In the name of
His Highness Sheikh Mohamed bin Zayed Al Nahyan
President of the United Arab Emirates/ Ruler of the Emirate of Abu Dhabi

COURT OF FIRST INSTANCE
COMMERCIAL AND CIVIL DIVISION
BETWEEN

ARABYADS HOLDING LIMITED
Claimant

and

GULREZ ALAM MARGHOOB ALAM
Defendant

JUDGMENT OF JUSTICE PAUL HEATH KC

Neutral Citation:	[2025] ADGMCFI 0032
Before:	Justice Paul Heath KC
Decision Date:	18 December 2025
Decision:	1. In relation to the Claimant's Wasted Costs Application, MIO Legal Consultants LLP shall pay the Claimant its costs in the sum of AED 282,508 which have been summarily assessed on the indemnity basis. 2. In relation to the Transfer Costs Application, the Joinder Costs Application and the Counterclaim Costs Application, the Defendant shall pay the Claimant its costs in the sum of AED 245,000 which have been summarily assessed on the standard basis. 3. In relation to the Defence Costs Application and the Defendant's Wasted Costs Application, those applications be dismissed and there be no order as to costs on those applications.
Hearing Dates:	3 July 2025 and11 September 2025
Date of Orders:	18 December 2025
Catchwords:	Whether wasted costs order should be made against lawyers. Obligations on lawyers undertaking research using artificial intelligence. Duty to verify results of research. Whether costs thrown away to be assessed on indemnity or standard costs.
Legislation Cited:	ADGM Application of English Law Regulations 2015 ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015 ADGM Court Rules of Conduct 2016 ADGM Court Procedure Rules 2016 Magesh & Ors Hallucination-Free? Assessing the Reliability of Leading AI Legal Research Tools, Journal of Empirical Legal Studies, 2025
Cases Cited:	Skelmore Hospitality Group Ltd v Rosewood Hotel Abu Dhabi LLC [2019] ADGMCA 0001 Mingquo v Sadeghnia [2024] ADGMCFI 0005 Harley v McDonald [2002] 1 NZLR 1 (PC) Myers v Elman [1940] AC 282 (HL)

	R (On the Application of Ayinde) v London Borough of Haringey [2025] EWHC 1383 (Admin) R (On the Application of Ayinde) v London Borough of Haringey [2025] EWHC 1040 (Admin) Ko v Li [2025] ONSC 2766 Turcon v Assaf [2025] ADGMCFI 0002
Case Number:	ADGMCFI-2025-165
Parties and representation:	Mr Sajid Suleman of Counsel for the Claimant (instructed by Mr Ahmed Tony of Matouk Bassiouny) Mr Max Marenbon of Counsel (3 July 2025 hearing) and Mr Amr Bajamal of NHB Legal (11 September 2025 hearing) for the Defendant Ms Silsy Samuel and Mr Karim Yassine for MIO Legal Consultants LLP

JUDGMENT

The applications

1. On 11 September 2025, I heard six inter-related applications for costs (the "**Costs Applications**")[1] arising out of orders made following a hearing on 3 July 2025. Ordinarily, such matters would be addressed summarily without the need for a publicly available reasoned judgment. However, in this case, an important question of both principle and practice arises: In what circumstances should legal representatives of a party (in this case, MIO Legal Consultants LLP ("**MIO**")) be held liable to pay wasted costs arising out of the inappropriate use of artificial intelligence ("**AI**") in the preparation of Court documents?

2. I heard from counsel (including representatives of MIO) on 11 September 2025 on all of the Costs Applications. I reserved my decision. I deal with all Costs Applications in this single judgment.

Background

3. Arabyads Holding Ltd ("**Arabyads**") is a private company incorporated under the laws of the Abu Dhabi Global Market ("**ADGM**"). Mr Gulrez Marghoob Alam ("**Mr Alam**") was an employee of Arabyads' subsidiary company, Arabyads FZ LLC, ("**Arabyads FZ**"). Mr Alam entered into a Grant Agreement (the "**Grant Agreement**") to which Arabyads was a party, which incorporated an Employee Share Option Plan (the "**ESOP Plan**"). The ESOP Plan was designed "*to incentivise employees to acquire a proprietary interest in [Arabyads'] growth and performance*".

