

19 September 2025

Our ref: KB:MC

The Hon. Debra Sue Mortimer
Chief Justice
Federal Court of Australia
Owen Dixon Commonwealth Law Courts Building
305 William Street
Melbourne VIC 3000

By email: [REDACTED]

Dear Chief Justice

Matters considered by the QLS Litigation Rules Committee

The Queensland Law Society's (QLS) Litigation Rules Committee would be pleased to engage further with the Court on matters where it may be able to provide some assistance, and to act as a conduit between the Court and our members.

QLS, including through this committee, routinely provides feedback for inclusion in the Law Council of Australia's responses to Court consultations; for example, we are in the process of providing feedback, with our other committees, for inclusion in the Law Council's submission on the Court's digital practices.

In addition to these issues, we raise the following items for the Court's consideration.

Delivery of judgments before the Christmas closure period

We note there has been some past discussion about judgments delivered in December of a year and the difficulties this may present in obtaining instructions to file appeals during the January holiday period.

While we appreciate these difficulties, we do not consider the delivery of judgments should be delayed given the effect this may have on parties who are awaiting their judgments, particularly before Christmas.

As an alternative, we query whether rule 1.61(5) of the *Federal Court Rules 2011* (**Rules**) regarding the calculation of time is sufficient. That subsection provides that if the time fixed includes a day in the period starting on 24 December in a year and ending on 14 January in the next year, the day is not to be counted. Should the Court assess, based on feedback, this rule or other rules dictating timeframes are not adequate, QLS would be pleased to engage further regarding possible amendments.

Guidance for registrars deciding costs

We would be pleased to engage with the Court about what further guidance could be provided to assist registrars and parties when costs are decided in accordance with the Rules and the [Costs Practice Note \(GPN-COSTS\)](#).

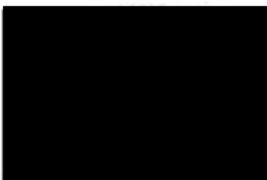
We refer to the decision of Registrar O'Connor in *PDP Capital Pty Ltd v Grasshopper Ventures Pty Ltd* from 5 April 2022 (**enclosed**). One of the issues in dispute in this matter was whether the costs (and disbursements) of the first mediation and second mediation were properly costs of the proceeding. The registrar did not allow the costs of one of the mediations because it was "consented to" by the parties, rather than opposed. However, the mediation was a requirement of the proceeding and so it was not practicable that it be opposed. It is our view costs of the mediation ought to have been awarded.

One possible effect of this decision is that parties could now consider they need to oppose a mediation (before being ordered to attend by the Court) so as to recover costs. This is not desirable and not in keeping with the intent of the Rules.

We would be pleased if consideration could be given to some further guidance on these issues, including some directions about what should be allowed, for example costs for two counsel, experts fees etc. We consider guidance this could assist in the resolving disputes with regard to fixing of costs or having them taxed.

We appreciate your Honour's consideration of these issues. If there are queries regarding the contents of this letter, please do not hesitate to contact our Legal Policy team via policy@qls.com.au or by phone on [REDACTED] [REDACTED]

Yours faithfully



Genevieve Dee
President



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No. NSD1354 of 2018

PDP CAPITAL PTY LTD & ANOR

Applicants

GRASSHOPPER VENTURES PTY LTD

Respondent

REASONS FOR DECISION – LUMP SUM COSTS

REGISTRAR: REGISTRAR O’CONNOR

DATE: 5 APRIL 2022

INTRODUCTION

1. Order 1 of the Orders of Markovic J dated 27 August 2020, provides that:
 1. The applicants pay 90% of the respondent’s costs of the proceeding which are to be awarded as a lump sum instead of any taxed costs, in a sum to be determined by Registrar O’Connor.
2. A Registrar of the Federal Court has the power to make an order fixing costs in accordance with r 40.02(b) pursuant to delegation under 3.01(1)(b) and Schedule 2 item 221 of the *Federal Court Rules 2011* (Cth) (the **Rules**).
3. Grasshopper Ventures Pty Ltd, the Respondent and Cross-Claimant in the proceeding (the **Respondent**), has filed the following evidence and submissions in support of its lump sum costs application:
 - a. the affidavit of Michael Anthony Coates dated 4 November 2021 (**Coates Affidavit**), including a costs summary at Exhibit MAC-1 (**Costs Summary**);

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- b. the Respondent's submissions dated 9 December 2021 (**Respondent's submissions**);
and
 - c. the Respondent's further submissions dated 23 March 2022 (**Respondent's further submissions**).
 4. The Applicants/Cross-Respondents (the **Applicants**) have filed the following evidence and submissions in answer to the Respondent's lump sum costs application:
 - a. the affidavit of John Frederick Howard Collins of Clayton Utz dated 1 December 2021, including a costs response at Annexure JFHC-1 (**Costs Response**);
 - b. the Applicants' submissions dated 16 December 2021 (**Applicants' submissions**);
and
 - c. the Applicants' further submissions dated 28 March 2022 (**Applicants' further submissions**).
 5. In addition to this, I have requested from the Respondent and have been provided with copies of the "Source Materials" referred to at paragraph 3 of the Costs Response, including:
 - a. Copies of tax invoices for Bennett & Philp fees (i.e. the Respondent's solicitors);
 - b. Copies of tax invoices for counsels' fees; and
 - c. Copies of tax invoices for disbursements.

