fourth and Fifth Defendants appear also to have delayed in dealing with the evidence so that they were unable to provide evidence to the Claimants until only a few days before the application. While accepting that there were no specific directions for the service of evidence in relation to the strike out application, and that the obligation under paragraph 9.4 of Practice Direction 23A is simply to serve such evidence "as soon as possible", the timing of the service of the evidence undoubtedly inconvenienced the Claimants. The explanations given by the Fourth and Fifth Defendants' solicitors in their letter of 20 May 2019 for the particular time at which their evidence was served do not address why it was possible to serve the evidence only two clear days in advance of the potential hearing date.
41. In the circumstances, a further deduction of 2.5% from the Fourth and Fifth Defendants' total costs is appropriate.
42. The total recoverable costs of the Fourth and Fifth Defendants for the application, summarily assessed, are therefore £56,136.12, against which the sum of £47,600 has already been paid on account, leaving a balance of £8,536.12 to be paid.

### **Permission to appeal**

43. The Claimants seek leave to appeal on a number of grounds. Five grounds relate to costs and two to the substantive issues.
44. The first three Grounds for Appeal on Costs relate to the fact that an interim payment on account of £47,600 was ordered. For reasons reflecting those given in my short decision of 29 July 2019, I decline to grant leave to appeal on draft Grounds for Appeal 1 to 3.
45. Draft Grounds for Appeal 4 and 5 relate to the costs of:

- (i) the amendment to the Fourth and Fifth Defendants' Defence and Counterclaim necessitated by the Claimants' amendment of its Conspiracy claim; and
  - (ii) the amendments necessitated by the failure of the strike out applications of the First to Third Defendants against the allegations of Foreign Infringement.
46. As to the first issue, the order made reflects the position on costs agreed to by the Claimants before the hearing. Leave to appeal on this ground is refused.
47. Draft Ground for Appeal 5 challenges the order that the costs of pleading to the allegations of foreign trade mark infringement should be costs in the case.
48. The original pleading of the Fourth and Fifth Defendants did not plead substantively to those issues. The costs of doing so are therefore broadly equivalent to what would have been done at the outset of the case. I prefer the submissions of the Fourth and Fifth Defendants on this point and refuse leave to appeal.
49. Draft Ground for Appeal 6 is based on the proposition that the allegation of invalidity in the pleadings of the Fourth and Fifth Defendants is wholly fanciful. It makes a number of arguments, some of which were made during the hearing, and relies on an array of authorities which were not before the Court.
50. The Claimants' submissions appear to reflect a misunderstanding as to the scope and intent of the Fourth and Fifth Defendants' defences. Those defences did not seem to me to be so difficult to understand, nor (in the light of the submissions made by both parties about the legal position) to be so lacking in substance that strike out or summary judgment was the appropriate course. The submissions of the Fourth and Fifth Defendants on this are preferred. Leave to appeal is refused.
51. Draft Ground for Appeal 7 submits that it was an error in principle to refuse the application for strike out or summary judgment in relation to paragraphs 6(b) to (l) of the Defence. The basis appears to be twofold:
- (i) that the Judgment was substantively flawed in refusing to strike out or award summary judgment in respect of those paragraphs, because they require amendment or clarification; and