[1] See paragraphs 12 and 13 below.

4. Mr Alam is alleged to have breached the terms of the ESOP Plan and Grant Agreement. Arabyads, on 18 April 2025, issued this Claim against Mr Alam, seeking relief for breach of contract. Apart from monetary damages, Arabyads seeks declarations that Mr Alam is a "*Bad Leaver*",[2] that certain vested restricted shares have expired and an order for specific performance compelling him to transfer certain shares to Arabyads pursuant to a call option. Mr Alam estimates that, including additional vested tranches by April 2024, the "*total equity value*" of the claim exceeds USD 11.2 million.

5. Following service of the Claim upon him on 29 April 2025, Mr Alam instructed MIO to act as his legal representative. MIO filed:

   a. On 21 May 2025, an application to transfer the Claim to the Employment Division of this Court (the "**Transfer Application**");

   b. On 3 June 2025, a Defence; and

   c. On 4 June 2025, an application to join Mr Alam's employer, Arabyads FZ, and an allied application to serve a Counterclaim against that company and Arabyads (the "**Joinder Application**").

6. On 17 June 2025, Arabyads filed an application seeking an "unless" order requiring Mr Alam to replead his Defence (the "**Defence Application**"). That application was directed to the prolix nature of the Defence. It was extraordinarily lengthy. The narrative alone ran to some 327 paragraphs (47 pages) compared with the 58 paragraphs contained in the Claim; with exhibits added the total length was 233 pages.

7. Arabyads' position is that, due to the inappropriate use of AI, the Defence prepared by MIO "*contained numerous false legal authorities and was prepared in a way that strongly suggests the improper use of [AI] tools, contrary to professional standards and MIO's duties to the Court and the parties*". Unsurprisingly, counsel for Arabyads have complained about the amount of time that they needed to spend (and the consequential cost to their client) in reviewing a Defence of that nature and searching for authorities cited in the Defence, some of which did not exist. Arabyads seeks indemnity costs against MIO and Mr Alam on a joint and several basis in respect of the Defence Application.[3]

8. The Transfer, Joinder and Defence Applications were all set down for a contested hearing at 10.00 am on 3 July 2025. At 5.52 pm on 2 July 2025, Mr Alam filed a "Notice of Change of Representation", indicating that he would act in person, thereby ending MIO's role as his legal representative. At 7.59 am on 3 July 2025, Mr Alam personally sent an email to the Registry by which he advised that he intended to: (i) replead the Defence; and (in effect) (ii) withdraw both the Joinder Application and the Transfer Application.

9. Mr Alam instructed London counsel, Mr Max Marenbon, for the purpose of the 3 July 2025 hearing. Mr Marenbon confirmed that both the Transfer and Joinder Applications were

[2] Such a designation triggers an ability for Arabyads to claim back rights attaching to certain shares held by Mr Alam.
[3] See paragraph 12.a below.

withdrawn. In consequence, they were dismissed. While I did not make an "unless" order, I granted the Defence Application, on terms and to the extent that further time was given for Mr Alam to file and serve an Amended Defence and any Counterclaim. I directed that the Amended Defence and any Counterclaim were to be filed and served by 4.00 pm on 28 July 2025.

10. While an Amended Defence was filed on the due date, a Counterclaim was not. While Mr Alam did take some steps to submit a Counterclaim, it was not filed by the Registry due to non-payment of the filing fee and the Counterclaim was in any event subsequently withdrawn by the Defendant not having been filed. Nevertheless, the unfiled Counterclaim was made available to Arabyads at the same time that it had been submitted for filing. Counsel for Arabyads spent time reviewing the Counterclaim before it became clear that it was not to be pursued. Arabyads seeks payment of those costs against Mr Alam only.