Verifications

6. The Coates Affidavit at [3] to [5] verifies that:
 - a. the Respondent is entitled to claim input tax credits in respect of any GST relevant to the claims in the Costs Summary and in compliance with Part 6 of the Costs Practice Note the amounts set out in the Costs Summary do not include any GST component (at [3]);
 - b. the Respondent is not claiming more than the Respondent is liable to pay for costs and disbursements (at [4]); and
 - c. the amounts claimed in the Costs Summary are able to be verified through source material (such as file records, tax invoices and receipts for payment) should such material be required by the Court to be produced (at [5]).

The parties' positions

7. A summary of the parties' positions is as follows:

Cost	Incurred	Amount claimed by Respondent	Amount Applicants say ought be awarded
Professional fees	\$205,161 ¹	\$163,808.80 ² ((\$400 deduction for adverse costs order of 18 July 2019 = \$204,761 x 80%)	\$103,945.68 ³ (being 70% of \$148,493.83 after adjustments are made for unrelated proceedings and disputed categories of work)
Loading		No claim for loading ⁴	
Counsels' fees	\$201,950 ⁵	\$179,190 ⁶ ((\$1,350 deduction for adverse costs order of 18 July 2019, \$1,500 deduction for TMO hearing = \$199,100 x 90%)	\$133,017.50 ⁷ (being 70% of \$190,025 after Mr Cooke's daily fees are reduced to \$4,200 and reductions were applied for TMO work and deduction for adverse costs order of 18 July 2019)
Disbursements – general	\$22,142.79 ⁸	\$22,142.79 ⁹	\$19,052.96 ¹⁰
Subtotal	\$429,253.79	\$365,141.59	\$256,016.14
x 90% per costs order of	<u>\$386,328.41</u>	<u>\$328,627.43</u>	<u>\$230,414.53</u>

¹ Costs Summary, [5]

² Costs Summary, [5]

³ Costs Response, [4]

⁴ Costs Summary, [5]

⁵ Costs Summary, [6]

⁶ Costs Summary, [6]

⁷ Costs Response, [4]

⁸ Costs Summary, [7]

⁹ Costs Summary, [7]

¹⁰ Costs Response, [4]

Cost	Incurred	Amount claimed by Respondent	Amount Applicants say ought be awarded
27 August 2020			
Professional fees: Costs Summary and submissions	\$15,020.56 ¹¹	\$12,016.45 ¹² (80% of \$15,020.56)	\$9,740.54 ¹³ (\$15,020.56 - \$1,105.50; 70% of \$13,915.06)
Expert fees: Paul Garrett: preparation of Costs Summary	\$3,061.50 ¹⁴	\$2,449.20 ¹⁵	\$2,143.05 ¹⁶
Post December 2021 costs	\$2,026.00 ¹⁷	\$1,620.80 ¹⁸	\$1,418.20 ¹⁹
Subtotal	\$20,108.06	\$16,086.45	\$13,301.79
Total	<u>\$406,436.47</u>	<u>\$344,713.88</u>	<u>\$243,716.32</u>

Applicable principles

8. Various rules under Part 40 of the Rules set out the relevant matters for consideration. In the context of any party and party costs, r 40.01 and the Dictionary term (see Schedule 1 of the Rules) is the starting point.
9. Costs as between party and party or party/party costs is defined as “only the costs that have been fairly and reasonably incurred by the party in the conduct of the litigation”. I note that this definition is a departure from the previous practice (under O 62 r 19 of the former Rules)

¹¹ Respondent’s further submissions, [2], [4]

¹² Respondent’s further submissions, [13]

¹³ Applicants’ further submissions, [7]

¹⁴ Respondent’s further submissions, [2], [9]

¹⁵ Respondent’s further submissions, [13]

¹⁶ Applicants’ further submissions, [7]

¹⁷ Respondent’s further submissions, [11]

¹⁸ Respondent’s further submissions, [13]

¹⁹ Applicants’ further submissions, [7]

of only allowing what is “necessary and proper”: see e.g. dicta in *Territory Realty Pty Ltd v Garraway (No 3)* [2013] FCA 914 at [3] per Mansfield J.

