

Commercial Court User Group Meeting

November Meeting Minutes

Remote Meeting via Microsoft Teams Wednesday 25 November 2020 at 1645

1. Introduction from Cockerill J

Cockerill J started by thanking participants for attending the second virtual CCUG meeting.

2. Change of Personnel

Cockerill J spoke of Teare J's retirement and expressed her thanks on behalf of everyone for all his hard work and dedication that he has given to the Court. Teare J has been the heart of the Court since 2006, being an Admiralty Judge since 2011 and Judge in Charge from 2017. He set the tone for the Court with regard Covid 19 when he made the decision to keep the Kazakhstan trial going remotely. Teare J is still helping with Admiralty work. Cockerill J then spoke of her new role as the Judge in Charge of the Commercial Court with Andrew Baker J taking on the role as Judge in Charge of the Admiralty Court. Since the last UG Meeting Commercial Court have also welcomed three new Judges, Henshaw J (December 2019), Foxton J (January 2020) and Calver J (October 2020).

3. Covid-19

Cockerill J reminded attendees of the hopes that by Autumn 2020, we would be back to some form of normality, however, we are currently in Lockdown 2.0.

a) What does that mean for Court business?

Both hybrid and live hearings had started to take place again in the Rolls Building from June 2020 but that has tapered off in the last few weeks. There have been a number of live hearings with **Foxton J** and **Henshaw J** both hearing trials largely live earlier in the term, and all judges seeing some live hearings.

b) Where are we going from here?

Realistically we would expect to be operating the same way well into the new year with Friday's list and short hearings being conducted remotely as the default until the medium term. Discussions are in place with other Rolls Courts for how remote hearings will continue after that. **Cockerill J** believes things are going well, even better than reported at the last CCUG meeting, with no fall off of business – rather the reverse.

A number of important hearings have been expedited, *FCA v Arch* business interruption policy test case, *Travelport v WEX* on material adverse change clauses and the *Venezuelan Gold* preliminary issues trial. All cases that were adjourned due to the pandemic have now all been tried aside from one which is due to be heard on 30 November 2020. **Cockerill J** explained the Commercial Court are ready for the uptick in work that is expected from Covid and Brexit.

Cockerill J also conveyed her thanks on behalf of the Judges to all users (especially those behind the scenes whom don't get as much credit as they should) for the hard work and dedication that has been put in to enable remote hearings to continue throughout the pandemic. A special mention was given to the Listings and Clerking teams at the Rolls Building who have gone above and beyond to ensure the smooth running of the Commercial Court. A letter of thanks received from a group of users was put on record;

"We would like to record our heartfelt thanks and admiration for how the Commercial Court office has coped. More than coped. The service has been stunning. The circumstances have been appalling and unprecedented in our experience. Yet, the personnel in your department have worked tirelessly, with unfailing courtesy in very difficult circumstances.

Furthermore, we have had a large number of urgent hearings this year and the Court has apparently accommodated us every single time without fail".

4. Listing Update from Michael Tame

Michael Tame started by explaining the measures that had been put in place to accommodate live hearings whilst we are still socially distancing due to Covid. Back in June the Court were able to accommodate 13 Courts however this has since been increased to 28 Courts from October. These courts can accommodate between 6-12 participants whilst Covid secure. There are also super courts that can hold a larger amount of participants.

The Listing Team have been working remotely since March but have a daily meeting to address issues, mainly CEFile pending alerts, outstanding work etc. That ensures that all CE File filings are dealt with promptly.

There is no backlog of work and the team are answering up to 40 calls a day, which is on par with how many they would answer if they were in the office.

Bundles: <u>Unless</u> Judges request hard copies of bundles, everything should be electronic and uploaded to CEfile, or emailed to the Judges Clerks.

Platform: Skype for Business is being phased out and by the start of the new year **all** remote hearings should be conducted via Microsoft Teams.

Duplicate filings: Michael asked that users stop putting things on CEFile and then emailing either himself or **Daniel Hull**, to avoid not only duplication but a mass amount of emails that they are having to get through daily.

CE File issues: Michael requested that anyone who does have any experiences of practical issues with the CE-file system flag those issues with the court, so that the listing office can look to resolve them and improve the overall CE-file process.