- (ii) that the order requiring the Claimants to identify the amendments or clarifications to the pleadings they believe to be required is wrong in principle.
52. Paragraph 74 of the Judgment made clear that the Court would consider the Defence and Counterclaim as they stood. That resulted in the application being refused.
53. It is now submitted that the Court was wrong to do so because: the Fourth and Fifth Defendants accepted that pleading amendments in respect of those paragraphs (i.e. 6(b) to (l), 18 and 27) would be required; and the Court agreed that to be the case. This appears to misread the paragraphs of the Judgment to which reference is made:
- Paragraph 39 records an observation that if technical criticisms of the details of the pleading were made (implicitly not sufficient to require strike out or summary judgment), it would be feasible for amendments to be requested, and made if necessary, given the need for both parties to amend in any event in view of the judgment of Morgan J in December 2018.
  - Paragraph 74 notes that certain pleading amendments would be required in any event, consequential on the judgment of Morgan J as reflected in paragraphs 19 and 39, and also noted that further information might be sought.
54. The Judgment did not hold that amendments or particulars were necessary to maintain the pleading. Counsel for the Claimants had submitted during the hearing that one way of dealing with some alleged difficulties in the Fourth and Fifth Defendants' pleading would be for the Claimants to make an application to bring forward amendments (for example, at page 31 of the Transcript). This was reflected at paragraphs 86 and 87 of the Judgment.
55. In short, the Court's judgment was that the pleading in its current form was not strikeable nor was summary judgment appropriate. Paragraph 3(a) of the interim order gave the Claimants an opportunity to seek further information or particularisation to improve their understanding of the pleaded case without the need to make a further application.
56. In the circumstances, leave to appeal on Draft Ground for Appeal 7 is refused.

57. If the Claimants seek permission to appeal the Judgment on any of the Draft Grounds put forward, or on any other ground, it will be necessary to request it from the Court of Appeal.

### **Future pleading amendments**

58. As matters stand, the Court has not ordered any amendments other than those already embodied in the order of 17 July 2019. Paragraphs 87 and 88 of the Claimants' submissions summarise briefly the portions of the Defence and Counterclaim of the Fourth and Fifth Defendants which are said to require amendment or particularisation. However, the Claimants' primary submission is that those portions of the pleading should be struck out. They have indicated that they seek leave to appeal this Court's refusal to do so. In the circumstances, it is not sensible to deal with further pleading issues until either leave to appeal has been sought from the Court of Appeal and refused or the Court of Appeal has dealt with the matter on appeal.
59. The Fourth and Fifth Defendants' written submissions after judgment raised an issue relating to the prohibition on registering marks which are "devoid of distinctive character" under section 3(1)(b) of the Trade Marks Act 1994 and Article 7(1)(b) of the Trade Marks Regulation, indicating an intention to seek to add a reference to rely on those provisions in paragraph 6(m) of the Defence. By way of a footnote in the written submissions, the Fourth and Fifth Defendants sought permission to make that amendment at the same time as the amendments already ordered in the 17 July Order. This request was not dealt with in the 17 July Order, nor was it addressed by the parties during the hearing. The Claimants did not have the opportunity to deal with the request in their written submissions. In the circumstances, permission to amend the pleadings to deal with this issue is not granted, and the only pleading amendments ordered are those covered by in the existing 17 July Order.

### **Costs of post-hearing submissions**

60. The final issue is the request by the Fourth and Fifth Defendants that they be awarded their costs of the post hearing debate. The Fourth and Fifth Defendants' submissions have been preferred in relation to the requests for permission to appeal. They were also partially successful in respect of their submissions on the costs of the application.

61. Overall, it is appropriate to award the Fourth and Fifth Defendants 60% of their costs of the post-judgment argument. Having reviewed the schedule provided, I consider that, even though detailed submissions were prepared in response to lengthy submissions on the part of the Claimants, the sum claimed (£15,749.50) is high where no hearing was necessary. I consider that a reasonable and proportionate sum would be £14,000. I therefore summarily assess the costs payable by the Claimants in respect of the post-judgment submissions in the sum of £8,400.