10. In determining the appropriate quantum of lump sum costs, the Court would have regard to the guiding principles including the following.
- a. *First*, the Court must be satisfied that the amount claimed does not exceed the amount charged to the client.
 - b. *Second*, the sum of costs to be fixed should be proportionate to the nature and complexity of the proceedings and the conduct of the parties having regard to the overarching purpose of civil practice and procedure in the Court pursuant to ss 37M and 37N of the *Federal Court of Australia Act 1976* (Cth).
 - c. *Third*, where the Court fixes costs pursuant to r 40.02 of the Rules, the authorities make it clear that it is not to conduct a detailed taxation. The point of any lump sum assessment is to do away with "the expense, delay and aggravation involved in protracted litigation arising out of taxation": *Beach Petroleum NL v Johnson (No 2)* (1995) 57 FCR 119 at 120 per von Doussa J. Therefore, the task is not one of "arithmetic calculation or precision"; rather, it requires "the application of a much broader brush than that applied on taxation", and must be approached in a way that is "logical, fair and reasonable": *Nine Films & Television v Ninox Television Ltd* [2006] FCA 1046 at [8] per Tamberlin J.
 - d. *Fourth*, that in order to fix costs in a lump sum, the Court must examine the evidence before it relating to the charges made by the successful party’s legal representatives: *Bitek Pty Ltd v IConnect Pty Ltd* [2012] FCA 506 at [18] per Kenny J; *Hamod v New South Wales* [2011] NSWCA 375 at [820] per Beazley JA. The evidence should be sufficient for the Court to make a logical, fair and reasonable estimate: *Seven Network Ltd v News Ltd* [2007] FCA 2059 at [29] per Sackville J.
 - e. *Fifth*, in this exercise, the applicable Scale (namely, Item 1.1, Schedule 3 of the Rules) which regulates the recoverable amount on a party and party basis is also relevant: see e.g. *Seven Network Limited v News Limited* [2007] FCA 2059 at [25(iv)-(v)] per Sackville J; *LFDB v SM (No 4)* [2017] FCA 753 at [9] per Griffiths J. It would be "extremely odd" if the more expeditious procedure contemplated by the lump sum procedure, "resulted in either a successful or an unsuccessful party being exposed to an assessment of costs which simply ignores or overrides the basic principles applicable to a taxation of costs": *Seven Network* at [27]. This is not to suggest that extensive expert evidence or evidence of strict adherence to the Scale is required, as one would expect in a long form bill in taxation.

f. *Sixth*, in reaching a view on what is a fair and reasonable lump sum, the Court typically discounts the amount that is awarded to take into account “the contingencies that would be relevant in any formal costs assessment” (per *Hamod* at [820]) and in recognition that a lump sum costs order “is of considerable benefit to the party seeking costs and that that provides a reason for adopting a conservative approach in reaching a figure that is fair” (*Armstrong Strategic Management and Marketing Pty Limited v Expense Reduction Analysts Group Pty Ltd (No 10)* [2017] NSWSC 16 at [69], per Ball J). Ultimately in reaching a view on the relevant discount to be applied, the Court is careful to ensure that the discount to be applied is fair, logical and reasonable and that it is astute to avoid both overestimating the recoverable costs and underestimating the appropriate amount: see *Bitek Pty Ltd v IConnect Pty Ltd* [2012] FCA 506 at [12].

11. In determining quantum, I have considered the parties’ supporting affidavits and submissions, and the Source Materials. I have also examined the electronic court file, which includes the pleadings, evidence, submissions, and transcripts for NSD1354/2018 in electronic format.
12. I have considered the parties’ supporting affidavits and submissions, the Source Material provided to me, and the materials referred to above to appreciate the context, complexity and history surrounding the proceeding and the conduct of the parties having regard to the overarching purpose of civil practice and procedure in the Court pursuant to ss 37M and 37N of the *Federal Court Act 1976* (Cth).
13. I am satisfied that the parties’ affidavit evidence, submissions, the Source Materials and the materials referred to above are sufficient to enable me to arrive at a logical, reasonable and rational assessment of the costs claimed.

Background facts

14. I note that:
 - a. on 27 July 2018, the Applicants commenced the proceedings by way of Originating Application and Statement of Claim;
 - b. on 21 September 2018, the Respondent filed a Cross-Claim;
 - c. the parties attended mediations in November 2018 and August 2019;
 - d. on 18 July 2019, the Court ordered that “[t]he respondent is to pay the applicant’s costs thrown away in respect of the pleadings referred to in Order 1” (the **Order**). The pleadings referred to in Order 1 include “a second further amended defence”, and “an amended statement of cross-claim”;

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- e. in September 2019, the final hearing occurred over 4 days from 16 September 2019 to 19 September 2019;
 - f. that is, the proceeding from commencement to final hearing was around 14 months;
 - g. prior to and during this period, there were also disputes between the parties before the Trade Marks Office;
 - h. an appeal from the decision in NSD1354/2018 was filed on 11 September 2020;
 - i. the Respondent's solicitors' hourly rates do not exceed the Scale (namely, Item 1.1, Schedule 3 of the Rules);
 - j. Julian Cooke's daily rate of \$5,000 is slightly above the National Guide to Counsel Fees dated 28 June 2013 (the **Guide**) of \$4,200;
 - k. the overall solicitor clients costs of the proceeding were around \$428,853.79.²⁰

