



**[2017] JMSC COMM 1**

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA**

**COMMERCIAL DIVISION**

**CLAIM NO. 2015CD00112**

<b>BETWEEN</b>	<b>TELEVISION JAMAICA LIMITED</b>	<b>CLAIMANT</b>
<b>AND</b>	<b>CVM TELEVISION LIMITED</b>	<b>DEFENDANT</b>

**IN OPEN COURT**

M Georgia Gibson Henlin QC and Kristen Fletcher instructed by Henlin Gibson Henlin for the claimant

Charles Piper QC and Petal Brown instructed by Charles E Piper and Associates for the defendant

September 21, October 13, November 15, December 15, 2016 and January 9, 2017

**COPYRIGHT INFRINGEMENT – DAMAGES – MEASURE OF DAMAGES – WHETHER MEASURE IS COST OF LICENCE THAT OUGHT TO HAVE BEEN OBTAINED – FACTORS THAT GO INTO COSTS OF LICENCE - WHETHER ADDITIONAL DAMAGES SHOULD BE AWARDED UNDER SECTION 32 (2) OF THE COPYRIGHT ACT - EXPLOITATION OF THE COPYRIGHT – COSTS – BASIS OF AWARD OF COSTS**

## SYKES J

### Election of remedy, disclosure, split trials and their rationale

[1] The court found that CVM Television Limited ('CVM') was in breach of Television Jamaica Limited's ('TVJ') exclusive licence which TVJ had for the 2015 broadcast of the World Athletic Championship ('WAC') ([2016] JMSC COMM 21). The court also held that the practice is that the successful claimant may elect the remedy believed to be appropriate to the particular case.

[2] The court will deal with each of Mr Piper's QC's objections to this split trial approach. The court while seeing the point being made has concluded that there is good and sound authority supporting it, though the court accepts that it is not necessarily the method to be adopted in every case.

[3] Mr Piper took objection to the manner in which TVJ went about this aspect of the case. His view was that, as it has now turned out, what TVJ is claiming could have been pleaded as special damages and proved accordingly. He submitted that until this phase of the trial, CVM did not know the full case it had to meet and therefore was somewhat in the dark. The case law is not with Mr Piper on this. The split trial is rooted in the idea that a claimant does not necessarily have to elect between two inconsistent remedies before liability has been determined. The claimant can plead the inconsistent remedies but at the end of the trial, if successful in liability, he must choose between them. This position is expressed in the dictum of Viscount Simon LC in **United Australia Limited v Barclays Bank Limited** [1941] AC 1, 30:

*I therefore think that on a question of alternative remedies no question of election arises until one or other claim has been brought to judgment. Up to that stage the plaintiff may pursue both remedies together, or pursuing one may amend and pursue the other: but he can take judgment only for the one, and his cause of action on both will then be merged in the one.*

[4] That was not a copyright case but it sums up the principle quite well and it is of general application. The election of remedy may result in a split trial, where liability is determined separately and before the remedy.

[5] Intellectual property cases are perhaps those where the split trial approach occurs more often. In the case of **Island Records Ltd v Tring International PLC** [1995] 3 All ER 444 Lightman J refers to what his Lordship described as the practice 'in particular in intellectual property cases' to have a split trial. In that case the claimant sued for infringement of copyright. The remedies sought were the usual combination of an injunction, delivery up of infringing copies, an enquiry as to damages and in the alternative, an account of profits. The latter two are the inconsistent remedies from which the claimant must choose one. It was common ground that the claimant was entitled to summary judgment but the remaining issue was, when was the election to be made? The claimant contended that the election should not be made until he had, 'by means of discovery or otherwise, sufficient information to make an informed election.' The defendants 'contended that the election had to be made at the hearing of the motion [for summary judgment].'

[6] Lightman J responded to both submissions by noting at page 446:

*With a view to the saving of costs, the practice has developed, in particular in intellectual property cases, when this is practicable, to have a 'split trial'. The action is divided into two stages. The first stage is the trial at which the issue is limited to that of liability, ie whether the plaintiff's rights have been infringed. The second stage, which is contingent upon liability being established at the first stage, is concerned with the question of assessment of damages and calculation of profits. In this way, the costs of exploring the issue of damages and profits are put off until it is clear that the defendant is liable and the issue really arises and requires determination. As a concomitant with this practice, there has likewise developed the practice of limiting discovery at the first stage to documents relevant to the issue of liability and excluding documents relevant only to the second stage. In this way the burden of discovery at the first stage is reduced, and the invasion of confidence necessarily involved in discovery is postponed and (if liability is not established)*

*entirely obviated (see Baldock v Addison [1995] 3 All ER 437, [1995] 1 WLR 158). (It may be noted that this practice was in appropriate cases adopted by the courts of equity in the nineteenth century: see Benbow v Low (1880) 16 Ch D 93 at 98 and Fennessy v Clark (1887) 37 Ch D 184.)*

[7] The first stage determines liability and the second, deals with the remedy. According to Lightman J this practice was not uncommon in the nineteenth century. His Lordship cites two cases in support of the proposition. These are **Benbow v Low** (1880) 16 Ch D 93, 98 and **Fennessy v Clark** (1887) 37 Ch D 184, 187. Having read both cases it is not entirely clear that **Benbow** is strong authority for the proposition for which it was cited. **Fennessy** provides stronger support. In that case the claimant brought an action alleging infringement of his trade mark. He sought delivery up of all labels that imitated the claimant's labels, damages or account for profits. During the trial the claimant's counsel sought discovery, via interrogatories, of the number of sales the defendant made and he also wanted the defendant to provide records of business transactions relating to the infringing product of the defendant. The defendant objected on the ground that the request for such information was premature. The claimant appealed the trial judge's decision upholding the defendant's objection.

[8] In **Fennessy** Cotton LJ says at page 187:

*Now, I do not say that the damage sustained by the Plaintiff is not a question of fact, but is it a question of fact within the meaning of that order? At the time when the order was made the Plaintiff had not elected to waive his account of profits. Would it then be right to allow the Plaintiff to get a jury to determine what damages he was entitled to before he has made his election between damages and profits? Should the jury award him a large sum for damages he would probably accept it, but if they gave him a small sum only, then he might say, "No, I would rather have an account of profits, as I see by the Defendant's books that he has made a much larger sum."*

*By "questions of fact" I think that the order means questions of fact on which the Plaintiff's title to relief depends. In my opinion the decision of Mr. Justice Kay is right, and the Plaintiff's application for*

*discovery and inspection of the Defendant's books is premature. It is not necessary to refer to the authorities. The Court is always unwilling before the right to relief is established to make an order for discovery which may be injurious to the defendant, and will only be useful to the plaintiff if he succeeds in establishing his title to relief.*

[9] Here is a plain statement that until the right to relief is established then the details sought by the claimant were premature. The idea here is to provide some measure of protection for the defendant who in giving the information may pass on sensitive information about his business operations. It is not just about saving costs although Lightman J expresses this as one of the reasons for the split trial. If the defendant is forced to hand over important records of his business and the claimant is unsuccessful in establishing liability then the defendant could well be placed at a disadvantage. This is another reason why discovery on the second phase of the trial is limited to what is necessary to enable the claimant to make his election.

[10] In light of the more recent practice and the reasons behind it the courts confined discovery in the first phase of the trial to what was necessary to determine liability. Once liability has been established then discovery appropriate to the second stage was granted (**Island Records** at page 446 cited above).

