
CIVIL PROCEDURE NEWS

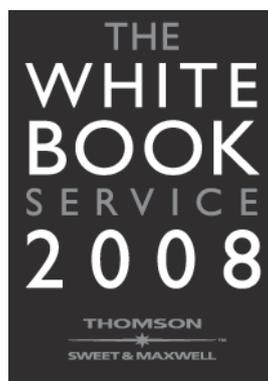
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CPR rr.30.3 and 73.10, County Courts Act 1984 ss.23, 40 and 147, High Court and County Courts Jurisdiction Order 1991 Art.2(4), Charging Orders Act 1979 s.3(4). On application of bank (C), county court making final charging order for sum in excess of £30,000 against proprietor of freehold property. C’s High Court application for order for sale to enforce the order transferred to county court by Master. District judge holding that, as the secured sum exceeded the county court limit, the county court lacked jurisdiction to determine the application. On hearing for directions in the High Court, **held**, (1) although county courts have an unlimited jurisdiction to make charging orders, their jurisdiction to enforce them by orders for sale is restricted by s.23(c) to proceedings in which the amount owing does not exceed £30,000, (2) however, in cases such as this, the High Court’s power of transfer under s.40(2) is not limited to cases which would otherwise be within a county court’s jurisdiction, (3) accordingly, the county court had jurisdiction to hear and determine C’s application. (See *Civil Procedure 2008* Vol.1 paras 30.3.2 and 73.10.1, and Vol.2 paras 9A-448, 9A-472, 9A-714, 9B-930 and 9B-1022.)

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CPR r.40.7, Insolvency Rules 1986 r.6.211(2), Insolvency Act 1986 s.282(1)(b). Bankrupt (B) applying for annulment of bankruptcy order. **Held**, granting application, (1) an order cannot be made on the basis of an undertaking by B’s solicitors to pay debts out of funds received from mortgagees if an annulment order is granted, however (2) an order may be granted on terms that it shall not take effect until condition that the Official Receiver has notified the court that the debts etc have been paid is satisfied. *Peri v Engel* [2002] EWHC 799 (Ch); [2002] BPIR 961, ref’d to. (See *Civil Procedure 2008* Vol.1 para.40.7.1.)



- **EXPANDABLE LIMITED v RUBIN** [2008] EWCA Civ 59, *The Times*, March 10, 2008, CA (Rix, Jacob and Forbes L.JJ.)

Right to inspect document—document “mentioned in” witness statement

CPR rr.31.2, 31.12, 31.14 and 31.19 [RSC Ord.24, r.11], Insolvency Act 1986 s.363. Individual (X) receiving £684k as his share in the profits of a land development. Company (C) asserting proprietary claim to the money and commencing proceedings against X. Supervisor (D) of IVA in respect of X given conflicting accounts by X of facts relevant to C’s claim. Being uncertain of merits of C’s claim, D making application under s.363 for directions and disclosing to C written communications between him and X, including communications between X and D’s solicitors (Y). X made bankrupt and issue arising as to whether he was obliged to transfer to his trustees the money to which C laid claim. In his witness statement filed in the s.363 application, D referring to letter to him from Y. C applying under r.31.14(b) for an order requiring D to allow inspection of that letter. D resisting application on grounds of privilege. Registrar dismissing application. Judge granting C permission to appeal, but dismissing appeal ([2007] EWHC 2463 (Ch), July 24, 2007, unrep.). Single lord justice giving C permission for second appeal. **Held**, dismissing appeal, (1) r.31.14 states that a party may inspect “a document mentioned in ... a witness statement”, (2) in his witness statement, D made a direct allusion to Y’s letter, (3) accordingly the letter fell within r.31.14, (4) however, the letter was a communication between solicitor and client and therefore inspection could be resisted on the ground of privilege, (5) the direct allusion to the letter in the witness statement was not an automatic or absolute waiver of the privilege. Observations on application of pre-CPR law to interpretation of r.31.14 and related provisions. *Dubai Bank Ltd v Galadari (No.2)* [1971] 1 W.L.R. 731, CA; *Vardinoyannis v Ansol Ltd*, May 31, 2001, unrep. (Blackburne J.), *Rigg v Associated Newspapers* [2003] EWHC 710 (QB); [2003] All E.R. (D) 97; (Gray J.), *Lucas v Barking Havering and Redbridge Hospitals NHS Trust* [2003] EWCA Civ 1102; [2004] 1 W.L.R. 220, CA, ref’d to. (See *Civil Procedure 2008* Vol.1 paras 31.3.2, 31.3.27 and 31.14.2, 35.10.4.)