11. After Arabyads had signalled that it would make an application for indemnity costs against MIO in relation to the Defence Application, I made the following specific directions to allow MIO an opportunity to explain what had occurred:

> ***"MIO and the Defence***
>
> *7. By **4.00 pm on 10 July 2025**, MIO shall file and serve witness statement evidence that addresses the following matters in relation to the preparation of the Defence:*
>
> *a. what research was undertaken by MIO (the "**Research**") and by whom;*
>
> *b. what sources of information (the "**Sources of Information**") were relied on by MIO;*
>
> *c. what (if any) review or checks were undertaken by MIO to confirm that the Research and Sources of Information were accurate, and who carried out the review or checks;*
>
> *d. MIO's response to paragraph 23 of the Claimant's Skeleton;*
>
> *e. MIO's response to paragraph 29 of the Claimant's Skeleton; and*
>
> *f. any other matter that MIO wishes to address in the Defence Section of the Claimant's Skeleton that is not dealt with under sub-paragraphs (d) and (e) above."*

The Costs Applications

12. Arabyads seeks costs on the following basis:

a. In respect of the Defence Application, orders that:

i. Mr Alam pay the costs of the Defence Application (the "**Defence Costs**") on an indemnity basis (the "**Defence Costs Application**"); and

ii. MIO pay the wasted costs of the Defence Application on an indemnity basis, with any such order being made on a joint and several basis to any order made against Mr Alam, together with its costs on an indemnity basis of preparing the wasted costs application and appearing at the hearing on that application (the "**Arabyads' Wasted Costs Application**").

b. Mr Alam pay costs on the withdrawn Transfer Application on an indemnity basis (the "**Transfer Costs Application**").

c. Mr Alam pay costs on the withdrawn Joinder Application on an indemnity basis (the "**Joinder Costs Application**").

d. Mr Alam pay costs in relation to the intended Counterclaim on an indemnity basis which, while made available to Arabyads was not, ultimately, filed (the "**Counterclaim Costs Application**").

13. On 3 July 2025, I ordered that costs thrown away of the Transfer Application, the Joinder Application and the Defence Application be to Arabyads and invited submissions on whether those costs should be assessed on an indemnity or standard basis and whether Mr Alam wished to make an application that MIO meet the whole or any part of any wasted costs ordered. In his response filed on 14 July 2025, Mr Alam accepted that "*costs of the Defence Application ought to be allowed on an indemnity basis*". Mr Alam filed a wasted costs application on 5 August 2025 and at the 11 September 2025 hearing, he took the position that MIO was responsible for any defects in the Defence and ought to be solely liable for any wasted costs ordered in favour of Arabyads on the Defence Application. Mr Alam also claims costs against MIO to recover fees that he has paid to that firm and which he says should be refunded to him. I treat Mr Alam's position as one in which he seeks wasted costs against MIO in that regard ("**Mr Alam's Wasted Costs Application**").

14. In his response, Mr Alam invited the Court to "*order the costs of the Transfer and Joinder Applications be paid on the standard basis*." There is therefore a dispute between the parties as to the basis on which (standard or indemnity) Arabyads' costs of the Transfer and Joinder Applications should be assessed. Arabyads seeks its costs of and incidental to the Counterclaim Costs Application on an indemnity basis. Mr Alam denies any liability towards Arabyads' costs of that application.

15. MIO faces two wasted costs applications in relation to the Defence Application: the Arabyads' Wasted Costs Application and Mr Alam's Wasted Costs Application (together, the "**Wasted Costs Applications**"). On 3 July 2025, I ordered that MIO file witness statement evidence in relation to certain matters relating to the preparation of the

Defence.[4] On 10 July 2025, MIO filed a witness statement from Ms Silsy Samuel ("**Ms Samuel**") in response. MIO has also filed written submissions in response to the Wasted Costs Applications on 18 August 2025 and 8 September 2025. MIO's position on the Wasted Costs Applications is dealt with in more detail below, but in short MIO (while accepting that certain errors were made in preparing the Defence) denies any liability in relation to the Wasted Costs Applications.

16. At the hearing of the Costs Application on 11 September 2025, Mr Sajid Suleman ("**Mr Suleman**") appeared for Arabyads. Mr Amr Bajamal, who had been instructed following the 3 July 2025 hearing, appeared for Mr Alam. Both Ms Samuel and Mr Karim Yassine ("**Mr Yassine**") were present, on behalf of MIO. MIO had not instructed independent counsel to represent it at the hearing.