Consideration

15. Having reviewed the parties' supporting evidence and submissions, the primary disputes between the parties include the following:
 - a. whether the amount of Mr Cooke's daily rate, which is above the Guide, ought be deducted;
 - b. whether the Respondent's pre-litigation costs of \$9,416.89 are properly costs "in the conduct of the proceeding", and ought be deducted before applying the percentage discount;
 - c. what amount (if any) ought be deducted to account for the Order (i.e. the order regarding costs thrown away of the second further amended defence and amended statement of cross-claim) before applying the percentage discount;
 - d. what additional amounts (if any) ought be deducted to account for work that was conducted in relation to the concurrent Trade Mark Office hearings and matters, rather than the proceeding, itself. I say, additional amounts (if any) as the Respondent has already deducted some solicitor time entries and counsel items for this purpose, as shown in the mark-up in the Source Materials;
 - e. whether the costs (and disbursements) of the first mediation and second mediation are properly costs of the proceeding;

²⁰ Respondent's submissions, [10]

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- f. whether the above amounts ought be deducted before applying the percentage discount, or whether a global percentage discount ought be applied.
16. I note that majority of the disputes between the parties regarding costs (namely subparagraphs (a) to (e) above) relate to alleged “exclusions”, or amounts that the Applicants say are not to be included as costs of the proceeding, do not fall within the costs order and are not claimable at all, rather than discounts for party/party costs or costs that the Applicants say have not been fairly and reasonably incurred.
17. In these circumstances, my approach to determining the party/party component of the professional fees and the party/party counsels’ fees in this proceeding is to undertake a “two-step” assessment. The first step is to make deductions for those costs that would not be claimable if the matter were to proceed to a long form bill, for example, costs that fall outside the scope of costs order.
18. The second step then requires a consideration of an appropriate percentage discount to be applied to take into consideration matters such as duplication of work.
19. The primary reasons that I am reluctant to apply a single percentage discount to the party/party component of the professional costs and counsels’ fees is the inherent risk in doing so, namely the underestimation or overestimation of the appropriate discount, and the intermingling of costs that are not claimable from the outset.
20. I will now deal with each of the above mentioned disputes in turn.

Mr Cooke’s daily rate

21. In summary:
- a. The Applicants contend that the portion of Mr Cooke’s daily rate that is above the Guide ought be deducted. That is, “applying the top daily rate of \$4,200 for Mr Cooke’s fees results in a total reduction of \$1,800 (calculated as \$300 per day for 2 days of preparation for hearing and 4 hearing days);²¹
 - b. The Respondent counters that Mr Cooke is “a very experienced “Senior Junior’ and was utilised rather than engaging Senior Counsel and incurring the attendant greater expense. (It is noteworthy that PDP engaged Senior Counsel and Junior Counsel in the Trial Proceedings). No reduction is applied in respect of the fees Mr Cooke charged as his hourly rate is within the Guidelines. As for Mr Cooke’s daily rate, his rate of \$5,000.00 a day is only slightly above the daily rate stipulated in the

²¹ Costs Response, [19]

Guidelines of \$4,200 (exclusive of GST) and at the time of the Trial Proceeding, the Guidelines were more than 7 years old”.²²

22. It is correct that the maximum daily rate for Junior Counsel under the Guide is \$4,200, however the Guide has not been updated since 28 June 2018, is not binding on Federal Court *inter partes* taxations and therefore, there is some discretion in the way in which a taxing officer applies the Guide. Taking into consideration the nature and complexity of the proceeding, and Mr Cooke’s seniority, and the role he played in this proceeding, I disagree that a taxing officer would reduce his daily rate from \$5,000 to \$4,200 before applying the percentage discount.

Pre-litigation costs

23. The Respondent has included pre-litigation costs in the costs summary, and these account for 4.59% of Bennett & Philp’s total costs of the matter, which amounts to approximately \$9,416.89.²³

24. In summary:

a. the Applicants contend that:

- i. this is a significant amount of work which pre-dates the filing of the Originating Application and Statement of Claim, and that this amount is unreasonable;
- ii. the costs recoverable must have been properly incurred “in the conduct of the litigation”, not the overall dispute of the dispute between the parties. While these exchanges would certainly fall within the latter, they do not, strictly speaking, fall within the former, i.e. they are not costs incurred in the conduct of the proceeding;
- iii. these costs ought be deducted from professional fees before applying the percentage discount.²⁴

25. In my view, the pre-litigation costs of \$9,416.89 (or \$9,420, when rounded to the nearest ten dollars) are not properly costs “in the conduct of the proceeding” and ought be deducted before applying the percentage discount.