[11] This approach was applied as recently as 2014 in **Comic Enterprises Ltd v Twentieth Century Fox Film Corporation** [2014] IP & T 1008 [47] – [48]. So entrenched has the practice become in England that the order is known as an *Island Records v Tring* disclosure.

[12] The Privy Council endorsed **Island Records**, split trials and discovery at the second phase in **Tang Man Sit (decd) (personal representative) v Capacious Investments Ltd** [1996] 1 All ER 193. That was a case of breach of trust. The claim brought sought account for profits and damages. An issue arose as to the claimant's right to elect between alternative and inconsistent remedies. The Board held that an account for profit and damages were inconsistent and not cumulative and in such circumstances the claimant had to elect between them when judgment was given in his

favour. The Board, importantly, did appreciate that a court may order disclosure of information so that the claimant may make an informed decision. Lord Nicholls said at pages 197 – 198:

*Faced with alternative and inconsistent remedies a plaintiff must choose, or elect, between them. He cannot have both. The basic principle governing when a plaintiff must make his choice is simple and clear. He is required to choose when, but not before, judgment is given in his favour and the judge is asked to make orders against the defendant. A plaintiff is not required to make his choice when he launches his proceedings. He may claim one remedy initially, and then by amendment of his writ and his pleadings abandon that claim in favour of the other. He may claim both remedies, as alternatives. But he must make up his mind when judgment is being entered against the defendant. Court orders are intended to be obeyed. In the nature of things, therefore, the court should not make orders which would afford a plaintiff both of two alternative remedies.*

*In the ordinary course, by the time the trial is concluded a plaintiff will know which remedy is more advantageous to him. By then, if not before, he will know enough of the facts to assess where his best interests lie. There will be nothing unfair in requiring him to elect at that stage. Occasionally this may not be so. This is more likely to happen when the judgment is a default judgment or a summary judgment than at the conclusion of a trial. A plaintiff may not know how much money the defendant has made from the wrongful use of his property. It may be unreasonable to require the plaintiff to make his choice without further information. To meet this difficulty, the court may make discovery and other orders designed to give the plaintiff the information he needs, and which in fairness he ought to have, before deciding upon his remedy. A recent instance where this was done is the decision of Lightman J in *Island Records Ltd v Tring International plc* [1995] 3 All ER 444. The court will take care to ensure that such an order is not oppressive to a defendant.*

*In the ordinary course the decision made when judgment is entered is made once and for all. That is the normal rule. The order is a final order, and the interests of the parties and the public interest alike*

*dictate that there should be finality. The principle, however, is not rigid and unbending. Like all procedural principles, the established principles regarding election between alternative remedies are not fixed and unyielding rules. These principles are the means to an end, not the end in themselves. They are no more than practical applications of a general and overriding principle governing the conduct of legal proceedings, namely that proceedings should be conducted in a manner which strikes a fair and reasonable balance between the interests of the parties, having proper regard also to the wider public interest in the conduct of court proceedings. Thus in Johnson v Agnew [1979] 1 All ER 883, [1980] AC 367 the House of Lords held that when specific performance fails to be realised, an order for specific performance may subsequently be discharged and an inquiry as to damages ordered. Lord Wilberforce observed ([1979] 1 All ER 883 at 894, [1980] AC 367 at 398): 'Election, though the subject of much learning and refinement, is in the end a doctrine based on simple considerations of common sense and equity.'*

[13] What is plain from this extract is that not only may a claimant receive an order for disclosure at the end of the trial on liability but also disclosure may be made to enable the claimant to decide which remedy he is to pursue. It is also plain that the principle is not restricted to intellectual property cases. **Tang Man** was a case of breach of trust. Lord Nicholls did appreciate that claimant ought to be on the ball because in some instances he has enough information to make his election as soon as liability has been determined. This is a fair point because claimants should not feel that as a matter of course discovery will be granted if there is indeed sufficient evidence given during the trial to enable the claimant to make an election.

**Special damages? Is the claimant required to be very specific in the sum claimed even if it can be quantified before hand?**

[14] Mr Piper also submitted that TVJ did not suffer any loss capable of being measured. He also submitted the claim to damages has not been properly pleaded. In support of his point Mr Piper pointed out that Mr Gary Allen in his third supplemental statement is saying that TVJ is seeking US\$64,400.00. This is a very specific sum and

there could have been pleaded as special damages. He finally submitted that TVJ should be awarded just nominal damages.

[15] The court's response to these points made by Mr Piper is that an examination of the decided cases at first instance and beyond in England and Wales does not reveal in necessity to plead in the way Mr Piper suggests. While an argument from silence is often times not the best, in this case it is because it is the best explanation for a total absence of any case in which the claimant in intellectual property claims is required to plead as suggested by Mr Piper. The text books do not provide support for Mr Piper's submissions either. While the court appreciates Mr Piper's submissions the practice does not require the claimant to plead anything akin to special damages.

### **The basis on which damages will be assessed**

[16] This part of the reasons for judgment will be divided into two parts. The first will deal with damages under section 32 (1) and the second will deal with additional damages under section 32 (2).

#### (1) Damages

[17] In the present case, TVJ was the exclusive licensee of the right to broadcast the 2015 WAC in Jamaica. Section 34 of the Copyright Act states that the exclusive licensee has the same rights and remedies after the grant of the licence as if there were an assignment. These remedies are good against everyone except the copyright owner. Section 32 (1) states that where there is an infringement the copyright owner is entitled to 'all such relief by way of damages, injunction, accounts or otherwise, shall be available to the [claimant] as is available in respect of the infringement of other proprietary rights.' Section 32 (2) enables the copyright holder to receive an additional award of damages from the court 'having regard to any benefit accruing to the defendant by reason of the infringement, to the flagrancy of the infringement and to all other material considerations.' Section 32 (3) provides that in a copyright infringement action, if it is shown that the defendant did not know or had no reason to believe that

copyright subsisted in the work to which the action relates, then, the [claimant] is not entitled to damages against him, but without prejudice to any other remedy.;

**[18]** The combined effect of these provisions is that TVJ, as the exclusive licensee can bring an action for breach of its exclusive licence as if it were the copyright holder and there is no legal necessity for there to be an assignment, and crucially, there is no need to join the copyright holder as a nominal claimant. TVJ is entitled to all the reliefs to which the copyright holder is entitled. Finally, if the infringer did not know that the work was copyrighted and had no reason to believe that copyright subsisted in the work then damages cannot be awarded against him.

**[19]** In the present case, CVM knew that the work was copyrighted and subject to an exclusive licence. The defence of fair dealing is predicated upon the fact that the work is protected, that there was an infringement but the infringement is permitted by law. Having said this it is entirely possible for a defendant to not to know that the work is copyrighted and then rely on the fair dealing defence when the fact of copyright protection is brought to his attention. However, in this case that nuance does not arise because CVM never contended that it had no knowledge that work was subject to copyright protection. CVM's response on this phase of the trial is that the damages claimed have not been proved and not that it was an innocent infringer or did not know of the copyright existing in the work. If CVM did not know before the claim was filed then it certainly had knowledge when it was notified in writing by TVJ that it was committing a breach. CVM took its stand on fair dealing but the way in which it was pleaded, CVM knew that copyright existed in the work but claimed fair dealing.

**[20]** TVJ has put before the court a number of invoices setting out the cost of bringing the signal from Beijing China to Jamaica. It has excluded the cost that it incurred using its own staff to assist in that process. Initially, evidence of the cost was not in evidence but after an adjournment this omission was cured. As it presently stands there was no serious challenge to the costs indicated by the receipts tendered. The oral evidence from Mr Milton Walker and Mr Gary Allen on behalf of TVJ adequately explained the receipts, their significance and how they came into existence. CVM did not call any

evidence on this phase of the trial. There is nothing to suggest that the testimony of both witnesses for TVJ was unreliable. The court accepts their evidence. The remaining question is whether the receipts provide an adequate basis on which to award damages.