17. Arabyads claims costs totalling AED 785,581, made up as follows:

    a. On the Defence Costs Application and the Arabyads' Wasted Costs Application, Arabyads seeks indemnity costs in the following amounts:

        i. AED 241,558 on the Defence Application; and

        ii. AED 40,950 for preparing the wasted costs application itself and appearing at the hearing on that application.

    b. On the Transfer and Joinder Costs Applications, Arabyads' seeks on an indemnity basis:

        i. Transfer Application costs: AED 102,680

        ii. Joinder Application costs: AED 232,526.50

    c. On the Counterclaim Costs Application, Arabyads' seeks on an indemnity basis, costs of AED 167,866.50.

18. In relation to the Defence Costs Application, Arabyads contends that any order made against MIO and Mr Alam should be on a joint and several basis, leaving it for Mr Alam and MIO to resolve any questions of contribution as between themselves.

19. On 17 September 2025, following reservation of judgment on 11 September 2025, I made an order referring both the parties in this case and MIO (given the cost issues involved) to court-annexed mediation. The mediation was held at the end of October 2025 but did not result in either a full or partial settlement of the matters in issue.

20. On 5 November 2025, Mr Alam's solicitors sent an email to the Registry seeking leave to: (i) respond to the "Updated Statement of Counterclaim Costs" which had earlier been filed by Arabyads on 16 September 2025; and (ii) make a wasted costs application in respect of

[4] See paragraph 11 above.

the "Claimant's" (later clarified as intended to be a reference to "MIO's") conduct relating to the Joinder and Transfer Applications. On 10 November 2025, I made an order: (i) granting permission for Mr Alam to file a response to the Updated Statement of Counterclaim Costs; and (ii) refusing Mr Alam's request for permission to make a wasted costs application in relation to the Joinder and Transfer Applications. I also indicated that, following receipt of Mr Alam's response to the Updated Statement of Counterclaim Costs, I would provide a decision as soon as possible.

21. The response from Mr Alam was filed on 18 November 2025. While I would have preferred to complete this judgment earlier (I am conscious that Arabyads has been carrying the "*costs thrown away*", to use the term from my 3 July 2025 order, for some time), the application for costs against MIO (on the grounds advanced) raises a novel question under ADGM law on which a considered decision is desirable.

22. In the meantime, to minimise the prospect of any delay in determination of the Claim, trial directions have been made. The Claim has been set down for hearing over four days during the week of 22 June 2026, with one additional day in reserve.

23. I deal with the applications in the following sequence:

    a. Arabyads' Wasted Costs Application;

    b. Defence Costs Application;

    c. Mr Alam's Wasted Costs Application;

    d. Transfer and Joinder Costs Applications; and

    e. Counterclaim Costs Application.

Arabyads' Wasted Costs Application

A. *Jurisdiction and threshold*

24. The ADGM Courts have made it clear that parties who indulge in disruptive or time-wasting conduct in court proceedings "*must expect to be dealt with appropriately in any award of costs. Any disruptive or time-wasting conduct in this court is always to be deprecated*".[5] The question in this case is how the Court should respond to conduct by legal representatives that has had the effect of disrupting or delaying resolution of a court proceeding.

25. English law[6] proceeds on the basis that the Court has an inherent jurisdiction to make an order for costs against a lawyer on the basis that, as officers of the Court, lawyers owe a

[5] *Skelmore Hospitality Group Ltd v Rosewood Hotel Abu Dhabi LLC* [2019] ADGMCA 0001 at paragraph 12. See also *Mingquo v Sadeghnia* [2024] ADGMCFI 0005 at paragraph 90.
[6] Applicable (subject to any ADGM legislative overlay) for present purposes by section 1 of the ADGM Application of English Law Regulations 2015.

duty to the Court to ensure that litigation is conducted by its officers efficiently and economically.[7] There is no dispute that similar jurisdiction is exercisable by the ADGM Courts.[8]

26. In *Myers v Elman,*[9] Lord Wright of Richmond explained the jurisdiction as follows:[10]

> *"The underlying principle is that the Court has a right and a duty to supervise the conduct of its solicitors, and visit with penalties any conduct of a solicitor which is of such a nature as to tend to defeat justice in the very cause in which he is engaged professionally. ... The jurisdiction is not merely punitive but compensatory. The order is for payment of costs thrown away or lost because of the conduct complained of. It is frequently, as in this case, exercised in order to compensate the opposite party in this action."*

27. In *Harley v McDonald*,[11] the Privy Council reviewed prior English authority in the context of an appeal involving an order for costs against a barrister made by the High Court of New Zealand. Although not cited by the parties, the Privy Council's decision provides an authoritative framework for the exercise of the jurisdiction, and is not inconsistent with the submissions made by counsel in this case.