²² Costs Summary, [6]

²³ Costs Response, [7]

²⁴ Costs Response, [7]

Costs order, 18 July 2019

26. In order to make an allowance for the costs the subject of the Order (i.e. the costs thrown away of the Respondent's second further amended defence and amended statement of cross-claim), the Respondent has deducted \$400 from Bennett and Philp's invoices,²⁵ and \$750 from Mr Cooke's fees and \$600 from Mr Larish's fees.²⁶
27. In summary, the Applicants contend that:
- a. the amount of \$400 does not reasonably reflect the Order and the reduction that ought be allowed should be much more significant given the nature of the amendments involved;
 - b. a review of Mr Larish's invoices disclose a number of items totalling \$4,875 which appear, at least in part, to be referable to the preparation of the amended pleadings referred to in the Order;
 - c. therefore, the amount of any such reduction should reflect this larger portion;
 - d. in any event, the amount of these reductions does not accurately reflect the purpose of the Order, which was to ensure that the Applicants were awarded their costs thrown away. These costs are not referable to Mr Cooke's and Mr Larish's fees.²⁷
28. Firstly, I agree that the purpose of the Order is to ensure that the Applicants are awarded their costs thrown away of amended pleadings. I note that the Applicants do not attest to what those costs are in their Costs Response or submissions. Secondly, I note that the amendments to the second further amended defence and amended statement of cross-claim are predominately the addition of information, rather than the deletion of information. In those circumstances, I would expect the Applicants' costs "thrown away" as a result of the amendments to be relatively modest.
29. That being said, in my experience, the Respondent's proposed deduction of a total of \$1,750 to make an allowance for the costs the subject of paragraph 2 of the Order is too modest. Taking a broad brush approach and, doing the best I can based on the information before me, I consider that a more appropriate deduction is \$3,500 (that is an additional deduction of \$1,750 to counsel fees) before applying the percentage discount.

²⁵ Costs Summary, [5]

²⁶ Costs Summary, [6]

²⁷ Costs Response, [18]

Trade Mark Office hearings

30. I note that the Respondent has deducted \$1,500 from Mr Cooke's fees to account for work undertaken in respect of hearings before the Trade Marks Office²⁸.
31. The Applicants contend that a similar reduction ought be made to Mr Larish's invoices before applying any percentage discount, as a review of Mr Larish's invoices discloses a number of items totalling \$3,000 which appear, at least in part, to be referable to the Trade Marks Office matters.²⁹
32. Having reviewed Mr Larish's invoices, I accept that they disclose a number of time entries which appear, at least in part, to be referable to the Trade Marks Office matters, including, for example, the following time entries:
- | | | |
|------------|---|------------|
| 27/06/2019 | Telephone call; editing stat decs for TMO; submissions; email re listing - 8 hrs | \$2,400.00 |
| 3/7/2019 | Conference with J Cooke; drafting discovery letter; email re cross-claim; finalising TMO material - 2 hrs | \$600 |
33. These time entries have not been marked up in the Source Materials to indicate that they have already being deducted.
34. I agree that a \$1,500 deduction ought be made to Mr Larish's invoices for work referable to the Trade Mark Office matters, and not the proceeding.

Trade mark attorney time

35. The Applicants contend that Bennett & Philp's invoices include multiple entries referring to Ms Newcombe which appear to be entirely unrelated to the proceeding, that these entries total \$15,676 and ought be deducted from the Respondent's professional fees before applying any percentage discount.³⁰
36. The Respondent counters that is inappropriate to exclude any entries referring to Ms Newcombe, as Ms Newcombe is the long standing trade mark attorney for the Respondent and was important and necessary to give instructions (as an agent of and authorised by the Respondent) to Bennett & Philp for the purposes of conducting certain aspects of the proceeding, and the Respondent took great care to exclude items of work that did not relate to the proceeding.³¹

²⁸ Costs Summary, [6]

²⁹ Costs Response, [17]

³⁰ Costs Response, [6]

³¹ Respondent's submissions, [13]

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37. Having referred to the Source Materials, and noting the role that the Respondent submits that Ms Newcombe played in the proceeding, I do not accept that it is appropriate to deduct additional time entries referable to Ms Newcombe, prior to applying the percentage discount.

Mediations

38. The two mediations account for 15.39% of Bennett & Philp’s total costs of the matter, which amounts to \$31,574.28.³² The first mediation occurred on 14 November 2018 and the second mediation occurred on 7 August 2019.
39. The Applicants contend that this amount ought be deducted before applying any percentage discount, as “the private costs of mediation are typically borne by each party itself. Such costs are not ordinarily recoverable, unless there is an order to the contrary”.³³
40. The Applicants rely on the following authority for this: *Innovative Agricultural Products Pty Ltd & Ors v Richard Crawshaw & Ors* [1996] FCA 758; see also *Baulkham Hills Shire Council v Hahn* [2008] NSWLEC 184 referred to in *Newcastle City Council v Wieland (No 2)* [2009] NSWCA 246.
41. In *Innovative Agricultural Products Pty Ltd & Ors v Richard Crawshaw & Ors* [1996] FCA 758, Lee J stated that:

Mediation conferences were held before the trial commenced and the respondents/cross-claimants seek to have the costs of the time spent in, and preparing for, such conferences included in the costs of the litigation. The applicants submit that each party should bear its own costs in respect of mediation proceedings.

I consider that unless there are unusual circumstances which require such an order, for example circumstances to which O62 r36 of the Federal Court Rules apply, no order should be made that the costs of any party incurred in the conduct of mediation proceedings are to be included in the costs of the litigation. Mediation is a consensual proceeding in which the parties are encouraged to resolve or compromise their differences without subjecting themselves to the risks and the costs of a trial. It is in the public interest that parties be encouraged to undertake mediation proceedings without being concerned that additional party and party costs will be incurred if they do so.