Cockerill J then emphasised a point that **Teare J** made at the previous UG meeting. **If** something is being referred to the Judge in Charge :

- a) Please keep letters as short as possible;
- b) Write letters for and to the judge and not as part of ongoing correspondence between the parties.
- c) Keep it focussed. What does the Judge need to know to decide this specific point?

Cockerill J also wanted to draw the users' attention to the Guidance that both herself and **HHJ Pelling** issued with regard time estimates for hearings and pre reading. This is available on the Guidance section of the website:

https://www.judiciary.uk/you-and-the-judiciary/going-to-court/high-court/queens-bench-division/courts-of-the-queens-bench-division/commercial-court/rules-guidance-and-pro-bono-scheme/

5. Brexit predictions and preparations

Cockerill J reiterated the point that although we are very busy, with Brexit looming we are only going to get busier. At this stage however, we are unable to predict just how much busier we are going to get.

a) Areas of Business:

Cockerill J went on to discuss the issues that will arise pre-January, e.g. alternative service and precautionary applications for permission and then the types of cases that we can expect post-Brexit, including urgent applications arising out of supply chain disruption, jurisdiction (**Cockerill J** explained there are going to be many more ex parte applications and in due course "testing the water" applications with what will replace Brussels), an increase in anti-suit injunction applications.

MAE Cockerill J said this topic spans covid and Brexit and cases are very likely not going to be simple, straightforward fact specific cases. Some may be capable of being treated in groups but some will vary from business area to business area.

Force Majeure With regard Force Majeure cases Cockerill J indicated that the position is likely to be similar, with actual prevention being fact specific and mitigations being individual.

Cockerill J went on to say that there are some areas (such as jurisdiction) where the common law process will simply be more time consuming than the approach dictated by the EU regulations. Unfortunately, these are not issues that will go away over time.

b) What we are doing?

Cockerill J explained that QB operates an emergency judge at all times and that two of the Commercial Court Judges will be out of hours judge during the holidays. Therefore, Court 37 will be offering a Commercial Court judge for much of this coming vacation. We do also have provisional back up in place.

Cockerill J explained that at present judges are able to fit in paper applications around court time; however, with more paper applications coming in this may not be possible and therefore special provision may need to be put in place for a designated paper application judge.

Cockerill J went on to say that more deputies and former judges were being booked to give extra depth to the bench. Normally there would be 14 judges in the court; there are currently only 12, so the court is in any event slightly light on numbers at present.

6. Disclosure Pilot Update: Flaux LJ and Ed Crosse

Flaux LJ, the Chair of the Disclosure Working Group, gave an update on developments with the Disclosure Pilot. Flaux LJ reported his gratitude to the members of the Working Group for their hard work on the Pilot. Professor Rachael Mulheron published a survey and report on the Disclosure Pilot in September this year. There were 71 responses to the survey. Some common themes arose out of those responses, e.g. difficulties in

agreeing the List of Issues for Disclosure, overcomplication of Model C requests (which seem to be used like an arbitration Redfern schedule), and complaints that completion of the Disclosure Review Document ("DRD") is challenging and costly.

The Working Group has considered this feedback and decided against implementing any wholesale changes midway through the Pilot. Instead, it has proposed some small changes, such as the simplification of the DRD, which were presented to and approved by the Civil Procedure Rules Committee in October. The Committee also approved a one-year extension of the Pilot to 2021. Ministerial approval for those changes is formally required and still awaited. **Flaux LJ** emphasised that the Working Group is keen for Commercial Court users (and any other Business and Property Courts users) to continue to provide feedback.

Ed Crosse added that, alongside the survey, the Working Group has received a great deal of additional feedback, in particular from COMBAR. In some areas, that feedback has been quite critical, and practitioners are clearly struggling with some aspects of the Pilot. There have been some helpful decisions from the court, but the Working Group thought it beneficial to add to the guidance in the explanatory notes to the DRD and to improve some aspects of the Pilot.