- **GLOUCESTERSHIRE COUNTY COUNCIL v EVANS** [2008] EWCA Civ 21, 158 New L.J. 219 (2008), CA (Buxton, Dyson and Lloyd L.J.).

Conditional fee agreement—calculation of success fee

CPR r.44.3A, Courts and Legal Services Act 1990 s.58, Collective Conditional Fee Agreements Regulations 2000 art.4. Local authority (C) entering into CCFA with solicitors (S). Agreement (1) fixing S's "basic charges" at £145 per hour and "discounted charges" (to be charged if the client "loses") at £95, (2) defining "success fee" as the "percentage of basic charges which the legal representative adds to the basic charges if the client wins the claim", and (3) stipulating that such percentage should be 100 per cent. C succeeding in claim against defendants (D) on an undertaking. At detailed assessment D submitting that CCFA unenforceable as success fee arrangements not compliant with s.58 because they in effect exceeded the 100 per cent maximum permitted by s.58(4)(c). In particular, D contending (1) that it is to the costs that S risked that the success fee of April 7, £145 per hour (100 per cent of £145) is to be applied, (2) it followed that, as S were at risk to the extent of £50 per hour in the event of C losing (£145–£95), they stood to be rewarded with a success fee of 290 per cent in the event of success (145/50 x 100). Deputy costs judge rejecting D's submission. **Held**, dismissing D's appeal, (1) s.58(2)(b) is not happily drafted and is to be interpreted as if it reads as follows: "a conditional fee agreement provides for a success fee if it [the CFA] provides for the amount of any fees to which it [the CFA] applies to be increased, in specified circumstances, above the amount which would be payable if it [the amount of fees to which the success fee is applied] were not payable only in specified circumstances", (2) the concept of "costs at risk" does not find expression in s.58(2)(b) and it forms no part of the definition of a CFA which provides for a success fee, (3) in this case, the CFA provided for a success fee within the meaning of s.58(2)(b) because it provided for the basic charges of £145 per hour to be increased in the event of a win and the percentage increase agreed did not exceed 100 per cent. (See *Civil Procedure 2008* Vol.2 para.7A-40, 7A-62, 7A-67 and 9B-138+.)

- **HUTCHINSON 3G UK LIMITED v O2 (UK) LIMITED** [2008] EWHC 50 (Comm), January 18, 2008, unrep. (David Steel J.)