28. Giving the advice of the Privy Council, Lord Hope of Craighead articulated relevant principles to guide Judges in the exercise of their discretions. I summarise, in my own words, the points made by Lord Hope:

    a. A simple mistake or oversight, or mere error of judgment, is not of itself sufficiently serious to give rise to an order.[12] Reference was made to *Myers v Elman*,[13] in which Viscount Maugham had indicated that the test was whether the conduct amounted to a serious dereliction of duty, and that negligence could be so described if it was at a sufficiently high level. In the same case, Lord Atkin described the type of conduct that could lead to the exercise of the jurisdiction as "gross negligence".[14] A more precise definition of the level of seriousness of conduct is not appropriate. Each case will turn on its own facts and whether, as a matter of judgment, the conduct rises to the level indicated.[15]

    b. Generally speaking, the jurisdiction should only be exercised in circumstances which are apt for summary disposal by the Court. Cases in which there are likely to

---

[7] *Harley v McDonald* [2002] 1 NZLR 1 (PC) at paragraph [45].
[8] As to legislative overlay, see sections 49(6), (7) and (9) and 220 of the ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointment Regulations 2015 (set out respectively at paragraphs 36 and 30 below), rules 1,4 and 10 of the ADGM Courts Rules of Conduct 2016 (set out at paragraphs 31, 33 and 34 below), rule 203 of the ADGM Court Procedure Rules 2016 (set out at paragraph 35 below).
[9] *Myers v Elman* [1940] AC 282 (HL).
[10] Ibid, at 319.
[11] *Harley v McDonald* [2002] 1 NZLR 1 (PC).
[12] Ibid, at paragraphs [55] and [57].
[13] *Myers v Elman* [1940] AC 282 (HL), at 291-292 (Viscount Maugham).
[14] Ibid, at 304.
[15] *Harley v McDonald* [2002] 1 NZLR 1 (PC), at paragraph [55].

be genuine disputes between lawyers and their former clients are better left for resolution at a later stage,[16] after witnesses have been heard and their evidence tested by cross-examination.

c. While the Court focuses on the lawyer's obligation to it, some cases may involve serious breaches which involve allegations of professional misconduct. They might also raise the spectre of a client suing the practitioner for damages in negligence. In such circumstances, it is inappropriate for the Court to rule upon whether, in addition to a breach of duty to the Court, there has been a breach of the rules of professional conduct. This is something that would ordinarily be addressed by way of complaint to regulatory authorities.[17]

d. While leaving open the possibility that the Court may make an order for costs in favour of the client against his or her own lawyer, great care must be taken to ensure the issue involves conduct that is readily verifiable. In cases where there are disputes about the nature and extent of instructions provided to the lawyer by the client, a summary assessment would be inappropriate. Such cases ought preferably to be left to any later action for professional negligence.[18]

e. A duty rests on all officers of the Court to achieve and maintain appropriate levels of competence and care and that, if a lawyer were in "*serious dereliction of such duty*" he or she is properly amenable to the costs jurisdiction of the Court. As Lord Hope said: "*The essential point is that it is not errors of judgment that attract the exercise of the jurisdiction, but errors of a duty owed to the Court*".[19]

f. An order for costs against a lawyer is a sanction imposed by the Court. While it will provide compensation for a disadvantaged litigant, the order is also punitive in nature. Lord Hope said that: "*Although it may be expressed in terms which are compensatory, [the] purpose [of the order] is to punish the offending practitioner for a failure to fulfil his [or her] duty to the Court*".[20]

B. *Lawyers' duties under ADGM law*

29. Lawyers practising before the ADGM Courts[21] are not described as "officers" with common law duties owed to the Court. Instead, various legislative instruments identify the duties of lawyers practising in the ADGM and before its Courts and prescribe rules of conduct on the basis of which lawyers are expected to act. Lawyers become liable for sanctions (including by way of costs orders) if there are serious breaches of their duty. As I read the ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015 (the "**Courts Regulations**") and the ADGM Courts Rules of Conduct 2016 (the "**Rules**

[16] Ibid, at paragraphs [50] and [51].
[17] Ibid, at paragraph [51].
[18] Ibid, at paragraphs [53] and [54].
[19] Ibid, at paragraph [57].
[20] Ibid, at paragraph [49].
[21] See section 219 of the ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015.

of Conduct"), the common law obligations of "court officers" (as it applies under English law) have been adopted in ADGM in relation to lawyers practising before the Court.