Mr Crosse reported on four key areas in which the Working Group has suggested changes:

a) Document preservation notices

Large corporates in particular have suggested that the current requirements to serve notices create too much of a burden. The suggested change is that parties should take reasonable steps to serve on employees where they have reasonable grounds for thinking those employees will hold relevant documents;

b) Adverse documents

The timing for production of adverse documents will be clarified;

c) DRD

The criticism has been about the challenges of producing the List of Issues and the use of Model C requests. There has been strong feedback, particularly in the courts outside London, that for lower value cases the additional information required in the DRD is not helpful. That is one area the Working Group will look at in more detail;

d) Model C

Picking up on the helpful guidance from the Chancellor on framing of the List of Issues for Disclosure and Model C requests, the Working Group has drafted clearer and more prescriptive guidance in the explanatory notes. Model C requests should not be seen as akin to a Redfern schedule. If parties are making a lot of requests, that suggests that in reality they are more in Model D territory.

Mr Crosse also reported that, as the Pilot enters its next phase, the Working Group is seeking to re-engage with professional associations in order to address practitioners' concerns and improve the Pilot. In particular, it will be presenting to the Association of Professional Support Lawyers, which is expected to be a good source of feedback. Mr Crosse, like Flaux LJ, invited further feedback from court users on the Pilot. Feedback should be sent to dwg@justice.gov.uk, Ed.Crosse@simmons-simmons.com and r.p.mulheron@qmul.ac.uk.

7. Witness Statement Working Group update: Andrew Baker J and Chris Bushell:

Andrew Baker J commenced by reminding the attendees of *Gestmin v Credit Suisse* (per Leggatt J, as he was then, at [20-2]). He noted that despite this, that process has not changed, and it remains a routine experience at trial to see a disconnect between the factual narratives and commentary set out in trial witness statements and the evidence in chief the witnesses realistically and properly could and should have been asked to give.

He noted that in March 2018, this Committee set up the Witness Evidence Working Group to grapple with the problem and thanked the Committee as a whole for setting up the Working Group and setting us to work, and to the members of the Committee who have served on the Working Group for their commitment and contribution, both of which have been substantial. The remit and representative membership evolved to encompass all of the Business and Property Courts ('BPCs') jurisdictions.

He drew attention to the Final Report (July 2019) and Implementation Report (July 2020).

https://www.judiciary.uk/publications/report-of-the-witness-evidence-working-group/

https://www.judiciary.uk/announcements/the-witness-evidence-working-group/

The CPRC will be considering on 4 December the proposal for a new Practice Direction 57AC. If adopted, it could be in force from 1 April 2021, meaning it would apply to trial witness statements signed on or after that date.

He urged users to become familiar with what we have proposed, and to spread the word, because the trial witness statements already being worked on or advised about, may be subject to the new Practice Direction if the CPRC does adopt it.

He highlighted the following key features of the proposed Practice Direction:-

- a) It would spell out that since the purpose of a trial witness statement is to set out in writing the evidence in chief the witness would give if they gave oral evidence at trial without first providing a statement, therefore: (i) trial witness statements must only contain evidence on matters of fact that need to be proved at trial by the evidence of witnesses; and (ii) the content of a trial witness statement must only be that which the witness claims personally to recollect.
- **b)** It would require that trial witness statements be prepared in accordance with the Statement of Best Practice set out as an Appendix.
- c) It would enhance the statement of truth for a trial witness statement by requiring: (i) confirmation from the witness that they have read and understood what the Practice Direction and Appendix say about what a witness statement should be; and (ii) certification from the legal representatives of the party serving the statement that they discussed and explained those principles with and to the witness (unless the party serving the statement was a litigant in person when the statement was signed).
- d) It may include, if adopted, a requirement to list any documents the witness has referred to or been referred to for the purpose of providing the account set out in the witness statement. Since that possible requirement divided the Working Group, the CPRC, if content to adopt the new Practice Direction, will be asked to consider as a separate decision whether to include that requirement.

8. Financial List Test Case Update post FCA v Arch: Laura Feldman

Laura Feldman, editor of the section of the White Book on the Financial List, provided an update to the User Group on the Financial Markets Test Case procedure.

The aim of the court's Financial List is to boost the expertise of the Commercial and Chancery Division and to help the development of business-relevant law. The financial market test case procedure is available for cases allocated to the Financial List. It was originally a pilot but has now been made a permanent fixture. **Ms Feldman** discussed the recent case of FCA v Arch, which was heard by **Flaux** LJ and **Butcher** J in the Commercial Court and is now the subject of a leapfrog appeal to the Supreme Court.

Ms Feldman suggested that the transition away from LIBOR might be another similar area which lends itself to a test case.