Pre-action disclosure of documents

CPR r.31.16, Supreme Court Act 1981 s.33, Competition Act 1998 ss.2 and 18, EU Treaty Arts. 81 and 82. Company (A) contending that other companies (R) abusing their dominant position and engaging in conduct amounting to breaches of s.2 and s.18. A requesting documents from R in letter before action made pursuant to relevant pre-action protocol. After R's refusal of this request, A making application under r.31.16 and s.33 for order for pre-action disclosure. **Held**, dismissing application, (1) the court may make an order under r.31.16 only where, if the proceedings had started, the respondent's duty by way of standard disclosure would extend to the documents and classes of documents of which the applicant seeks disclosure (r.31.16(3)(c)), (2) it is inappropriate (a) for an applicant to obtain pre-action disclosure of documents which would not in due course be subject to standard disclosure by calling for classes or categories of documents in which some documents would be disclosable, and (b) to request a respondent to identify what documents are within the scope of standard disclosure, (3) the applicant is required (a) to identify correctly what documents in due course will be relied upon by the respondents (or will adversely affect the respondent's case) on the basis of the allegations that may well be made when the case is pleaded, and (b) to show that it is more probable than not (and not merely "likely", cf. r.31.17) that the documents are within the scope of the standard disclosure in regard to the issues that are likely to arise, (4) in this case, A's application fell well short of the jurisdictional threshold on standard disclosure, (5) further, disclosure was not "desirable" within one or more of the respects specified in r.31.16(3)(d). Rule 31.16 and r.31.17 compared. *Wakefield v Outhwaite* [1990] 2 Lloyd's Rep. 157; *Black v Sumitomo Corporation* [2001] EWCA Civ 1819; [2002] 1 W.L.R. 1562, CA; *Three Rivers District Council v Bank of England (No.4)* [2002] EWCA Civ 1182; [2003] 1 W.L.R. 210, CA; *Total E & P Sudan SA v Edmonds* [2007] EWCA Civ 50; [2007] C.P. Rep. 20, CA ref'd to. (See *Civil Procedure 2008* Vol.1 para.31.16.4, C1A-012, and Vol.2 para.9A-113.)

- **LOBSTER GROUP LIMITED v HEIDELBERG GRAPHIC EQUIPMENT LIMITED** [2008] EWHC 413 (TCC), March 6, 2008, unrep. (Coulson J.)

Security for costs order—whether costs of pre-action mediation to be included

CPR Pt 25, Sect. II, Companies Act 1985 s.726(1), Supreme Court Act 1981 s.51, Practice Direction (Costs) para.4.6(8). In January 2005, printing company (C) engaging in mediation with providers of machinery (D) in effort to settle dispute between them. Under mediation procedure, each party agreeing to bear their own costs. Parties failing to resolve dispute by these means. Subsequently, on July 13, 2006, C going into liquidation and, on May 25, 2007, commencing claim in TCC against D. On February 18, 2008, D applying for order for security for their costs. Judge considering this application at first CMC on March 6, 2008. Timetable anticipating exchange of witness statements in May 2008 and trial

at end of that year. **Held**, granting application, (1) C should provide security in the sum of £70,000 for D's costs incurred from the commencement of proceedings to exchange of witness statements, (2) although, in certain circumstances, costs incurred by a party prior to commencement of proceedings can be recovered as costs (e.g. costs incurred in complying with a pre-action protocol), however (3) costs of a pre-action mediation are not "costs of an incidental to the proceedings" within s.51, and (4) therefore, the security for costs order should not allow for D's costs incurred in the mediation. **McGlenn v Waltham Contractors Ltd** [2005] EWHC 1419 (TCC); [2005] 3 All E.R. 1126, ref'd to. (See **Civil Procedure 2008** Vol.1 paras 25.12.7, 25.13.3, 42.2.6, 43PD.4, 44.3.5, and Vol.2 para.9A-199.)

- **OLAFSSON v GISSURARSON** [2008] EWCA Civ 152, March 3, 2008, CA, unrep. (Sir Anthony Clarke M.R., Dyson and Jacob L.JJ.)