30. Section 220 of the Courts Regulations apply to any lawyer who exercises a right of audience before the ADGM Courts or has the conduct of litigation in relation to proceedings in those Courts.[22] Section 220(2), (3) and (4) provide:

> ***"220. Duties of lawyers***
>
> ...
>
> *(2) A lawyer to whom this section applies has a duty to the Court to act with independence in the interests of justice and to comply with any rules of conduct of the Courts.*
>
> *(3) The duty under subsection (2), and any duty to comply with relevant conduct rules, override any obligations which the lawyer may have (otherwise than under the criminal law) if they are inconsistent with them.*
>
> *(4) In this section –*
>
> *(a) "approved regulator" has the meaning given in section 219(3)(a);*
>
> *(b) "lawyer" has the meaning given in section 219(3)(b);*
>
> *(c) "relevant approved regulator" is the approved regulator of the jurisdiction by which the lawyer is authorised to practice law;*
>
> *(d) "relevant conduct rules" are the conduct rules of the relevant approved regulator which relate to the lawyer's professional conduct, or to the exercise of a right of audience or the conduct of litigation."*
>
> *(Emphasis added)*

31. Obligations created by the Courts Regulations have been supplemented by the Rules of Conduct, to which section 220(4) refers. Rule 1 of the Rules of Conduct sets out their scope and objective:

[22] ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015, section 220(1).

> ***"1. Scope and Objective***
>
> *(1) The Rules of Conduct of the ADGM Courts ("Rules") apply to lawyers appearing before the ADGM Courts.*
>
> *(2) The purpose of these Rules is to assist lawyers to act ethically and in accordance with the principles set out in these Rules.*
>
> *(3) Lawyers must comply with the Rules, notwithstanding any provision to the contrary in any rules of conduct to which they are subject in any other jurisdiction in which the lawyers are duly authorised to practise law.*
>
> *(4) Failure to comply with these Rules may give rise to sanctions by the Courts in accordance with Rule 10 of these Rules."*
>
> *(Emphasis added)*

32. The Rules of Conduct identify the standards expected of lawyers when representing clients before the ADGM Courts. The fundamental duty, set out in rule 3 of the Rules of Conduct, is to uphold the rule of law and the proper administration of justice, and to "*deliver legal services competently, diligently and as promptly as reasonably possible*".[23]

33. The requirement for the competent delivery of legal services is reinforced by rule 4(4), (5) and (6) of the Rules of Conduct:

> ***"4. Duties owed to the Courts***
>
> ...
>
> *(4) Lawyers shall ensure that they are familiar with ADGM laws and ADGM Courts Regulations and Rules as may be relevant to the matter before the Courts.*
>
> *(5) Lawyers shall inform the Courts of all relevant case decisions, legal authority, legislative provisions and any procedural irregularity of which they are aware, regardless of whether the effect is favourable or unfavourable to the contention for which they argue.*
>
> *(6) Lawyers must not attempt to deceive or knowingly or recklessly mislead the Courts by making incorrect or misleading statements of fact or law to the Courts and shall take all necessary steps to correct any incorrect or misleading statement of fact or law at the earliest opportunity.*

[23] Rules of Conduct 2018, rule 3(1)(a) and (c).

....”

(Emphasis added.)