A unique feature of the test case procedure is that there should not be a dispute between the parties as to points of factual substance; any such points should be agreed in advance. This is to allow the case to proceed expeditiously. FCA v Arch proved a good example of this, as the court's decision was handed down quickly. The appeal to the Supreme Court has been dealt with in a similar fashion; it is anticipated that the Supreme Court's decision will be handed down in December or January.

Ms Feldman also noted how other jurisdictions have dealt with similar issues to those in *FCA v Arch*:

a) Ireland

The Irish central bank has said it would consider bringing a similar case in Ireland but there is no specific procedure for doing so. It will monitor the outcome of the FCA v Arch case;

b) France and Germany

There are a number of individual claims on-going in the courts, which gives rise to uncertainty (as contrasted with the single proceedings in FCA v Arch);

c) South Africa

The regulator has considered seeking declaratory relief as the FCA has done, but for the time being will monitor the outcome of FCA v Arch; and

d) Australia

A test case has been issued by two insurers funded by the regulator.

Test cases were also used in some Asian jurisdictions in relation to SARS in 2010, although there was some delay between the proceedings being commenced and judgment being handed down. The prompt resolution of the *FCA v Arch* case therefore illustrates the benefits of the test case procedure in this jurisdiction.

9. Management of business interruption claims

Butcher J reported on the court's efforts to manage the tail end of claims for business interruption losses as a result of the Covid pandemic. It might be that, until the result of the Supreme Court's decision in *FCA v Arch* is known, there won't be significant additional case activity in the Commercial Court. However, the FCA's test case was confined in a number of respects, which opens the door to further cases. First, the FCA only brought claims for declarations relating to policies covering business interruption without a requirement of physical damage. Second, the FCA only advanced certain arguments and made clear that other points not brought could be advanced by insureds in other cases.

The Commercial Court is monitoring these business interruption cases, with **Butcher J** as the Judge in Charge of the court's "Covid list". It is unclear how many claims there will be. Currently, the court has only seen a small number, which might reflect parties wishing to wait for the Supreme Court's decision.

The court wishes to encourage parties to issue Covid business interruption cases in the Commercial Court (except where parties plan to issue in the Business & Property Courts outside London, in which case they should continue to do so).

Butcher J asked court users, when filing Covid-related business interruption cases either in the Commercial Court or the BPCs outside London, to inform the Senior Listing Officer of the Commercial Court that it is a Covid-related case, so that the court can monitor and manage such cases. In the event that a significant number of Covid-related cases are issued, a small pool of judges has been nominated to hear them. For that to work effectively, the court needs to receive information about those cases. The court will then look to schedule and monitor them appropriately.

10. Court Statistics

Henshaw J gave an update on the court's case statistics for the previous legal year (October 2019-September 2020). The full statistics will be provided in the court's end-of-year report.

Overall, it has been a very busy year for the court, no less so than last year. Henshaw J reported the following key figures:

- a) The volume of new cases is up 6.6%: 807 claims were issued in 2019, and 860 this year; International cases (those with an international subject matter or at least one overseas party) continue to predominate, representing 75% of cases issued for the year up to August 2020;
- b) Subject matters remain very varied. The top eight are: general commercial contracts; shipping cargo claims; insurance and reinsurance; miscellaneous arbitration appeals or applications; arbitration enforcement applications; aviation; commercial fraud; and pre-action injunctions. There is also a large "other" category of claims that is being investigated from a reporting perspective;
- c) The number of hearings listed is up 2.5% to 1,476 (compared with 1,440 in 2019). Of those, 1,013 were effective (compared with 998 in 2019);
- d) Hearings during the Covid-19 pandemic increased compared to the same period last year (23 March-30 September). This year, 696 hearings were listed of which 498 were effective; last year there were 690 hearings listed, 487 effective. Of the 498 effective hearings this year, 493 were held remotely, 4 in person, and 1 hybrid;
- **e)** The number of trials listed is fractionally down from 145 last year (of which 53 were effective) to 142 this year (of which 43 were effective).
- f) The settlement rate is slightly up, at 66% (compared with 63.4%). This might be the result of slightly increased rates of settlement during the pandemic (at 69% in March to September);
- g) Effective trials have generally been shorter this year. There were 48 trials of up to one week (compared with 34 last year). The number of longer trials heard has decreased, and especially for those of over four weeks (down from 11 to 2). That is, however, a figure that tends to be quite volatile from year to year, and

- might have been impacted by reduced willingness amongst parties to have longer contested trials during the pandemic;
- h) There continues to be a significant number of very large (US\$1bn or more) claims heard in the court, such as PCP Capital v Barclays, Avonwick Holdings v Azitio Holdings, National Bank Trust v Yurov, Travelport v WEX and the "M/T Prestige" cases; and
- i) Judgment writing has increased, with 200 written judgments this year (versus 173 last year) a 16% increase.