Defective service of claim form—dispensing with service

CPR rr.1.1, 6.9, 6.19, 6.24, 6.26, Form PF 7. In bringing claim for defamation against academic (D), businessman (C) issuing claim form for service out of the jurisdiction. Claim form served on D in Iceland (a party to the Lugano Convention, but not to the Hague Convention) by British Embassy official. On ground that method of service was not one permitted by law of Iceland (r.6.24(1)(a)), in particular because the official had failed to obtain from him a signed receipt on a court form for the papers served (being papers which D accepted he had received), D making application (after expiry of limitation period) under r.13.2 to set aside default judgment entered against him. Judge granting application ([2006] EWHC 3162 (Comm); [2007] 1 All E.R. 88), and, in doing so, holding that the defect in the service was not an error of procedure within the scope of r.3.10 which could be rendered valid by the retrospective exercise of the court's powers under that rule. However, subsequently, judge granting C's application for order under r.6.9 dispensing with service of the claim form ([2006] EWHC 3214 (QB); [2007] 1 Lloyd's Rep. 188). **Held**, dismissing D's appeal, (1) the court's power to dispense with service retrospectively under r.6.9 should be limited to truly exceptional cases, (2) there is no reason why the general principles identified in the domestic law cases on r.6.9 should not be applied to the exercise of the court's discretion to dispense with service under that rule, whether the purported service is invalid in England or elsewhere, (3) this was a truly exceptional case, (4) C made an ineffective attempt within the relevant time limits to serve a claim form by a method allowed by the rules, (5) unfortunately, no one noticed that the method of service adopted by the FCO was not one of the methods requested by C's solicitors in Form PF7, and it did not occur to anyone that the method adopted was not good service under Icelandic law, (6) it was understandable for C and his solicitors to think that the claim form had indeed been served in accordance with Icelandic law, even though it had not, (7) from the claim form, D knew precisely what the claim was, (8) in these circumstances, it would be unjust and contrary to the principle of the overriding objective that cases should be determined justly, to deny C relief under r.6.9. **Anderton v Clwyd County Council (No.2)** [2002] EWCA Civ 933; [2002] 1 W.L.R. 3174, CA; **Cranfield v Bridgegrove Ltd** [2003] EWCA Civ 656; [2003] 1 W.L.R. 2441, CA; **Phillips v Nussberger** [2008] UKHL 1; [2008] 1 W.L.R. HL (See **Civil Procedure 2008** Vol.1 paras 6.9.1, 6.19.2 and 6.24.7 and Vol.2 para.11-6.)

- **ORANGE PERSONAL COMMUNICATIONS SERVICES Ltd v HOARE LEA** [2008] EWHC 223 (TCC), February 12, 2008, unrep. (Akenhead J.)

Stay of proceedings pending compliance with pre-action protocol

CPR rr.1.1 and 3.1(2)(f), Practice Direction (Protocols) para.2, Pre-Action Protocol—Construction and Engineering Disputes, paras 1.3, 1.4, 1.5, 2 and 6, Technology and Construction Court Guide para.2.6.1. Owners of building (C) retaining company (D1) to provide professional services in relation to the fitting out of the premises, including the design of the air conditioning system. C also engaging contractors (X) to carry out, and project managers (D2) to oversee, these works. X sub-contracting the installation of the air conditioning system to another company (Y) under an agreement that provided direct warranties between Y and C. After works completed, as a result of a failure in the system, C's premises flooded. C commencing two sets of proceedings for damages. In the first, commenced in October 2006, C suing X and Y contending that system installed negligently. In these proceedings (1) X and Y defending, saying that damage had been caused by negligent design of system by C or its agent, (2) X and Y exchanging Pt 20 proceedings against each other, and (3) Y bringing Pt 20 claim against D2. In May 2007, judge giving procedural directions (including directions for ADR) and, in November 2007, revising these directions to provide for ADR in mid-April 2008, and fixing date in October 2008 for trial. In the second set of proceedings, commenced in August 2007, shortly before expiry of limitation period (but claim form not served until December 2007), C suing D1 and D2. Claim against D2 stayed for arbitration. As pleaded, C's claim against D1 contingent upon failures put forward by X or Y in the other proceedings being established. On December 21, 2007, C applying for order that both sets of proceedings be consolidated, or at least, tried together. On January 3, 2008, D1 applying for order that second set of proceedings be stayed on ground that C had not complied with the relevant Pre-Action Protocol. **Held**, dismissing D1's application, (1) the two claims were intimately connected and should be tried together, as it would be unfortunate if they had to be tried separately with the extra costs and risk

