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A Careful Choice of Remedies Could Save a Claimant £10,000 in Court Fees

Robert Lundie Smith, Marcus Riby-Smith (EIP) · Monday, August 22nd, 2016

While the subject of the appropriate court fees to pay when issuing proceedings is not normally an exciting one to write about (indeed some readers of this post will say that this remains the case) a recent application concerning the appropriate fees to pay in a trade mark action (Lifestyles Equities CV v Sportsdirect.com Retail Ltd) indicates that by asking the court for the option of electing between an account of profits or damages (after liability is found) as opposed to merely requesting a damages award, a Claimant might avoid having to pay around £10,000 at the start of an action. These authors certainly think that this is a point worth highlighting. While the application was made in the context of a trade mark action, the judgment can be applied to UK IP litigation generally.

Detail

The legal framework for the determination of Court fees payable in England and Wales is found in the Court Proceedings Fees Order 2008 (SI 2008/1053). This requires that certain fees be paid by a Claimant to the Court at the time of issuing proceedings. The magnitude of the fee to be paid can turn on the nature of the remedies sought by a Claimant.

In this context:

- Where the claim is to recover a sum of money and that sum exceeds £200,000 (or is unlimited) the fee is £10,000.
- Where the claim is for "any other remedy" it is £480 (which can be in addition to the £10,000 depending upon the combination of remedies claimed).

If the Claim Form used to start the proceedings cites the incorrect fee the Court can refuse to issue the proceedings until the error is remedied (in practice this will be detected at the issuing desk). If proceedings have been issued, but the Defendant later considers that the wrong fee was paid, the Defendant can apply to the Court to request that it order payment of the correct fee *and* ask that the Court stay the proceedings until such time that the correct fee has been paid.

In the case at hand, the Claimants had issued a claim for (a) trade mark infringement and (b) inducing a breach of contract. The relevant remedies sought were:

- "*an enquiry as to damages*" regarding acts of inducing a breach of contract; and

- "*an enquiry as to damages*" regarding "*acts of trade mark infringement, alternatively at the Claimants' option, and account of profits accrued to the Defendant or any of them by such acts.*"

It is also relevant to note that the Claimants' claim stated that:

- The Claimants were: "*unable at this stage to quantify their damage however they believe it to be substantial*" (i.e. that the claim did not place a limit on the substantial damages that could be recovered); and that,
- "*If the Claimants succeed on liability, the Claimants undertake to pay the appropriate court fee upon an order of the court directing all due sums to be paid by an inquiry as to damages and the claimant* [sic] *electing for such an inquiry…*" (i.e. that the Claimants considered that if they succeeded on liability and elected for a damages award there may be consequences for the court fees).

On issuing their claim the Claimants only paid the fee for a non-monetary claim (£480). The Defendants argued that this more limited fee was only applicable to claims for remedies other than "*to recover a sum of money*" (a "*non money claim*"), that in seeking damages/an account of profit the Claimants were in actuality seeking to recover a sum of money (and a substantial one at that), and that the appropriate fee to pay was £10,000 for such remedies. This should not be put off to a later day as the Claimants had sought to do by way of their above quoted undertaking.

In relation to the contractual element of the claim, the Court agreed with the Defendants. This element of the claim was linked to a claim to damages alone, which was a claim to recover a sum of money. However had the claim been limited to trade mark infringement alone with the associated remedies being an enquiry as to damages or alternatively an account of profits (as was the case here), the court made clear that it would have come to a different conclusion.

Relying on earlier case law (*Page v Hewetts Solicitors* [2013] EWHC 2846 (Ch)) the Court found that a determination of an account of profits is a process of investigation undertaken by the Court. That investigation might well result in the Court discovering that the Defendant had not made a profit, resulting in turn in no monies being payable under this head of recovery. While a claim for damages can be a claim for recovery of money alone, because it was claimed as an alternative to an account of profits, the Court found that "*it is not until a claimant elects for an inquiry (which it may not do) that it can be said that its claim is a claim to recover money.*"

Comment

The cost of court fees alone can sometimes prevent smaller litigants from pressing for their rights in court. This is a helpful result that allows rights holders to press for a cessation of infringement and leave what could be a substantial cost of trying to obtain compensation to a time when they already have liability in the bag.

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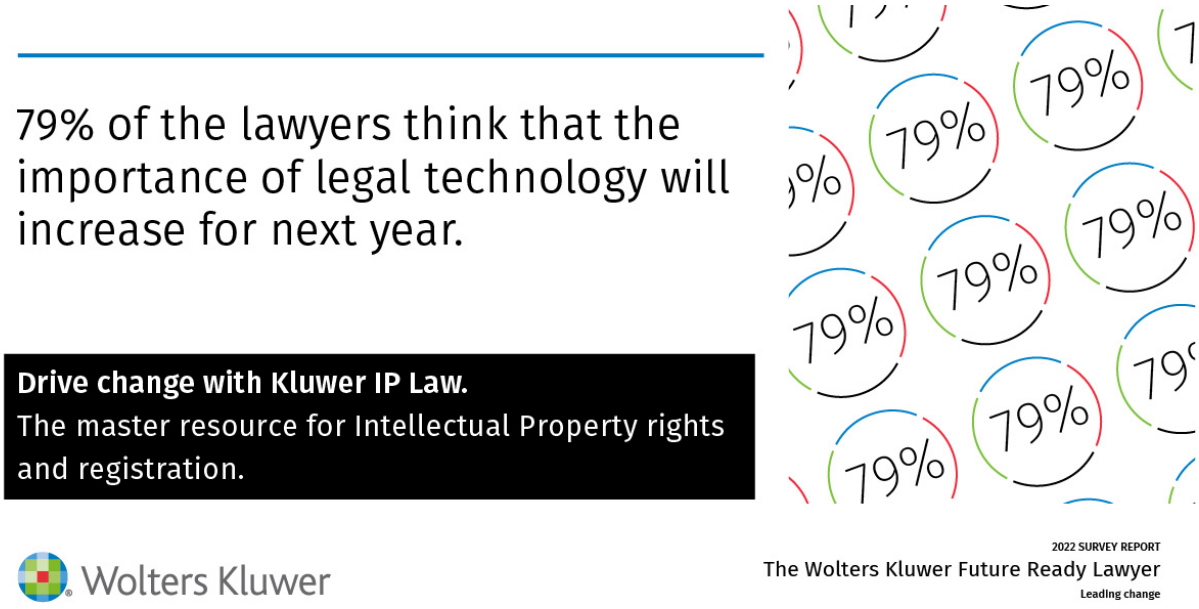

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