Whilst the low number of live hearings (see point (d) above) might seem surprising, there were limited available court rooms during that period and take up was initially slow. Since October this year there have been more court rooms available and, so far, six more in-person hearings, a number of them substantial. Parties still seem to be electing for remote hearings even where court rooms are available.

Hearing Lead Times

Cockerill J noted that the court's lead times are published on the court's website. One particular point of note is around one-day hearings. Cockerill J and the listing office are working to shorten the lead time in listing one-day hearings. That might involve longer trials moving out slightly in the future; those are currently being offered well before most parties would want a hearing date.

Arbitration application statistics

Cockerill J reported on the statistics for arbitration applications. Unlike previous years, these statistics are now being produced on a legal year, rather than calendar year, basis (for consistency with the court's other statistics).

| | Section 68 | Section 69 |
|------|------------|------------|
| 2017 | 71 | 88 |
| 2018 | 26 | 53 |
| 2019 | 28 | 34 |

A key figure for users is the percentage of s. 69 cases where permission was granted. The answer is that this varies, but that the figures suggest this hovers around 30%, with the figure for last year being 7 permissions granted out of 22 determined before the cut off date.

In terms of successful appeals, it is best to look at 2018-2019 because of the time lag to completion, which means a significant number of s. 69s issued in 2019-2020 will not be completed. The figure for 2018-2019 is 3/51 which equates to about 5%.

With regard to Section 68's there is a 1/16 success rate this year, whilst last year it appears that no challenge was successful. There were also a number of s. 68 applications dismissed on the papers.

Cockerill J reported that the court is also interested in producing further statistics in relation to arbitration. Mr Tame and Ms Sweeney are doing some work on the timescales for permission and final hearings. The time from issue to permission is currently c.90 days. The court is also looking to get a sense of the average costs of section 67 and 68 applications. Cockerill J requested that users feed back on any additional statistics that might be useful so that the court can consider whether it is possible to produce these also.

11. Opportunities for pupils and junior barristers

Cockerill J reported that the court has recently introduced a "Pupils in Court" scheme, which was born out of concerns that this year's pupils would be negatively affected by the absence of live hearings due to Covid. The scheme, which is run with COMBAR, allows pupils to sit in with judges on live hearings. 13 pupils have participated so far, mostly sitting with Foxton J or Henshaw J. Foxton J noted that the scheme gives the pupils the benefit of the "bench eye view". Following the hearings, the judges have shared their views with the pupils on which bits of advocacy they found effective. The feedback from pupils has been very positive. Foxton J believes the scheme has great merits, even beyond the Covid-19 pandemic. It might also encourage applications for Judicial Assistant posts.

In terms of junior advocacy, Foxton J observed that many of the opportunities for junior advocacy are no longer as prevalent as they once were, and the court is considering ways to address that. One such initiative is the pro bono scheme with the London Circuit Commercial Court, set up by HHJ Pelling QC in conjunction with COMBAR and Advocate. Foxton J also reported that the Commercial judges are pleased to see that junior advocates are increasingly being asked to make oral submissions on discrete parts of applications or issues arising at trials, as well as dealing with some of the shorter witnesses at trials. He stated that they all fully support these initiatives. It has been their experience that a number of the issues which arise before the Court [(particularly at the interlocutory stages)] can be effectively dealt with by junior advocates, who have very often had close involvement with the pre-hearing preparations for those parts of the case. These include issues in relation to the Disclosure Review Document and Costs Budget at the CCMC; detailed disclosure issues; and disputes about the provision of further information. Foxton J noted that submissions on questions of costs (and in particular the summary assessment of costs or payments on account) are also frequently argued very effectively by junior advocates, as are issues of alternative service or service out in many applications.