of inconsistent factual findings, (2) a stay of the second proceedings would inevitably delay the joint trial of both claims well beyond October 28, (3) a timetable for the second proceedings could be devised which would secure trial of both claims on that date, (4) whilst the normal rule had to be that parties to litigation should comply with Pre-Action Protocol requirements, ultimately the court had to look at non-compliances in a pragmatic and commercially realistic way, (5) the court should avoid the slavish application of individual rules, practice directions and Pre-Action Protocols if such application undermines the overriding objective, (6) at this stage of the two sets of proceedings, compliance with those requirements for the handling of the second would not be sufficiently productive to justify a stay, or more productive than if no stay were granted. ***Daejan Investments Ltd v West Park Club*** [2003] EWHC 2872 (TCC); [2004] B.L.R. 223; ***Alfred McAlpine Capital Projects v SIAC Construction (UK) Ltd*** [2005] EWHC 3139 (TCC); [2006] B.L.R. 139; ***Charles Church Developments Ltd v Stent Foundations Ltd*** [2007] EWHC 855 (TCC). (See ***Civil Procedure 2008*** Vol.1 paras 3.1.7, C1-002, C5-003, C5-004, C5-004.1, C5-005 and C5-012, and Vol.2 paras 2C-49, 9A-178 and 11-6.)

■ **PALMER v PALMER** [2008] EWCA Civ 46, February 6, 2008, CA, unrep. (Pill, Sedley and Rimer L.JJ.)
Costs liability of non-party—whether insurers funding unsuccessful defence liable

CPR r.48.2, Supreme Court Act 1981 s.51. Passenger (C) bringing claim against deceased driver's estate (D1) for catastrophic personal injuries. Upon relevant third party insurers avoiding liability on grounds of non-disclosures by insured, claim defended by MIB (D2). On ground that a device manufactured by company (D3) and fitted to seat in which C was sitting in the vehicle was faulty, C joining D3 as defendant and D1 and D2 bringing additional claim against D3. Claims against D3 defended by their insurers (RSA) under product liability policy with limit of £500,000 for damages and costs. In January 2006, having concluded that D3 would be unlikely to meet a judgment for the full amount of the damages likely to be recovered by C (expected to be in excess of £2m), D1 and D2 making Pt 36 offer to D3 to settle additional claim on terms that D3 pay D2 £300,000 and bear their own costs. Solicitors appointed by RSA to defend claim on behalf of D3 rejecting offer. Common ground that if the claim against D3 succeeded, the full £500,000 available under the product liability policy would be exhausted. At trial of liability in May 2006 (by which time D3 close to insolvent), judge holding that the device was unsafe and had substantially contributed to C's injuries. Thereupon, for purpose of minimising its own potential exposure as "insurer of last resort", D2 applying for order requiring RSA to pay the costs incurred by them and by C and D1 in establishing liability of D3 (which by now had gone out of business). RSA joined as a defendant under r.48.2(1)(a). Judge (1) finding that in August 2003 RSA knew of D3's parlous financial and commercial position, and (2) granting the application, but limiting it to costs incurred by the receiving parties after September 1, 2003 ([2006] EWHC 1284 (QB)). **Held**, dismissing RSA's appeal, (1) the discretion to make a costs order against a non-party should only be exercised where, in the view of the judge, the circumstances of the case are sufficiently exceptional to warrant it, (2) it is a jurisdiction to be exercised with caution, (3) it is a jurisdiction (as RSA conceded) that may be exercised in relation to liability insurers who had funded an unsuccessful defence of a claim in circumstances in which there was a costs inclusive policy limit that would be exceeded by the award of damages and costs, (4) on the evidence, the judge was entitled to conclude (a) that D3 had no commercial interest in pursuing its defence and that its interests would have been best served by settlement, and (b) that the defence of the claim was funded, controlled and directed by RSA on the basis that the only real interest being protected was RSA's. ***T.G.A. Chapman Ltd v Christopher*** [1998] 1 W.L.R. 12, CA; ***Cormack v The Excess Insurance Company Limited*** [2000] Lloyd's Rep. P.N. 459, CA, ref'd to. (See ***Civil Procedure 2008*** Vol.1 para.48.2.1, and Vol.2 para.9A-199.)