42. A review of the Commonwealth Courts portal indicates that the mediation order was made by consent.

³² Costs Response, [8]

³³ Costs Response, [8]

43. In this proceeding, the Court orders dated 6 September 2018 in respect of the first mediation were by consent, and the Court orders dated 30 July 2019 in respect of the second mediation were not by consent. In fact, statements made by the Respondent's counsel at the case management hearings suggest the Respondent was reluctant or reticent to attend a second mediation in the proceeding. Those statements include the following comments at the case management hearing on:

a. 18 July 2019:³⁴

HER HONOUR: I understand. I have better hear from Mr Cooke whose client doesn't seem to want to mediate.

HER HONOUR: What's the problem, Mr Cooke?

MR COOKE: Thank you, your Honour.

HER HONOUR: Why can't you give it one more go?

MR COOKE: Because there's - - -

HER HONOUR: I don't know what the problem is today.

MR COOKE: Your Honour, we were informed by the applicants' solicitor at 7 pm last night that it proposed to have a mediation. And my client is located in Queensland, and we haven't had an opportunity to discuss that with him. But our – my solicitors' instructions to me – that their – without having that discussion, their impression is that he has already invested money in having a mediation, and that it would consider it a distraction – but we would need to get those instructions. But I'm simply unable to give your Honour my client's position on that.

HER HONOUR: All right. Well, what I'm going to do is – well, I will defer this order till next Thursday. So I will take this order out for today. I would like it revisited next Thursday. I would urge upon you, Mr Cooke, to get some sensible instructions out of your client. I can see no downside in sending a matter to mediation once the parties know what the issues are and the evidence that's before them. If there's an issue about whether the parties should incur the cost of a privately appointed mediator, then the matter can go straight to a court – refer it to a court mediator, to one of the registrars of the court.

b. 25 July 2019:³⁵

³⁴ Transcript, 18 July 2019, page 7, line 22 to page 8, line 15

³⁵ Transcript, 25 July 2019, page 3, line 12-13

MR COOKE: Your Honour, my client's position is that we won't oppose a mediation, but it does oppose having to pay for a private mediator.

c. 30 July 2019:³⁶

MR COOKE: And you will recall, your Honour, that he has already attended one mediation, and he's doing it again because he has understood what your Honour has indicated on the bench, and, of course, he is – he wants to follow that direction, so he's willing to do it again.

44. In fact, the circumstances surrounding the second mediation were quite unusual in that it appears that the Applicants offered to pay for the following costs of the second mediation, in their entirety, if the Respondent agreed to Dr Annabelle Bennett AC SC as a mediator – the mediator's fees and return economy-class flights for the Respondent's director and one of the Respondent's solicitors to travel to Sydney. The Respondent did not agree to this proposal.³⁷
45. The issue now is whether the Applicants ought pay the Respondent's costs of the second mediation on a party/party basis.
46. In short, I consider that the Applicants ought pay the Respondent's costs of the second mediation on a party/party basis. It was not a "consensual proceeding" in the same way that the mediation in *Innovative* was consensual. It was a Court ordered mediation. The Court orders were not by consent. It was the second mediation in the proceeding. The Respondent expressed some reticence and reluctance in attending a second mediation at the case management hearings on 18, 25 and 30 July 2019, and appears that he only agreed to it because "he [had] understood what your Honour [had] indicated on the bench, and, of course, he is – he [wanted] to follow that direction"³⁸.
47. In contrast, the first mediation appears to have been consensual. It was a Court ordered mediation, however proposed consent orders were handed up at the first case management hearing and the mediation order was made by consent.
48. From my review of the Source Materials, it appears that Bennett & Philp's fees for attending the first mediation were 8 hours of Mr Bennett's time totalling \$3,980.
49. Having considered the parties' evidence and submissions on this point, and for the reasons outlined above, I am prepared to deduct \$3,980 from the Bennett & Philp invoices for the mediations, before applying the percentage discount.

³⁶ Transcript, 30 July 2019, page 5, line 15-18

³⁷ Transcript, 30 July 2019

³⁸ Transcript, 30 July 2019, page 5, line 15-18

Disbursements

50. The Applicants dispute:
- a. the flight and travel expenses for Anthony Bennett for the mediation on 7 August 2019 on the basis that the mediation was agreed to by both parties and they contend that mediation costs are not ordinarily recoverable;
 - b. flight expenses for client and trade mark attorney to attend mediation on 7 August 2019, on the basis that they contend that mediation costs are not ordinarily recoverable, and Ms Newcombe's attendance was presumably to address broader issues that may have been the subject of settlement discussion, but were otherwise not the subject of the proceeding.³⁹
51. I consider that the costs and flight and travel expenses for Mr Bennett, the client and the trade mark attorney, Ms Newcombe, for the second mediation are recoverable for the reasons outlined above, and noting the role that Ms Newcombe played in the proceeding.
52. The Applicants further dispute the mediation fee paid by the Respondent, on the basis that the Respondent agreed to pay half the mediation fee for the second mediation.
53. That is, the Applicants contend that:⁴⁰
- a. "By email correspondence from Mr Bennett on 29 July 2019, the Respondent agreed to pay half of the mediation fees for the second mediation"; and
 - b. "The Respondent should not now be allowed to claim this half of the mediation fee as a disbursement to be paid by the Applicants".
54. I agree that, if there was a specific agreement between the parties as to who should pay a specific cost in respect of the mediation, this overrides the general rule or principle as to who ought pay specific costs of the mediation: *Mead & Anor v Allianz Australia Insurance Ltd* [2007] NSWSC 500. Therefore, half the mediation fee for the second mediation ought be deducted from the Respondent's claim before applying the percentage discount.