[21] Mr Gary Allen stated that in the sports broadcast world payment of licence fees is the primary method by which non-rights holders gain access to works that are the subject of copyright. He stated that in the media industry when an entity is negotiating licensing arrangements for sporting events they have to pay significant sums for the exclusive rights to broadcast premium sporting events. It was also his evidence that the exclusive licensees of broadcast rights 'having paid substantial licence fees, may exploit the rights granted to them by entering into sub-licensing arrangements which also give them the opportunity to reap maximum profits from the investment.' This last statement from Mr Allen is important. It fits into the dictum of Lord Wilberforce in **General Tire and Rubber Co v Firestone Tyre** [1975] 2 All ER 173, 177 – 178. His Lordship was speaking about patents but substitute 'exclusive licence', or 'copyright protected work' for the phrase 'patents of inventions' and 'licence fees' for 'royalty payments' in the passage about to be cited and the point is made.

*Other patents of inventions are exploited through the granting of licences for royalty payments. In these cases, if an infringer uses the invention without a licence, the measure of the damages he must pay will be the sums which he would have paid by way of royalty if instead of acting illegally, he had acted legally.*

[22] Thus contrary to Mr Piper's submission there is a basis for arriving at the amount of damages. Since TVJ may have sub-licensed CVM one basis (because there are others) of measuring damages is to see what CVM would have paid had it sought a licence.

[23] The court is grateful for the analysis of the law done by Pumfrey J in **Nottinghamshire Healthcare NHS Trust v News Group Newspapers Ltd** [2002] EWHC 409 (Ch). The case concerned the publication of a photograph of a gentleman (whose actions were anything but gentle) who was convicted of killing two consultant

plastic surgeons. The gentleman was a patient at the hospital where his photograph was taken and then published in the Sun newspaper. Neither the gentleman nor the hospital gave consent for the publication. The photograph was taken by the hospital and it formed part of the medical records of the patient. It was accepted that the claimant, as successor to the hospital, had copyright in the photograph. The claimant sought an injunction, an award for damages and an additional award of damages under section 97 of the Copyright, Designs and Patents Act, 1988 ('CDPA'). The provision is very similar to section 32 of the Jamaican Copyright Act.

[24] The claimant contended that it was entitled to the additional damages because of the flagrancy of the infringement and the circumstances surrounding it. The claimant also contended that the additional damages should include an exemplary component.

[25] Pumfrey J noted at paragraph 29 that leaving aside case of exemplary damages, the object of damages in tort is to compensate for loss or injury and the general rule in 'economic' torts is that the measure of damages is to be the sum of money which will put the injured party in the same position as he would have been in had the tort had not been committed. His Lordship stated that damages should be 'liberally assessed' but the object is still compensation and not punishment.

[26] Mr Piper submitted that there was no evidence of industry practice and no evidence of any loss actually suffered by TVJ and therefore the damages should be nominal damages. The court does not agree that there is no evidence of industry practice. However, even if Mr Piper was correct, such a circumstance is not new to the courts. A similar problem arose in **SPE International Ltd v PPC (UK) Ltd** [2002] EWHC 881 (Ch). There was no evidence of licensing arrangements for shot blasting machines under which royalty was paid. Counsel for the infringer submitted that in those circumstances there was no basis for the assessment of damages. Rimer J was unenthusiastic about this submission. His Lordship stated at paragraphs 86 and 87:

*[86] I have to say that I find that submission an unattractive one. The absence of any evidence as to a relevant licensing arrangement does not mean that such an arrangement is an impossible one. In principle, I can see no reason why a notionally*

*willing licensor and a like licensee should not come to an arrangement for the licensing of a shot blasting machine in consideration of the payment of a royalty calculated on some appropriate basis. The fact that there is no solid evidence that this has been done before does not mean that it cannot be done at all. Equally, if someone makes an unauthorised use of another's machine for his own purposes, I can see no good reason why he should not pay proper compensation for the damage occasioned to the other's property right by the unlawful use so made. Compensation by reference to a notional fee for the unauthorised use would, in my view, ordinarily be regarded as a fair and proper basis on which to provide compensation. For the court to refuse any compensation at all simply because there was no evidence that machines of that sort had ever been licensed out for a royalty would appear to me to involve a denial of justice. In *Watson, Laidlaw & Co Ltd v Pott, Cassels, and Williamson* [1914] 31 RPC 104, Lord Shaw said at p 119 that:*

*". . . wherever an abstraction or invasion of property has occurred, then, unless such abstraction or invasion were to be sanctioned by law, the law ought to yield a recompense under the category or principle, as I say, either of price or hire."*

*He had also said earlier, on p 118, that:*

*"The restoration by way of compensation is therefore accomplished to a large extent by the exercise of a sound imagination and the practice of a broad axe."*

**[87]** *In this case, my rejection of Mr Dean's evidence means that SPE is left seriously short of material by way of proof of its loss under this head. But even with that evidence, it has real difficulties in the way of proof, since there is still no safe or reliable guide as precisely when the four infringing machines were made, or as to their respective use over the years until the expiry of the copyright on 31 July 1999, or as to how a fair royalty rate might be calculated. However, SPE's failure - and to some extent inability - to adduce better evidence than it has ought not, in my view, to mean that it*

*should simply be left to recover nothing, which is what Mr Counsell and Mr Glew urged. PPC's manufacture and use of its infringing machines has involved a damage to SPE's property right and is analogous to the unauthorised use of another's property. The admissible evidence I have heard satisfies me that SP20s are valuable, and potentially very profitable, machines, and that PPC made intensive use of its infringing copies over a period of about seven or eight years. In principle, SPE must be entitled to compensation for that, and I can see no reason why I cannot and should not assess it by reference to a notional royalty payable under a notional licence agreement. The evidence leaves me short of information enabling me to make a precise calculation, and I can inevitably only adopt a somewhat rough and ready one. That may work to SPE's disadvantage, since I also consider that I should err on the side of under-compensation. But inadequate compensation is better than none. In the circumstances of this case, I propose to take a broad axe and assess a sum of damages by reference to a notional royalty which will (a) reflect the uncertainty of the extent of the use of the infringing machines made by PPC, and (b) will also give PPC the benefit of any doubts in the calculation. I assess the damages payable to SPE by PPC and Mr Glew at £40,000.*

[27] If this passage shows nothing else it shows the determination of English law to provide a remedy – by price or by hire – whenever there is an invasion or abstraction of property. Anglo-Jamaican law should not be any less in its zeal to provide an effective remedy in favour of a copyright or exclusive licence holder.