■ **PR RECORDS Ltd v VINYL 2000 Ltd** [2008] EWHC 192 (Ch), January 15, 2008, unrep. (Morgan J.)
Costs liability of non-party—relevant factors

CPR r.48.2, Supreme Court Act 1981 s.51(3). Company (C) bringing an action against another company (D1) and an individual (D2). Defendants counterclaiming. C bringing another related action against D1 and her husband (H). D2 and H holding shares in, and being directors of, D1. C succeeding in both actions when tried together in December 2003. In July 2007, High Court judge granting C's application to have H joined as a party to the former action for the purposes of making a non-party costs order against him ([2007] EWHC 1721 (Ch), see *CP News* Issue 09/2007). On hearing as to whether such an order should be made, **held**, (1) decisions made on behalf of D1 were made by D2 and H, but predominantly by H, (2) H stood to benefit from the successful defence of the action, (3) the funding of the defence of D1 and D2 was borne equally by D2 and H, (4) H's funding of the action caused C to incur additional costs, (5) in all the circumstances, it was just to make an order for costs against H. Observations on (a) whether causation is a necessary matter to be established, and (b) relevance to non-party's costs liability of his participation in dissipation of paying party's assets for purposes of putting them beyond reach of receiving party. ***Dymocks v Franchise Systems (NSW) Pty Ltd v Todd*** [2004] UKPC 39; [2004] 1 W.L.R. 2807, PC; ***Total Spares & Supplies Ltd v Antares SRL*** [2006] EWHC 1537 (Ch), June 27, 2006, unrep.; ***Jackson v Thakrar*** [2007] EWHC 626 (TCC); [2008] 1 All E.R. 601, ref'd to. See ***Civil Procedure 2008*** Vol.1 para.48.2.2, and Vol.2 para.9A-203.

In Detail

Transfer of order for sale application to a county court

Courts may be classified in various ways. One important distinction is that between “superior” and “inferior” courts. Superior courts (e.g. the English High Court) are courts of general, unlimited jurisdiction. The jurisdiction of an inferior court (e.g. an English county court) is likely to be special, though it may be general, but in either event it will be limited. The jurisdictional limits are normally two-fold; firstly, it may limit restricting jurisdiction to cases arising within a particular territory (a district or bailiwick), and secondly it may be limit restricting jurisdiction to claims in which the amounts at stake does not exceed a particular value.

Until not so long ago, the value limitations on the jurisdiction of the English county courts were quite severe. But in modern times, the jurisdiction of these courts has been increased enormously, notably by the Courts and Legal Services Act 1990 (implementing the recommendations of the Civil Justice Review Body (Cm 394, 1988)), to the extent that in some respects the co-ordinate jurisdiction of the two levels of court is co-terminous. Part II of the County Courts Act 1984 is entitled “Jurisdiction and Transfer of Proceedings”. The 1990 Act made significant changes to this Part. Amongst other things, it reduced the significance and application of “the county court limit”, which was, and to an extent remains, the statutory device by which the general jurisdiction of county courts is limited to claims where the value of what is at stake does not exceed a particular financial limit. The interpretation section of the 1984 Act s.147 explains that the expression “the county court limit” means the limit fixed from time to time by order in Council. The current limit (as fixed in 1981) is £30,000.

In addition, the 1990 reforms very much increased the extent to which cases could be transferred from the High Court to a county court. In this respect, the key statutory provision is the County Courts Act 1984 s.40. That section states that, where the High Court is satisfied that any proceedings before it are required by certain provisions to be in a county court it shall order them to be transferred accordingly (s.40(1)), and further states that, subject to any such provisions “the High Court may order the transfer of any proceedings before it to a county court” (s.40(2)). CPR r.30.3 sets out the matters to which the High Court must have regard when considering whether to make an order under s.40(2).