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
INTELLECTUAL PROPERTY LIST (ChD)  
INTELLECTUAL PROPERTY

Ms Pat Treacy, sitting as a Deputy Judge of the High Court

BETWEEN:

(1) LIFESTYLE EQUITIES C.V.  
(2) LIFESTYLE LICENSING B.V.  
(both companies incorporated under the laws of the Netherlands)

Claimants

- and -

(1) ROYAL COUNTY OF BERKSHIRE POLO CLUB LTD  
(2) GRETA MAE MORRISON  
(3) JAMES TARA MORRISON  
(4) THE PARTNERSHIP (LICENSING) LIMITED  
(5) JONATHAN ERIC BOWER TOWNSEND  
(6) MAYS ZONA LIBRE S.A.  
(a company incorporated in Panama)  
(7) EMPRESAS POLAR S.A.  
(a company incorporated in Chile)  
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(a company incorporated in Mexico)  
(11) ABDUL GHANI MAMOUN TR LLC  
(a company incorporated in the UAE)

Defendants

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**DECISION ON  
CLAIMANTS' REQUEST FOR STAY OF PAYMENT ON ACCOUNT**

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62. I have considered the request from the Claimants for a stay of the order for interim payment on account. The request is made in view of the fact that, in the absence of a stay, the sum ordered will be payable later this week.
63. There are two bases for the request: first, that the order for interim costs was wrongly made and based on error; and secondly, that there is a risk that money paid to the

Defendants in the short term (whether by way of interim payment on account, or final payment after summary assessment) would not be available for recovery in the event that any appeal by the Claimants is successful.

64. Dealing with the second of those questions first, the general rule is that costs of interim proceedings should be dealt with on a timely basis, allowing a party who has won an application to receive reimbursement of the costs awarded to him by the court in a very short time indeed. In my assessment the Claimants have not put forward sufficient information about the financial position of the Defendants to disturb that general rule.
65. On the second issue, the assertion that the order for interim payment was made in error, and particularly that it was made without regard to the position of the Claimants on the appropriate attribution of costs, arises from a misapprehension.
66. My view on the attribution of liability for costs was based on the starting point that the Defendants had succeeded in defeating the strike out/summary judgment application, as reflected in paragraph 85 of the Judgment. However, the decision to order an interim payment of costs, and the amount ordered, had regard to a number of factors, including the representations on costs made by both parties, not least those made by the Claimants' solicitors in their email of 12 July. That email made clear that in the Claimants' view the question of costs was complex and raised three specific points, each of which I took into account before ordering the interim payment. The points raised are set out below

**A. Attribution of costs/success and failure**

67. The first point raised by the Claimants' representatives was there were three aspects to the application. Those three aspects had been described in the skeleton argument of the Claimants' counsel for the hearing and also set out in paragraph 19 of the Judgment (the Validity Issues; the Foreign Infringement Issue; and the Conspiracy Issue).
68. While the Claimants' solicitors email of 11 July 2019 (at 16:23) stated that the Claimants would be unable to meet the deadline for "substantial submissions on consequential matters", I regarded Claimants' solicitors email of 12 July (at 10:17) as a clear, though succinct, submission on the part of the Claimants that on one, or other, or both, of the Foreign Infringement Issue and the Conspiracy Issue, the Defendants had not been the successful party and should not receive their costs attributable to those issues.
69. In their email of 12 July (at 16:44), the Defendants' solicitors also identified the attribution of costs on the three aspects of the application as having been raised by the Claimants' representatives. In that email, the Defendants' solicitors dealt briefly with the question of attribution of the costs of the Foreign Infringement Issue and the Conspiracy Issue. The Defendants' solicitors then discussed the treatment of future costs of amendments in respect of those issues, as this, rather than strike out or summary judgment, had been acknowledged by both parties to be the appropriate step, as recorded in paragraph 19 of the Judgment.