[28] The Court of Appeal of England and Wales faced the same problem in **Blaney t/a Aardvark Jewelry v Clogau** [2002] All ER (D) 242; [2002] EWCA Civ 1007. The claimant made and sold handcrafted jewellery. He made business arrangements with the defendants whereby he would make jewellery and sell them to the defendants for onward sale to third parties. The relationship broke down. The defendants continued to sell jewellery using the claimant's design but they were made by another person. The defendants were sued for infringing the claimant's design. The defendants conceded that they were in breach and the matter went on to an inquiry into damages. The court found that the defendants sold 3,776 infringing pieces. He recovered only in respect of 574. The judge found in respect of the others that the claimant had failed to adduce any

evidence from which an appropriate rate of royalty could be inferred. The claimant appealed on the ground that the judge should have awarded compensation for the remaining 3,202 on the basis of a notional royalty. The Court of Appeal agreed. The Vice Chancellor held at paragraphs 19 and 20:

*In my view it is clear that since at least the speech of Lord Shaw in Watson, Laidlaw & Co Ltd v Pott, Cassels and Williamson (1914) 31 RPC 104, 120 damages have been recoverable in respect of all infringements whether proved to have resulted in lost sales or not. The relevance of lost sales is to enable the court to assess the damages by reference to lost profits; it is not a limitation on the recoverable loss. Whatever the position in Stoke-on-Trent City Council v W & J Wass Ltd [1988] 1 WLR 1406 that was certainly the view of Lord Nicholls of Birkenhead in A-G v Blake [2001] 1 AC 268. With reference to Watson, Laidlaw & Co Ltd v Pott, Cassels and Williamson (1914) 31 RPC 104 he said (p.279)*

*"That was a patent infringement case. The House of Lords held that damages should be assessed on the footing of a royalty for every infringing article."*

**20. Given that that is the rule in the case of infringements of patents I can see no reason not to apply it in cases of infringements of copyright. In each case the infringement is an interference with the property rights of the owner, Copyright, Designs and Patents Act 1988 s. 1(1) and Patents Act 1977 s.30(1). Though the nature of the monopoly conferred by a patent is not the same as that conferred by copyright I see no reason why that should affect the recoverability of damages in cases where the monopoly right has been infringed. The fact that the plaintiff may not be able to prove the application of one measure of damages, namely lost sales, does not mean that he has suffered no damage at all, rather some other measure by which to assess the compensation for that interference must be sought. Whilst, no doubt, there are differences between the rights granted to a patentee and those enjoyed by the owner of the copyright they draw no distinction between the effect of an infringement of a patent rather than a copyright.**

*21. Accordingly I conclude that in principle Mr Blayney is entitled to damages by way of compensation in respect of infringing sales made by Clogau which he did not establish he would otherwise have made himself. I turn then to the second objection raised by Clogau, namely that Mr Blayney did not raise the point in the court below and should not be allowed to do so in this court. (Emphasis added)*

**[29]** Later in the judgment the Vice Chancellor cited paragraphs 86 and 87 of Rimer J in **SPE International** and said that the approach of the judge was correct. The underlying idea can be applied in the instant case. In the instant case the only legitimate way for CVM to have gained access to the material used in its Return to the Nest and in other infringing uses was by paying for a licence from TVJ. The licence fees are one legitimate measure of damage suffered by TVJ because the evidence was that licensing was one of the means by which TVJ and any other exclusive licence holder would be able to take full economic advantage of their exclusive licence. To satisfy the court of the way in which licence fees are arrived and the factors that go into establishing that fee, TVJ called an expert witness. It is to his evidence that attention is now directed.

**[30]** Mr Oliver McIntosh gave evidence for TVJ. It was sought during cross examination to suggest to him that his evidence in this case was not of great value because he did not know the specific terms of the licence which TVJ had. However, in this court's view, he did not need to have that information because that was not the purpose of his evidence. He was also cross examined to show that his company, SportsMax Limited ('SML'), has a long standing commercial relationship with TVJ. The unstated syllogism is (a) all persons who have a long standing commercial relationship with a client are likely to be biased in favour of the client and (b) Mr McIntosh's company is in a long standing commercial relationship with TVJ, the client, and (c) therefore Mr McIntosh is likely to be biased in favour of TVJ. The subliminal message (because Mr Piper did not make the argument explicitly in closing submissions) was that Mr McIntosh may desire to maintain that commercial relationship and that creates the risk that his evidence may be unreliable, or at least, ought to be viewed with scepticism. The court has no reason to doubt the reliability and credibility of Mr McIntosh.

**[31]** Before going on it is important to state more about Mr McIntosh. He is the President and Chief Executive Officer of SML. SML is a sports programme content provider. SML has channels in 25 countries throughout the Caribbean region. He is also the managing director of International Media Corporation ('IMC') the parent company of SML. As far as this court is concerned, Mr McIntosh is obviously knowledgeable about the practice not only in Jamaica but in the region when it comes to licensing for the broadcast of sporting events, local and international. His account is internally consistent and consistent with the rest of the evidence. He readily admitted what he knew as well what he did not know.

**[32]** Both, SML and IMC, have held and continue to hold exclusive broadcast rights for various sporting events throughout the Caribbean including Jamaica. These range from the National Basketball Association league ('NBA'), the English Premier League, the FA Cup out of England, West Indies cricket tours (for the true believers and the eternal optimist) and the FIFA World Cup. When SML and IMC secures an exclusive licence, it sub-licences to other broadcasters or cable providers. From the evidence, IMC and SML have been doing this for quite some years now; sufficiently long for this court to say that it is virtually impossible for CVM to contend that it is ignorant of what is required when a non-exclusive licence holder needs to do in order to legitimately broadcast an event. The arrangements necessary for a non-rights holder to broadcast an international sporting event are now too pervasive, too ubiquitous for any broadcaster in Jamaica of any experience to claim or pretend that it does not know what is involved. The court is stating this in order to set the stage for a finding the CVM's conduct was not borne out of ignorance or misunderstanding but was the product of deliberate and calculated risk taking. As the analysis of the evidence will show CVM is no novice in this area and would have been exposed to these types of licences since it has been a holder of exclusive licences to broadcast international sporting events in Jamaica. Lest we forget the evidence of Mr Milton Walker was that at one point he was employed by CVM and was engaged in broadcasting sporting events. This involved the whole licensing and sub-licencing arrangements. This knowledge is not just personal to Mr Walker but can be attributed to CVM and is in fact attributed to CVM.

**[33]** There is clear evidence that CVM was the holder of the exclusive licence for the 2010 and 2014 FIFA World Cups? When it was negotiating these licences would it not have to decide whether it wanted live or delayed? Would that decision not have an impact on the cost of the licence? Would it not have to decide whether it was taking the highlights package which is now standard fare for major international sporting events? Would it not have to decide whether the FIFA broadcast would be made available via social media and other platforms? All these matters are regulated in the licences because they affect the price of the licence. The evidence below is the foundation for these conclusions just stated.

**[34]** Let us now peruse CVM's own experience in exclusive rights circumstance in order to drive home the point that CVM knew perfectly well the risk that it was taking. In order to reinforce the conclusion that CVM must have known the importance and significance of an exclusive licence the court will refer to the unchallenged and credible evidence of Mr Gary Allen. He stated that CVM received a sub-licence from IMC for the 2010 and 2014 FIFA World Cups. TVJ applied for and received a clip licence for these very events for which CVM had the exclusive licence.

**[35]** During the testimony of Mr Allen, after an initial error in his evidence, it was finally cleared up in cross examination by Mr Piper that in 2009 CVM and TVJ actually shared the rights to the 2009 World Championship. CVM had exclusive rights in Jamaica for the 2010 and 2014 FIFA World Cup and the 2012 London Olympics. This is Mr Allen's evidence in answer to Mr Piper's cross examination:

*Q Mr. Allen, I just want to be very clear on 1 issue. Do you now concede that CVM Television Limited shared the rights to the 2009 World Championships that were held in Berlin with TVJ Limited?*

*A Yes, sir.*

**[36]** The point is that prior to the 2015 WAC, CVM had experience in matters related to exclusive licensing, the consequential rights that accrued to the exclusive licensee and what third parties who did not have the exclusive licence needed to do in order to broadcast the same material to which CVM had the exclusive licence. Mr Allen's

testimony also shows that shared rights is not unheard of. It may not be common but it has been done in the past.