Section 40, and other provisions related to it, including those to which “the county court limit” still applies, fell for consideration in the recent case of *National Westminster Bank Plc v King* [2008] EWHC 280 (Ch), February 20, 2008, unrep.

This was a case in which a bank (C) entered judgment in default for £38,447.69 against the defendant (D) on a claim issued in the Northampton County Court. Later on a final charging order was made by the Portsmouth County Court against a freehold property of which D was the sole registered proprietor. The charging order secured the sum of £39,256 then owing under the judgment, together with any further interest becoming due and a sum for costs.

C decided to enforce the charging order by applying to the court for an order for the sale of the property. CPR r.73.10 recites that a claim for an order for sale should be made to the court which made the charging order “unless the court does not have jurisdiction to make an order for sale”. In this case, to which court should C apply? The answer to that was, not to the county court in which the charging order had been made, but to the High Court. This follows, not from r.73.10, but from the fact that a county court’s jurisdiction to entertain such an application is based on s.23(c) of the 1984 Act (Equity jurisdiction) and that provision in terms restricts the court’s jurisdiction to applications in which the amount owing “does not exceed the county court limit”. (To some extent, s.23(c) is duplicated by the High Court and County Courts Jurisdiction Order 1991 art.2(4).) The position is that while the county courts have a broad, and often exclusive, jurisdiction to make charging orders, their original jurisdiction to enforce such orders is restricted to cases where the relevant debt does not exceed £30,000 (unless the parties agree in writing otherwise, see s.24) (see commentary in the *White Book* Vol.1 para.73.10.1).

Accordingly, in this case, as the amount owing exceeded £30,000, C launched their enforcement proceedings by a Pt 8 claim form issued in the Chancery Division of the High Court. A Chancery Master, acting on his own initiative, and on the basis that the proceedings came within s.40(2), considered the criteria stated in r.30.3, and transferred the case to the Portsmouth County Court. In doing so, the Master acted in accordance with normal Chancery practice. Subsequently, in the Portsmouth County Court, with encouragement from the district judge C submitted that by reason of s.23(c) the Master had no discretion to transfer the proceedings. The district judge accepted this submission and ordered that the case be transferred back to the High Court in London. An order was subsequently made for a directions hearing before a High Court judge.

At the hearing David Richards J. said (para.23) the concern of the district judge in this case could readily be appreciated. The limits on a county court's jurisdiction are set by or pursuant to statute. Can an order of the High Court, exercising a statutory power of transfer, confer jurisdiction which the county court does not otherwise possess? It is arguable that the power of transfer must be subject to the implicit limitation that the transferee court has jurisdiction to hear the case. After a detailed analysis of the relevant statutory provisions in their historical context, in which care was taken to distinguish the development of provisions conferring jurisdiction on county courts from those conferring powers on the High Court to transfer proceedings to a county court, his lordship held that the Chancery Master had power to make the order for transfer and that, as a result, the Portsmouth County Court had jurisdiction to hear and determine it. His lordship explained that, before the 1990 Act and the 1991 Order came into effect, the statutory power of the High Court to transfer cases to a county court was not restricted by monetary limits on the jurisdiction of county courts and expressed the opinion that, given the policy consideration underlying that legislation, "it would seem in the highest degree unlikely that there was any intention to reduce the High Court's power of transfer" (para.29). In effect, in cases such as this, jurisdiction is conferred on a county court by the High Court order transferring the proceedings. In considering whether a case should be transferred the High Court is required to have regard to the matters listed in s.40(4) and in CPR r.30.3(2). The fact that the Court is required to consider those matters helps to ensure that jurisdiction is not routinely conferred on county courts by transfer in cases where such courts would lack original jurisdiction.