Foxton J noted that the Commercial judges recognise that clients are entitled to choose their representation as they wish but hope that these observations will be of interest to parties and their legal representatives, when considering whether there are parts of cases which might be argued by junior advocates and how judges might react to the decision to divide up the advocacy in this way.

Cockerill J thanked COMBAR for their support on the pupils in court scheme and on junior advocacy and invited an **update from COMBAR**

Sonia Tolaney QC reported to the User Group on COMBAR's perspective in relation to pupils and junior barristers. The feedback COMBAR has received from pupils participating in the scheme has been fantastic, and there is a sense that the scheme has made a real difference in difficult times. COMBAR has formed a committee to address opportunities for junior advocacy. Overall, juniors' experience of remote hearings has been positive; they don't feel hearings have materially decreased advocacy opportunities (if anything, the opposite). There are, however, some concerns about losing out on training, as it is a different experience for juniors to be on a remote hearing and often not in the same room as their leaders.

Ms Tolaney QC agreed with Foxton J's observations about the general lack of opportunity for junior advocacy at the commercial bar. It was noted that, because the Commercial Court Guide currently encourages attendance by the leader, opportunities

for juniors aren't necessarily granted. One way to address that might be to make that clearer in the Guide. **Cockerill J** noted that **Andrew Baker J** has taken over editorial responsibility for the Guide with a view to a new edition in a year or so and is planning to do an update sooner rather than later, which could cover this point.

12. Revisions to the Commercial Court Guide

Andrew Baker J raised two points in relation to the proposed new edition of the Commercial Court Guide:

- a) Andrew Baker J plans to tap into the experience and wisdom of Knowles J, who for a number of years has taken responsibility for the Guide and who is understood to have a running list of items for inclusion in the next draft, to which Andrew Baker J will add his own list of suggested revisions; and
- b) Andrew Baker J is interested in establishing a sub-group (of around three people) as the first drafting sub-committee, to work on points and ideas and to decide on any necessary consultation or feedback before making proposals for the new edition. Ideally, that sub-committee would consist of one barrister and one solicitor (as well as the Judge himself).

POST MEETING: Andrew Baker J has since accepted the offers of Connall Patton QC and Laura Feldman to join him to make up the sub-group developing the updates and revisions to the Commercial Court Guide.

They invite comments on, or suggestions for improvement of, the 10th Edition that members would like the sub-group to consider.

Please email the sub-group with suggestions by 1 February 2021 at (Andrew Baker J via his clerk (mandana.khajehnouri@justice.gov.uk), Laura Feldman (Laura.Feldman@freshfields.com), Connall Patton QC (cpatton@oeclaw.co.uk).

13. Commercial Court 125th Anniversary

Cockerill J reported that the court is now half-way through its anniversary year. Some of the planned celebrations have unfortunately been laid waste by the Covid-19 pandemic; others have been postponed, e.g. the court hopes to go ahead with its planned mock trial, aimed at attracting students who might not otherwise consider a career in commercial law, during the course of next year.

Covid-19 has also presented other ideas for events that would not otherwise have been suggested. A seminar in partnership with Opus 2 took place in September, on the topic of the Court's future. That attracted very interesting feedback from participants on the question of remote hearings in the longer term.

The court is now in the middle of its autumn lecture series, in partnership with Thomson Reuters. Each seminar is chaired by a judge from the Court of Appeal or the Supreme Court and involves three speakers (Commercial judge/academic/practitioner) giving a short lecture. The papers from each of the lectures in the series will also be collected and published. That series has attracted attendees from many countries and has enjoyed very high levels of participation – with registrations in the range 600-1000.

The final event takes place on 2 December. A link to register is at:

https://www.judiciary.uk/announcements/commercial-court-125th-anniversary-seminar-series-october-december-2020/

In light of the success of the lecture series, the court is considering plans to do similar events every year. Next year's plan is an event to celebrate the Commercial Court's shipping heritage and the Admiralty Court.

Finally, **Cockerill J** noted that the court looks forward to celebrating with live events again at some point in the future. The 125th Anniversary Dinner being given in the Court's honour by the City of London is now scheduled for June 2021

14. AOB

There was no further business and no questions from the UG. Cockerill J ended the meeting.