**[37]** The court will refer to Mrs Khan's evidence in relation to the 2014 FIFA World Cup. Apparently TVJ had shown footage from that World Cup. CVM complained to IMC in its capacity as rights holder. This is the extract from Mrs Khan's evidence under cross examination by Mrs Gibson Henlin QC:

*Q I am asking you if you know that they had used any footage in Final Whistle?*

*A I was told by my team that they did in 2014.*

*Q What about 2010?*

*A I was not actively involved in 2010.*

***Q In relation to this Final Whistle, you never saw any of the Programmes Final Whistle?***

***A I saw parts of it.***

***Q The parts that you saw in included material?***

***A Yes, it did. It was at the beginning of the game, beginning of the World Cup.***

*Q And how long did the World Cup last?*

*A It lasted I believe for a month.*

***Q And during the remainder of the period, did you see TVJ used any footage?***

***A I did not look thereafter. I filed a complaint with IMC as the right holders.***

***Q For 2014, and it's only one complaint that you filed, it's only once that you had reason to call?***

***A Yes.*** (Emphasis added)

[38] Final Whistle was TVJ's programme for the 2014 FIFA World Cup for which CVM was the exclusive licence holder. The parts in bold indicate that CVM complained **because** it was the exclusive rights holder. As exclusive rights holder it was seeking to protect its position from infringers. This it did a mere one year before the 2015 WAC. In light of this there is no rational basis for any other conclusion other than that CVM's breach of TVJ's licence was deliberate, calculated risk taking.

[39] Based on Mr McIntosh's evidence CVM would have secured these exclusive licences from either SML or IMC and even if it did not it would have secured them from some legitimate source and thereafter would seek to maximise revenue from selling sub-licences and by attracting sponsors and advertisers.

[40] CVM declined to put forward any alternative view of what Mr McIntosh had to say and was content to rest its case on criticism of his evidence rather than affirmative evidence of its own. No challenge was made to his core evidence regarding licencing arrangements in the region and Jamaica.

[41] He also gave details regarding the factors that go into determining the fees for a licence and sub-licence. The factors include (a) the number of times the sub-licensee may wish to transmit the content; (b) whether he wanted the broadcast to be live, delayed or archival; (c) the duration the licensee wanted to have the licence and (d) the means by which the content would be distributed (eg radio, free to air TV, pay TV, internet, broadband, mobile devices).

[42] Mr McIntosh told the court that in some instances, 'as between themselves, parties purchasing the rights would agree to a value they are prepared to offer for the broadcast rights prior to either party approaching or negotiating the rights with a rights vendor.' This court unreservedly accepts this evidence and this court has no hesitation in accepting Mr McIntosh's view that 'it is not unusual within the industry for licence fees to be shared between or among licensees.'

[43] He said that it was not unusual for the parties to have a shared approach to determine the licence fees paid by each rights holder. By that he meant that when the

rights are being acquired the parties may agree, that is, the exclusive licensee and sub-licensee, may agree to split the costs of bringing the broadcast to Jamaica. Thus, it is not uncommon for costs to be apportioned on a 50/50 basis if they agree that the content would be shared equally. He stated specifically that this was the method used by IMC for the broadcast rights for the English Premier League seasons 2013/2014 to 2015/2016. There was evidence in the case from TVJ that in times past it and other broadcasters agreed to share the licence fee and at the last minute the other broadcaster backed out and TVJ had to pick up the full cost.

**[44]** Mr Allen testified to one specific instance where Caribbean Media Corporation ('CMC') had acquired the rights to IAAF events. CMC then defaulted and a proposal was put forward that TVJ and CVM should acquire the rights. CVM later dropped out. This is clear evidence that the idea of a joint purchase of a licence is not new or unknown to CVM.

**[45]** In light of all this, this court has no difficulty in concluding that there is sufficient evidence for this court to find a basis for awarding damages to TVJ for CVM's infringement.

**[46]** Since the evidence is that a sub-licence fee may be based on the costs of bringing the broadcast to the country in question the court is prepared to use this method in the absence of any other information. The fact that TVJ did not lose any sponsors or advertisers arising from CVM's unlawful actions does not mean that it suffered no damage. One damage that it suffered was not earning from a sub-licence which CVM would have had to purchase if it wished to use any content from the 2015 WAC.

**[47]** TVJ's evidence is that the total cost of bringing the broadcast to the region including Jamaica was US\$81,500.00. The rights themselves cost US\$91,250. The total here is US\$172,750.00. The evidence showed that CVM not only showed the marquee events but also additional material that would be of interest, for example, athlete interviews in the mixed zone. As Mrs Gibson Henlin put it CVM 'extracted full benefit from the event including live interviews from the mixed zones.' The court has decided

that damages on the premise of a 50/50 shared cost to bring the broadcast to Jamaica and the cost of the rights itself is appropriate. The damages awarded to TVJ is US\$85,975.00. The court now addresses the issue of additional damages.

(2) Additional damages

[48] On the question of additional damages under section 97 of the CDPA, Pumfrey J, after a thorough review of the history of the provision and review of authorities concluded (a) aggravated damages are covered by the section because they are compensatory; and (b) exemplary damages are not authorised by the section because they are punitive. His Lordship said that the wording of the provision was wide enough to enable him to say that it permits 'an aggravation of an award of damages upon a basis far wider than the factors admitted as aggravation at common law' ([51]). His Lordship also concluded that the section permits restitution. Pumfrey J held at paragraph 51:

*In particular, it permits an element of restitution having regard to the benefit gained by the Defendant, and I should envisage such an award being made where the normal compensation to the Claimant leaves the Defendant still enjoying the fruits of his infringement. Such an award overlaps with the alternative remedy of an enquiry as to damages to some extent, but it is not co-extensive with it. **In particular, it permits benefit to the Defendant which forms no part of the financial profits to be taken into account, as for example in a case where the Defendant has established himself in the market and generated a goodwill by a flagrant infringement.** Furthermore, the fact that the flagrancy of the infringement, with its overtones of dishonesty and intentional wrong-doing, is one of the factors specifically mentioned may well entitle the court to deal with the question of damages as it would in other cases of intentional wrong-doing. (Emphasis added)*

[49] At paragraph 52 his Lordship said:

***I conclude that the provisions of s 97(2) are apt to provide for a measure of damages appropriate in cases of deliberate infringement. The section does not, in terms, provide that***

***additional damages are to be awarded only in cases of deliberate infringement, and it is necessary to explore to some extent the limits of the jurisdiction. Ignoring secondary infringements, for which knowledge is an element of the tort, the starting point is the fact that the only defence to damages in a copyright infringement action is that provided by s 97(1):***

*"(1) Where in an action for infringement of copyright it is shown that at the time of the infringement the Defendant did not know, and had no reason to believe, that copyright subsisted in the work to which the action relates, the plaintiff is not entitled to damages against him, but without prejudice to any other remedy."*

*This is a very limited defence. It goes only to the Defendant's knowledge whether copyright subsisted in the work. It is only available if on the facts it is reasonable to suppose that copyright did not subsist in the work. As a practical matter, this can only be the case where the work is old, or is of such a nature that copyright is unlikely to subsist in it. It is not available in the case of a photograph, for example, unless that photograph is very old (it subsists for the life of the "author", and 70 years in addition). It follows that except in these limited circumstances the Defendant's state of mind is not relevant in cases of primary infringement of copyright by copying. It seems to me to follow that carelessness sufficiently serious to amount to an attitude of "couldn't care less" is in my judgment capable of aggravating infringement and of founding an award of damages under s 97(2). Recklessness can be equated to deliberation for this purpose. (Emphasis added)*

**[50]** These passages make the point that additional damages are not confined to circumstances where the infringer made a financial profit. His Lordship added that additional damages may be awarded in case of deliberate infringement.