Annulment of bankruptcy order

Section 282(1) of the Insolvency Act 1986 states that the court may annul a bankruptcy order if it at any time appears to the court (a) that, on any grounds existing at the time the order was made, the order ought not to have been made, or (b) that, to the extent required by the rules, the bankruptcy debts and the expenses of the bankruptcy have all, since the making of the order, "been either paid or secured for" to the satisfaction of the court. In terms, r.6.211 of the Insolvency Rules "applies with regard to the matters which must, in an application under section 282(1)(b), be proved to the satisfaction of the court". Paragraph (2) of this rule amplifies the phrase "been either paid" (in s.282(1)(b)) by stating that "all bankruptcy debts which have been proved must have been paid in full". And para.(3) amplifies "secured for" by making express provisions for what has to be proved in the circumstances where a debt is disputed, or a creditor who has proved can no longer be traced.

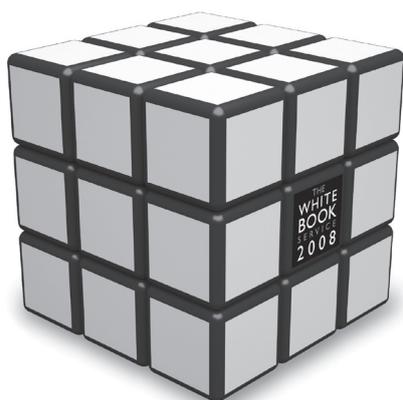
In the recent case of *Halabi v Camden London Borough Council* [2008] EWHC 322 (Ch), *The Times* March 25, 2008, a Deputy High Court Judge (Mr John Jarvis QC) noted that there are now a large number of cases coming before the courts where orders for annulment are sought. Many of them date back to bankruptcy orders made some years ago. Because of the phenomenal rise in the value of residential property in the last 10 years, many estates are now solvent estates and (in a given case) if the property, the subject of the estate were to be sold, there would be sufficient to pay off the debtors. Applications for annulments by bankrupts finding themselves in the happy position of being able to exploit the increased equity in their properties for the purpose of paying off their creditors are not straight-forward. In particular, there is the practical problem of ensuring that, before any order is made, the creditors are paid.

It was explained to the judge that, in many county courts, the following practice has been followed. The solicitor acting for the mortgagee (or potential mortgagee) enters into correspondence with the trustee in bankruptcy to agree the amounts required to pay the bankruptcy debts and expenses in full and a mortgage advance is provided to the bankrupt's solicitors, on the undertaking that the solicitor for the bankrupt will hold the funds in its client account and will not release them until the annulment order has been made by the court. After the funds have arrived in the solicitor's client account an undertaking is made to the court confirming that once the annulment order is made the funds will be released to pay the expenses and debts in full. (If the order is not made then the funds will be returned to the lender.)

The deputy judge held that, in his judgment, the court had no jurisdiction to grant an annulment order on this basis. He said: "It seems to me that the wording of s.282 is very clear that, in order for the court to exercise its discretion to order annulment, the bankruptcy debts and expenses of the bankruptcy must have been paid." The offering of security by way of an undertaking would not amount to payment.

The deputy judge acknowledged that, in the particular case before him, it would be unfortunate if there were no means by which annulment could be achieved. In the circumstances, it would be right that an annulment should be made if the debts could be treated as paid and the practical problem avoided. The deputy judge held that a solution could be found in a dictum of Ferris J. in *Peri v Engel* [2002] EWHC 799 (Ch); [2002] BPIR 961, and in CPR r.40.7 (When judgment or order takes effect). Paragraph 1 of r.40.7 states that the court, in making an order, may specify that it shall not take effect until a later date. Accordingly, a court could grant an application to annul a bankruptcy order, but suspend its operation until specified conditions are specified. The conditions which the court will normally require to be satisfied will be that the Official Receiver has notified the court that the debts in the sums specified in the order have been paid together with the costs and that there is security if necessary in relation to any other unproven sums.

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