Percentage discount – Bennett & Philp fees

55. I note that:
- a. The Respondent's overall solicitor client costs of the proceeding are around \$428,853.79⁴¹, which is quite conservative, given the nature and complexity of the

³⁹ Costs Response, [23]

⁴⁰ Costs Response, [23]

⁴¹ Respondent's Submissions, [10]

proceeding, the amount of evidence and submissions that were filed and the length of the hearing;

- b. the majority of the work was performed by a small core team of lawyers (Bennett, Finney and Parvez);⁴²
- c. around 56% of all time spent on the matter was performed by Anthony Bennett and Michael Finney, whose hourly rates approach the top end of the Scale;⁴³
- d. at first blush, over 50% of the solicitor work being performed at the top end of the Scale seems high, in circumstances where a senior junior and junior counsel were briefed;
- e. around 44% of the work was performed by Ms Parvez⁴⁴ at relatively low hourly rates of \$225 up to 30 June 2019 and thereafter at \$280;⁴⁵
- f. the hourly rate for graduates under the Scale was \$220 up to 1 May 2019 and from 2 May 2019 was \$240, and that Ms Parvez's hourly rates can therefore be seen to be almost equivalent to graduate rates;
- g. the Respondent contend that much work that would in other firms be done by paralegals and charged for was done by secretarial staff at Bennett & Philp and was not charged to the client;⁴⁶
- h. the Source Materials indicate that Ms Parvez attended the final hearing. Mr Bennett also provided some instruction to counsel during the final hearing, but does not appear to have attended the final hearing each day;
- i. there does appear to be some duplication of work performed by both Bennett & Philp and counsel. For example, the Applicants note that that Bennett & Philp's costs of "Pleadings" was \$10,709.40 and counsel spent in excess of \$9,000 for preparing the Respondent's initial pleadings;⁴⁷
- j. there would be an inevitable loss of claimable time, if the matter were to proceed to a long form bill. That is, the distillation process to prepare an appropriate bill requires comprehensive line by line item description that accords with the Scale: including the need to convert bulk time entries to entries that accord with the Scale and the need to convert some hourly rate items to non-hourly rate items.

⁴² Costs Summary, [5]

⁴³ Costs Response, [12]

⁴⁴ Costs Response, [10]

⁴⁵ Costs Summary, [5]

⁴⁶ Respondent's submissions, [11]

⁴⁷ Costs Response, [15]

56. In summary:

- a. applying a broad brush approach and having regard to the parties' supporting affidavits and submissions, the Source Documents and other documents referred to above;
- b. considering discounts that are logical, fair and reasonable and are proportionate to the nature and character of the issues raised in the proceeding and reflect the contingencies that would attend a formal taxation of the costs, and recognising that a lump sum costs order is of considerable benefit to the party seeking the costs; and
- c. I conclude that a discount of 25% should be applied. This amounts to a discount of almost \$45,000 and is significant. It is also in addition to the deductions of over \$13,000 for professional fees.

57. Any percentage discount lower than 25% does not adequately take into consideration that over 50% of the solicitor work was being performed at the top end of the Scale, there does appear to be some duplication of work performed by both Bennett & Philp and counsel, the inevitable loss of claimable time, if the matter were to proceed to a long form bill and that a lump sum costs order is of considerable benefit to the party seeking the costs.

58. Conversely, any percentage discount higher than 25% does not adequately take into consideration that the majority of the work was performed by a small core team of lawyers, only one solicitor, Ms Parvez, charged for attending every day of the final hearing, and other than the issues of distribution and duplication of work which have been addressed above, for the most part, the solicitor costs appear to be fairly and reasonably incurred.

59. Therefore, the total amount for the party/party component of the professional fees, after making the first step deduction and applying the second step discount, is \$143,520.75 (75% x \$191,361).

Counsel fees

Percentage discount

60. In summary, the Respondent submits that a 10% discount is appropriate. The Applicants contend that a 30% discount is appropriate.

61. Having reviewed the Source Materials and Counsel invoices in some detail, I conclude that a discount of 20% should be applied to counsels' fees (in addition to the deductions referred to above).