**[51]** Section 32 (2) of the Copyright Act permits an award of additional damages having regard to (a) the benefit accruing to the defendant; (b) the flagrancy of the infringement and (c) all other material considerations. It is this court's considered opinion that additional damages are in order. The conduct of CVM can properly be described as deliberate and calculated risk taking. The 2015 WAC ran from August 22, 2015 to August 30, 2015. TVJ began complaining to CVM from as early as August 22.

CVM was spoken to by TVJ. Mrs Khan, from CVM, confirmed in her witness statement that she received a telephone call from Mr Allen concerning CVM's use of copyright material. CVM received a formal complaint in writing from TVJ. Mrs Khan confirmed receiving an email from Mr Allen on August 23. What all this notification means is that CVM was quite aware, if it had not known before, that TVJ had the exclusive licence to broadcast in Jamaica. Since CVM persisted in that conduct in light of the information it now had then surely the most reasonable conclusion is that its conduct was deliberate. It was prepared to take the risk in the face of the exclusive licence holder raising objections. Even before the complaints, CVM, on a balance of probabilities knew of TVJ's claim to an exclusive licence because of the extensive pre-games publicity engaged in by TVJ. Mr Milton Walker testified that during the first phase of the trial that 'there was substantial promotion of [the 2015 WAC] by the claimant and notification of its rights in relation to the works.'

[52] Mr Piper submitted that 'flagrancy', the actual word used in section 32 (2), 'implies the existence of scandalous conduct, deceit and such like; it includes deliberate and calculated copyright infringements.' From this learned Queen's Counsel submitted that CVM was not deceitful and therefore there should not be a finding of flagrancy under section 32 (2). The words in quotation come from **Ravenscroft v Herbert and New English Library Limited** [1980] RPC 193, 208 (Brightman J).

[53] The court takes issue with Brightman J's dictum. Brightman J was referring to section 17 (3) of the English Copyright Act, 1956 which predated the current section 97 (2) of CPDA. The first issue taken with Brightman J's approach is that there is nothing in the meaning of the word 'flagrant' and its progeny 'flagrancy' that compels the conclusion that deceit is a necessary ingredient of the meaning. 'Flagrant', is an ordinary English word. Flagrancy, according to The New Shorter Oxford Dictionary (1993) means (1) glaring, shameful; outrageous, scandalous, notoriety; (2) lit. blazing or glowing condition. None of these meanings requires deceit.

[54] According to <https://en.oxforddictionaries.com/definition/flagrant> (accessed December 21, 2016 @ 0908hrs) flagrant means conspicuously or obviously offensive.

There is nothing in this meaning that requires or even suggests that deceit is required. Also there is nothing inherent in copyright law that states that deceit should be added to the meaning of 'flagrancy.' As will be shown below the presence of deceit makes an additional award almost inevitable but its absence does not mean that additional damages cannot be awarded as a matter of law.

[55] The second issue taken with Brightman J is his Lordship's understanding of one of the cases relied on in support of the view that flagrancy includes deceit. Brightman J cited the case of **Nichols Advanced Vehicle Systems v Rees** (No 1) [1979] RPC 127 in support of his definition. In that case, Templeman J simply found that behaviour of one of the defendants was flagrant within the meaning of section 17 (3) of the Copyright Act of 1956 but his Lordship did not say that deceit was necessary and neither did he imply it. In **Nichols** the court found expressly that the defendant in question had been deceitful and treacherous. That was a pure factual finding. It did not arise because the word 'flagrancy' was being interpreted. It was not supporting the view that flagrancy necessarily and ineluctably required deceit. However, once a finding of deceit was made it is not hard to see that flagrancy would be established but that is not the same thing as saying that in the absence of deceit there cannot be a finding of flagrancy. This court concludes, as a matter of law, that deceit is not required in order to establish flagrancy under section 32 (2) of the Copyright Act. No reason in law, logic or common sense has been advanced as to why this should be so.

[56] Let us look at the evidence in this case. It is well known that Jamaicans are absolutely fanatical about track and field especially the track portion. From Dr Cynthia Thompson, Jamaica's first female at an Olympic Games in 1948, to Miss Elaine Thompson in 2016, Jamaicans have followed the fortunes and misfortunes of our athletes. Any broadcaster in Jamaica who secures the exclusive licence for global track and field events has secured something of great value. Such a broadcaster can use that exclusive licence to attract sponsors and advertisers. The great selling point is the exclusivity. The broadcaster is able to breakdown the broadcast into seconds, milliseconds and nanoseconds – all in an effort to maximise earnings. The broadcaster

is likely to attract the highest viewership for particular events such as the men's 100m in which Mr Usain Bolt is competing.

**[57]** What this means is that the broadcaster in Jamaica who does not have the exclusive licence or any licence at all has to come up with a strategy to garner viewers if it intends to compete with the exclusive licence holder. CVM came up with the idea of Return to the Nest as a counter-programme. Counter-programme, in the broadcast world, refers to a competing event put on by the non-rights holder, covering the event which the rights holder is broadcasting. It is an attempt to provide an alternative to the rights holder's broadcast. If one were to pose this question: what are the odds of a viewer, who has equal access to CVM and TVJ, tuning in to CVM when the 100m finals for men and women are on with Mr Usain Bolt, Mrs Shelly-Ann Fraser Pryce and Miss Elaine Thompson all in the final? This is what a sponsor or an advertiser would ask. The answer to that question goes a far way in determining where the sponsor and advertiser places his advertising dollar.

**[58]** There is no evidence that CVM acquired any licence of any kind from anyone in relation to the 2015 WAC. How then could CVM expect to utilise material from 2015 WAC in the Return to the Nest programme without that use being a breach of the exclusive licence held by TVJ? That was the challenge faced by CVM. It thought it could solve the problem by using the material from the IAAF live stream. CVM's theory seemed to have been that provided it did not take the material directly from TVJ's broadcast then no breach would be committed. Mr Piper said that CVM took legal advice. That may be true but it would be truly remarkable if it were the case that CVM was told that it could take copyright protected material from any source except from the rights holder's broadcast and once that was done there was no possibility of liability arising. Return to the Nest was not a news programme although one may have gleaned news from it. It was not a report on current events though a current event was the subject of the broadcast.

**[59]** In this case, TVJ made its position clear to CVM from as early as August 22, yet CVM persisted. CVM said it was receiving legal advice. CVM received follow up written

complaint from TVJ. CVM even got a letter from Athletics Management and Services AG ('AMS'), the company that granted TVJ the licence, indicating that TVJ had an exclusive licence. Undoubtedly CVM was emboldened by TVJ's failure to secure an injunction in the Supreme Court and the Court of Appeal.