70. As recorded in the Judgment at paragraph 20, the majority of the time during the hearing was devoted to one issue which was submitted by counsel for the Claimants to be the focus of the Claimants' attack on the Defendants' pleading, namely seeking to strike out or obtain summary judgment on the challenge to the validity of the Claimant's trademarks in paragraphs 6(l)–(n) and 18 of the Defence and Counterclaim. The Claimants' application for strike out or summary judgment on this primary issue did not succeed and in my view the Defendants were and are entitled to receive their costs of dealing with it. There were no applications made before or during the hearing for amendments or clarifications of those parts of the Defendants' pleadings, nor was any agreement reached during the hearing about such issues.
71. There was no disagreement between the parties that pleading amendments in relation to the Foreign Infringement Issues and Conspiracy Issues are necessary, as mentioned in paragraphs 19 and 86 of the Judgment and further referred to at paragraph 74 of the Judgment. These flowed primarily from prior developments in the case, took up no time at the hearing, and were recognised by the Claimants not to be the focus of the application. I did not take the view that the Claimants' application had been successful in respect of those issues either. Given the above, my view on the first point made by the Claimants' solicitors was that the Defendants were the successful party and should be awarded their costs of defeating the application.
72. I have now had the opportunity to consider further submissions on behalf of the Claimants about the attribution of costs for the three issues dealt with at the hearing. These do not disturb my initial view on the appropriate attribution of liability for costs. Further, I remain of the view that, in all the circumstances, exercising my discretion to order an interim payment on account of the Defendants' costs of defeating the application, was appropriate.

## **B. Behaviour of the Defendants**

73. The second issue mentioned by the Claimants is the question of the Defendants' alleged behaviour in the action, including in late service of the evidence for the recent application. To the extent that the late service of evidence for the hearing or other aspects of the Defendants' conduct are relevant, that goes to quantum rather than to attribution and is therefore an issue to be dealt with when dealing with the final assessment of costs on a summary basis. It does not go to the question of stay.
74. However, given that the Defendants' behaviour was raised by the Claimant's representatives in their email of 12 July, I did have in mind that this was something to have regard to in deciding the level of a reasonable payment on account. In view of the Claimants' comments I considered the existing positions of both parties on the alleged late service of the evidence as recorded in the transcript, discussed in the Inter-Solicitor correspondence (in particular the explanations given by the Defendants' Solicitors in their letter of 20 May for the time at which the evidence was served) and set out in the letter to the Court by the Defendants' Counsel before the hearing. To guard against ordering a sum that would fall outside the reasonable likely range to be awarded following summary assessment I adjusted the level of interim payment accordingly in the light of my initial, but not concluded, views as to the merits of the points made by the Claimants. Having now had the benefit of further submissions from the Claimants' counsel on the topic I continue to regard the starting point I took as having been appropriate in all the circumstances.

**C. Exact relief to be ordered**

75. The final issue raised by the Claimants was as to the scope of the exact relief to be ordered in due course. It is now suggested that this goes to the question of success or failure and therefore to the attribution of cost liability. For the reasons given above, I had already concluded that this was not the case. To the extent that it goes to quantum, there is ample scope for it to be reflected in the final costs figure to be awarded following summary assessment.
76. There is therefore no basis to stay the interim payment of costs on the basis requested by the Claimants.

**D. The amount ordered to be paid on account**

77. The Claimants also comment on the sum awarded by way of interim payment. The question of quantum generally is one to be dealt with in due course when settling the final order. However, in a case of this sort, the sum of 70% of the costs claimed is not particularly high on the standard basis (indeed by way of immediate example, in this matter Morgan J awarded 80% of costs claimed in respect of issues in which a party had been successful on an interim application).
78. Even having regard to the initial adjustment to the starting point that I made for reasons mentioned above, the sum ordered was in my view reasonable in the light of all the circumstances and having regard to the positions of the parties. I had regard to the likely level of recovery, and allowed what was in my view an appropriate margin to allow for an error in estimation. In exercising my discretion in the way I did I bore in mind particularly that more detailed submissions on precise aspects of quantum (such as those now made by the Claimants at paragraph 12 of their detailed submissions and yet to be responded to by the Defendants) would be helpful in making the final summary assessment.
79. In the light of all the above the request for a stay of the interim costs order is refused. If an implicit request to vary the sum to be paid on account is intended in the Claimants' submissions, I also decline to vary the interim sum awarded.

29 July 2019