62. A 20% discount amounts to a deduction of almost \$40,000 from the counsel fees. This discount is in addition to over a \$6,000 deduction in Counsel fees referred to above and below.
63. Any percentage discount of lower than 20% does not adequately reflect the contingencies that would attend a formal taxation of the costs, or that a lump sum costs order is of considerable benefit to the party seeking the costs. Conversely, a discount of higher than 20% ought not be applied as contended by the Applicants, as to do so would not adequately take into consideration the significant amount of work that counsel was required to undertake in this proceeding.
64. A 20% discount reduces the appropriate Counsels' fees to \$156,680 (80% of \$195,850).

Costs of lump sum application

65. I consider that the Respondent's professional fees and disbursements incurred in this lump sum application should be fixed at \$15,234.12, for the reasons outlined in the below table.

Conclusion

66. A table summary of the costs incurred, the parties' respective positions, and my determination is as follows:

Cost	Incurred	Amount claimed by Respondent	Amount Applicants say ought be awarded	Determination
Professional fees	\$205,161 ⁴⁸	\$163,808,80 ⁴⁹ (\$400 deduction for adverse costs order of 18 July 2019 = \$204,761 x 80%)	\$103,945.68 ⁵⁰ (being 70% of \$148,493.83 after adjustments are made for unrelated proceedings and disputed categories of work)	\$143,520.75 (\$205,161 - \$400 - \$9,420 - \$3,980 in deductions = \$191,361 x 75%)

⁴⁸ Costs Summary, [5]

⁴⁹ Costs Summary, [5]

⁵⁰ Costs Response, [4]

Cost	Incurred	Amount claimed by Respondent	Amount Applicants say ought be awarded	Determination
Loading		No claim for loading ⁵¹		
Counsels' fees	\$201,950 ⁵²	\$179,190 ⁵³ (\$1,350 deduction for adverse costs order of 18 July 2019, \$1,500 deduction for TMO hearing = \$199,100 x 90%)	\$133,017.50 ⁵⁴ (being 70% of \$190,025 after Mr Cooke's daily fees are reduced to \$4,200 and reductions were applied for TMO work and deduction for adverse costs order of 18 July 2019)	\$156,680 (\$201,950 - \$1,350 - \$1,500 - \$1,750 - \$1,500 in deductions = \$195,850, x 80%)
Disbursements – general	\$22,142.79 ⁵⁵	\$22,142.79 ⁵⁶	\$19,052.96 ⁵⁷	\$21,070.29 (\$22,142.79 - \$1,072.50)
Subtotal	\$429,253.80	\$365,141.59	\$256,016.14	\$321,271.04 (around 75% of incurred costs and disbursements)

⁵¹ Costs Summary, [5]

⁵² Costs Summary, [6]

⁵³ Costs Summary, [6]

⁵⁴ Costs Response, [4]

⁵⁵ Costs Summary, [7]

⁵⁶ Costs Summary, [7]

⁵⁷ Costs Response, [4]

Cost	Incurred	Amount claimed by Respondent	Amount Applicants say ought be awarded	Determination
x 90% per costs order of 27 August 2020	<u>\$386,328.41</u>	<u>\$328,627.43</u>	<u>\$230,414.53</u>	<u>\$289,143.94</u>
Professional fees: Costs Summary and submissions	\$15,020.56 ⁵⁸	\$12,016.45 ⁵⁹ (80% of \$15,020.56)	\$9,740.54 ⁶⁰ (\$15,020.56 - \$1,105.50; 70% of \$13,915.06)	\$11,265.42 (75% of \$15,020.56)
Expert fees: Paul Garrett: preparation of Costs Summary	\$3,061.50 ⁶¹	\$2,449.20 ⁶²	\$2,143.05 ⁶³	\$2,449.20
Post December 2021 costs	\$2,026.00 ⁶⁴	\$1,620.80 ⁶⁵	\$1,418.20 ⁶⁶	\$1,519.50 (75% of \$2,026.00)
Subtotal	\$20,108.06	\$16,086.45	\$13,301.79	\$15,234.12
Total	<u>\$406,436.47</u>	<u>\$344,713.88</u>	<u>\$243,716.32</u>	<u>\$304,378.06</u>

67. I note that this recovery rate is in line with the recovery rate in *Telstra Corporation Limited v Phone Directories Company Pty Ltd* [2011] FCA 1463 at [13] per Gordon J, where a recovery rate of 75% was applied to fees and disbursements.

⁵⁸ Respondent's further submissions, [2]. [4]

⁵⁹ Respondent's further submissions, [13]

⁶⁰ Applicants' further submissions, [7]

⁶¹ Respondent's further submissions, [2]. [9]

⁶² Respondent's further submissions, [13]

⁶³ Applicants' further submissions, [7]

⁶⁴ Respondent's further submissions, [11]

⁶⁵ Respondent's further submissions, [13]

⁶⁶ Applicants' further submissions, [7]

68. The orders I make today are as follows:

THE COURT ORDERS THAT:

1. Pursuant to Order 1 of the Order of Markovic J of 27 August 2020, the costs of the Respondent payable by the Applicants be fixed in the sum of \$304,378.
2. The Applicants pay to the Respondent the fixed sum referred to in Order 1 within 28 days of the date of this Order.



Susan O'Connor
National Judicial Registrar