**[60]** The court will now quote from the letter of AMS to CVM dated August 29, 2015:

*It has come to our attention that CVM Television ("CVM") has been broadcasting excerpts of footage from the IAAF World Championships Beijing 2015 ("Events") in programming within the territory of Jamaica, rights which are exclusively held by Athletics Management & Services AG ....*

*Such use requires the payment of a licence fee and the entering into of a clip licence agreement...*

**[61]** CVM's response of even date:

*Please be advised that our use of clips from the IAAF World Championship Beijing has been determined by the Supreme Court of Judicature of Jamaica to be within the provisions of sections 53 and 54 of the Copyright Act and that they were lawfully used.*

*In those circumstances, we will continue to exercise the rights given to us by the Act.*

**[62]** The court does not agree with this assessment. The Supreme Court then and later the Court of Appeal did not have the benefit of full evidence, disclosure, submission and exploration of the case law. At the time of the injunction neither court had, in comparison to the present court, as much information as is now available. The Supreme Court formed the preliminary view that the fair dealing defence may succeed. They did not wish to bar CVM from conducting itself in the manner that it had been since at trial it may turn out that the injunction was wrongly granted. Therefore the decision of the Supreme Court and the Court of Appeal to refuse TVJ's application for an injunction is not as significant as Mr Piper suggests.

**[63]** This court is in no doubt that CVM was sailing close to the wind. It took a deliberate and calculated risk in using material that to its certain knowledge was

covered by the exclusive licence. The fact that it got a feed from the IAAF was legally irrelevant because it was never intended that the website should be used in the way CVM used it. The IAAF livestream was for the ordinary citizen who wished to enjoy the games. It was never intended for commercial exploitation.

**[64]** In this court's view that CVM engaged in deliberate, calculated risk taking. CVM is not a neophyte in these affairs. In this court's view CVM, being an experienced broadcaster and having full knowledge of what is involved in broadcasting copyright/exclusive licence protected international sporting events, showed scant regard for the fact that TVJ had an exclusive licence.

**[65]** The Return to the Nest programme made no pretence at reporting current events. It was not a news programme. It was an audacious taking and using of exclusive licence protected material which continued despite verbal and written complaints from TVJ, and written communication from AMS. It was deliberate, calculated risk taking. There was no deceit. There was no dishonesty. Nonetheless the breach was flagrant.

**[66]** Even if this court is wrong on the conclusion that CVM's breach was flagrant, the court is reminded that flagrancy is not a pre-condition for the award of damages under section 37 (2) of the Copyright Act (see **ZYX Music GmbH v King and other** [1995] 3 All ER 1, 19, (Lightman J: *The flagrancy of the infringement is singled out in s 97(2) as an important factor in the exercise of the discretion whether to award additional damages, but it is not a pre-condition for such an award: (see Laddie pp 928–930, para 24.31)*).

**[67]** The other thing to note is that benefit in section 32 (2) of the Copyright Act is not restricted to monetary benefit (**Nottinghamshire Pumfrey J [51]**). The benefit can be establishing one's self in the market and generate goodwill. Mrs Khan testified that the programme did not make a profit and it was done in the public interest so that the Jamaican public would have information about the athletes. She also said it was not for a commercial purpose.

**[68]** One might ask, what was the benefit to CVM? It was able to mount a counter-programme to TVJ's exclusive coverage. It was able to attract sponsors and advertisers. It was able to do this on the premise that it was able to cover the 2015 WAC with clips from the championships thereby demonstrating its ability to compete with TVJ. It was seeking to establish itself in the market place as another source of coverage for the games. The use of the footage enhanced that image and reputation of CVM of being able to bring footage and stills from the 2015 WAC. If it did not do this then surely the value of the Return to the Nest would have gone down and its ability to attract sponsors and advertisers would have been adversely affected. The unchallenged evidence is that TVJ has over 70% of the viewership and CVM the rest of the 100%. It could reasonably be argued that CVM was attempting to grow market share by its conduct, if not generally, but possibly at the time of broadcast of major international sporting events.

**[69]** An important circumstance of this case is CVM's experience in these matter. The evidence in relation to this has been referred to above and analysed. CVM knows the importance of and significance an exclusive licence and what it means for a broadcaster.

**[70]** Mrs Gibson Henlin QC asks for US\$60,000.00 under this head. The additional damages is not capable of precise assessment. It should be noted as well that it is not necessary that the court finds that damages already awarded are inadequate. It is also the case that an additional award may well exceed the sum awarded as damages.

**[71]** The problem here is the absence of precedents in Jamaica and the Caribbean generally in this type of litigation. The figure chosen will have an element of arbitrariness because it could well be asked by not US\$30,000.00? or US\$70,000.00? Every body of precedent starts with the first case. In this case the court is of the view that US\$40,000.00 is appropriate. It reflects what the court considers to be, in the context of this case, an appropriate response to CVM's breach. As stated earlier, CVM is experienced in these matters; its conduct was deliberate, calculated risk taking. The final issue is costs

## Costs

[72] Mrs Gibson Henlin submitted that TVJ despite failing on the News Watch and some of the social media aspects of the claim nevertheless it should recover full costs, meaning no deduction to reflect CVM's success. She relies on Frank Williams JA (Ag) (now Justice of Appeal) in **VRL Operators Limited v National Water Commission and others** [2015] JMCA Civ 69. The learned Justice of Appeal made the point that the court should not adopt a totting up of success and failure on specifically enumerated issues but look broadly at the matter and determine which of the parties substantially succeeded in the matter. This court of necessity must pay heed to what the Court of Appeal has said. However, his Lordship was not advocating a one size fits all approach. In that case the substance of application was to disqualify an expert witness. In the present case although it was a copyright infringement case the fact is that TVJ's case rested upon establishing that the Return to the Nest, the News Watch programme and the social media usage were in breach of its exclusive licence. CVM successfully defended its use of the protected material in the News Watch programme as well as some instances of social media usage. Despite this Mrs Gibson Henlin took the view that this was no reason to depart from the costs-follow-the-event principle.

[73] In addition to the Court of Appeal authority just cited it is important see what the Civil Procedure Rules ('CRR') have to say on this. In addition the court will look at cases from England and Wales.

[74] Rule 64.6 (1) of the CPR states that if the court decides to make a costs order the general rule is that it must order the unsuccessful party to pay costs of the successful party. The rest of the rule has provisions for departure from this general rule as well as indicating the factors that the court has to take into account.

[75] Waller LJ in **Straker v Tudor Rose** [2007] EWCA 368 while stating that he had in mind 'a case such as this' meaning the case before him, made observations which have come to be regarded as applicable generally. They are really common sense propositions that start with obvious. At paragraphs 11 and 12 his Lordship said:

11. *How then would the rules suggest one should approach a case such as this? The court must first decide whether it is case where it should make an order as to costs, and have at the forefront of its mind that the general rule is that the unsuccessful party will pay the costs of the successful party.*

12. *Having regard to the general rule, the first task must be to decide who is the successful party. The court should then apply the general rule unless there are circumstances which lead to a different result. The circumstances which may lead to a different result include (a) a failure to follow a pre-action protocol; (b) whether a party has unreasonably pursued or contested an allegation or an issue; (c) the manner in which someone has pursued an allegation or an issue; and (d) whether a successful party has exaggerated his claim in whole or in part.*

[76] If the court decides that costs are to be awarded the next stage is identifying the successful party. A rough and ready test was provided by Longmore LJ in **AL Barnes Ltd v Time Talk (UK) Ltd** [2003] EWCA Civ 402 at paragraph 28:

*In what may generally be called commercial litigation (and this case, like Dyson's was proceeding in the Leeds Mercantile Court), the disputes are ultimately about money. In deciding who is the successful party the most important thing is to identify the party who is to pay money to the other. That is the surest indication of success and failure.*

[77] In **Day v Day** [2006] EWCA Civ 415 Ward LJ held at paragraphs 16 and 17:

*[16] We must ask ourselves whether the primary rule applies in this case - the general rule, that is, that the unsuccessful party will ordinarily be ordered to pay the cost of the successful party unless the court thinks otherwise. The question is, which, if any, of these parties did enjoy success in this litigation? We were referred to a judgment of Lightman J in **Bank of Credit and Commerce International SA v Ali (no 3)** [1999] NLJ 1734 Vol 149 where he said that:*

*"For the purposes of the CPR success is not a technical term but a result in real life, and the question as to who has succeeded is a matter for the exercise of common sense."*

***[17] I would go further and say that in a case like this, the question of who is the unsuccessful party can easily be determined by deciding who has to write the cheque at the end of the case; and there is absolutely no doubt at all that the person who has to put his hand in his pocket and pay up the money that is in dispute was Phillip.*** (Emphasis added)

**[78]** The who-has-to-pay principle was reaffirmed in **Northampton Regional Livestock Centre Co Ltd v Cowling** [2016] 1 BCLC 431, by Tomlinson LJ held at paragraphs 110 - 113 :

*[110] In any event, whilst I can understand why the judge thought it appropriate to adopt an issues-based approach, in my respectful view he has fallen into much the same error as that identified by Longmore LJ (with whom Clarke and Ward LJJ agreed) in A L Barnes Ltd v Time Talk (UK) Ltd [2003] EWCA Civ 402, [2003] BLR 331 at [28] where he said:*

*'It does seem to me that the judge has, with the greatest respect, fallen into an error of principle. In what may generally be called commercial litigation ... the disputes are ultimately about money. In deciding who was the successful party the most important thing is to identify the party who is to pay money to the other. That is the surest indication of success and failure.'*

*[111] Like the trial judge in Kastor Navigation Co Ltd v AGF MAT (No 2) [2003] EWHC 472 (Comm), [2003] All ER (D) 245 (Mar), as it happens me, the judge here did not start from the general rule that the successful party is entitled to its costs. Adopting the approach of the Court of Appeal in that case, it was in my view 'an error of approach simply to visit the mathematical outcome of the issue by issue approach' on the Claimant (see per Rix LJ [2004] EWCA Civ 277, [2005] 2 All ER (Comm) 720 at [153], [2004] 2 Lloyd's Rep 119 at 149). One needs to stand back from the mathematical result and ask whether in all the circumstances it is the right result.*

*[112] I am quite satisfied that, particularly in the light of the outcome of the appeal, the judge's issues-based approach to costs does not achieve a fair balance between the Claimant's overall success against the firm MCL and its failure on the negligence*

*issue. The costs order needs to reflect that the Claimant had to litigate in order to vindicate its claim to a very substantial sum, accounting for which was a partnership liability falling jointly and severally upon both partners in MCL, and in relation to which furthermore the Claimant was entitled to pursue a proprietary remedy if so advised. The Claimant's victory in that regard should not be Pyrrhic. It is apparent that a substantial driver of the claim was the refusal to admit the 'secret profit' claim or to make an offer of settlement which valued it correctly. The Defendants also in my view overlook and underestimate the natural and reasonable suspicions which their conduct in that regard engendered. Furthermore, the Defendants approached the litigation upon the basis of a flawed analysis that success by the Claimant on this issue could result in there being no available professional indemnity insurance cover.*

*[113] I am however persuaded that the unsuccessful pursuit of the negligence claim should be reflected in a somewhat greater discount from the Claimant's recovery than I had at first thought appropriate. In all the circumstances the justice of the case is I consider met by an award to the Claimant of 50% of its costs of the action and of the appeal, to be borne jointly and severally by the Defendants.*

**[79]** Finally, there is the case of **HLB Kidsons (a firm) v Lloyds Underwriters** [2007] EWHC 2699 where Gloster J held at paragraph 11:

*[11] There is no automatic rule requiring reduction of a successful party's costs if he loses on one or more issues. In any litigation, especially complex litigation such as the present case, any winning party is likely to fail on one or more issues in the case. As Simon Brown LJ said in *Budgen v Andrew Gardner Partnership* [2002] EWCA Civ 1125 at para 35: "the court can properly have regard to the fact that in almost every case even the winner is likely to fail on some issues". Likewise in *Travellers' Casualty* (supra), Clarke J said at para 12:*

*"If the successful Claimant has lost out on a number of issues it may be inappropriate to make separate orders for costs in respect of issues upon which he has failed, unless the points were*

*unreasonably taken. It is a fortunate litigant who wins on every point."*

**[80]** This case supports the common sense proposition that failure on some issues does not automatically mean a deduction of costs. It is a question of degree in each case.

**[81]** The position then is as follows:

- (1) the first step for the judge is to decide whether a costs order should be made;
- (2) if a costs order is to be made then the general rule applies;
- (3) to give effect to the general rule that the losing party pays the judge must identify which party was successful;
- (4) in commercial type case where money is in issue, the losing party is often times easily identified by asking, who has to pay the cheque;
- (5) in commercial type cases it is common that the successful party will fail on some issues but that is not a reason to depart from the general rule unless there are compelling reasons to do so;
- (6) if the court is considering departing from the general rule the judge needs to identify the circumstances which may lead to the departure and must have regard to the factors, as applicable, set out in rule 64.6 (4), bearing in mind that rule 64.6 (4) is not exhaustive.

**[82]** Should there be any deduction because the claimant did not succeed in respect of the News Watch Programme and some of the social media postings? Mr Piper said yes. Mrs Gibson Henlin said no. The court says no. These are the reasons. As noted earlier in this section, commercial litigation in complex matters frequently has many issues and sub-issues. All the circumstances must be looked at.

**[83]** It could hardly be said that CVM had to undertake significantly more work in defending that part of the claim relating to the News Watch broadcast. CVM relied on the defence of fair dealing for all the alleged infringements. The main additional cost would be getting the News Watch broadcast for the purpose of disclosure and viewing to see whether the defence of fair dealing could apply. TVJ failed on 5 out of 13 social media postings and failed in respect of the News Watch Programme is not sufficient to depart from the general rule.

**[84]** The fair dealing defence is matter of judgment, not science, whether the use of the material in quality and extent exceeded what is permitted by the fair dealing defence. CVM did not have to mount any special defence or deploy any significant additional resources to defend the claim. TVJ had to litigate in order to vindicate its rights. CVM dug in its heels and refused to accept that it breached TVJ's licence in any manner whatsoever. TVJ's main target in the claim as the Return to the Nest Programme and the social media usage. It has succeeded in large measure. TVJ is entitled to full costs subject to the next paragraph.

**[85]** What the court can and will do is deduct a day's costs from TVJ on the second phase of the trial. TVJ, after the cross examination of the initial witnesses by Mr Piper, sought to adduce further evidence. Had TVJ organised itself properly the matter could have been finished without the need for an additional day. The licence fee method of assessment was well established by case and those cases provided dicta which would have enabled TVJ to decide how to go about proof of damage. The court permitted TVJ an adjournment to call further evidence but of course it needs to be deprived of its costs for one day.

**[86]** On the costs issue the order is that TVJ is entitled to costs for phase one of the trial. In respect of phase 2 TVJ is entitled to its costs less one day.

### **Order**

(1) Damages of US\$85,975.00 awarded to the claimant.

(2) Additional damages of US\$40,000.00 awarded to the claimant.

(3) Costs of first phase of trial to TVJ to be agreed or taxed.

(4) Costs of second phase of trial to TVJ less one day's costs.