34. Rule 1(4) of the Rules of Conduct refers to the possibility of sanctions being imposed by the Courts in accordance with rule 10. Rule 10 of the Rules of Conduct provides:

> ***“10. Sanctions for breaches***
>
> *The Court may sanction a lawyer who has knowingly and intentionally breached any provision of these Rules by making an order under Rule 203 of the ADGM Court Procedure Rules.”*

35. Rule 203 of the ADGM Court Procedure Rules 2016 (the “**Court Procedure Rules**”) contains the Court’s powers to sanction a lawyer for conduct that meets the applicable threshold. Rule 203 provides:

> ***“203. The Court’s powers in relation to misconduct***
>
> *(1) The Court may make an order under this Rule where a party or that party’s legal representative, in connection with a summary or detailed assessment, fails to comply with a rule, practice direction or Court order, or it appears to the Court that the conduct of a party or that party’s legal representative, before or during the proceedings or in the assessment proceedings, was unreasonable or improper.*
>
> *(2) Where paragraph (1) applies, the Court must disallow all or part of the costs which are being assessed or order the party at fault, or that party’s legal representative, to pay costs on the indemnity basis which that party, or legal representative, has caused any other party to incur.”*
>
> *(Emphasis added)*

36. The terms of rule 203 reflect provisions in the Courts Regulations which deal generally with questions of costs. Section 49(6), (7) and (9) provides:[24]

> *“(6) In any proceedings mentioned in subsection (1), the Court may disallow, or (as the case may be) order the legal or other representatives concerned to meet, the whole of any wasted costs or such part of them as may be determined in accordance with court procedure rules.*

[24] Other relevant provisions contained in section 49 are set out at paragraph 75 below.

> *(7)* *In subsection (6) "wasted costs" means any costs incurred by a party –*
>
> *(a)* *as a result of any improper, unreasonable or negligent act or omission on the part of any legal or other representative or any employee of such representative; or*
>
> *(b)* *which, in the light of any such act or omission occurring after they were incurred, the court considers it is unreasonable to expect that party to pay.*
>
> ...
>
> *(9)* *In this section:*
>
> *(a)* *"legal or other representative", in relation to a party to proceedings, means any person exercising a right of audience or right to conduct litigation on his behalf; and*
>
> *(b)* *"approved regulator" means a body authorised to regulate the admission, licensing and conduct of lawyers in a particular jurisdiction."*

37. Read together, section 49(6), (7) and (9) of the Courts Regulations and rule 203 of the Courts Procedure Rules make it clear that the jurisdiction to award costs against a legal representative is not wholly dependent on a finding of breach of any duty owed to the Court. To that extent, the grounds on which such an order may be made could be seen as more flexible (in the sense of less stringent) than those applied under the common law.[25] I observe that section 49(6), (7) and (9) of the Courts Regulations and rule 203 of the Courts Procedure Rules are not limited to the circumstances to which rule 10 of the Rules of Conduct refer.[26] Rule 203(2) states that costs "must" be ordered on an indemnity basis when the unreasonable or improper conduct has caused another party to incur wasted costs.

C. *Lawyers' duties: AI research and wasted costs*

38. Since the use of AI legal research has become more prevalent, some empirical studies have been undertaken in an endeavour to identify the cause of some of the problems that have become evident, including "hallucinations". I refer to one of those studies, in which the authors start their analysis with the following comments:[27]

---

[25] Compare with *Harley v McDonald* [2002] 1 NZLR 1 (PC) at paragraphs [57] and [49], summarised at paragraph 28.e and f above.
[26] Set out at paragraph 34 above.
[27] *Magesh & Ors* Hallucination-Free? Assessing the Reliability of Leading AI Legal Research Tools, Journal of Empirical Legal Studies, 2025; 0:1-27 at 1-2.

> *"In the legal profession, the recent integration of large language models (LLMs) into research and writing tools presents both unprecedented opportunities and significant challenges (Kite- Jackson 2023). These systems promise to perform complex legal tasks, but their adoption remains hindered by a critical flaw: their tendency to generate incorrect or misleading information, a phenomenon generally known as "hallucination" (Dahl et al. 2024).*
>
> *As some lawyers have learned the hard way, hallucinations are not merely a theoretical concern (Weiser and Bromwich 2023). In one highly publicized case, a New York lawyer faced sanctions for citing ChatGPT-invented fictional cases in a legal brief (Weiser 2023); many similar incidents have since been documented (Weiser and Bromwich 2023). In his 2023 annual report on the judiciary, Chief Justice John Roberts specifically noted the risk of "hallucinations" as a barrier to the use of AI in legal practice (Roberts 2023)."*
>
> ...

39. Common law courts around the world have consistently responded by way of sanction to the emergence of these problems; in particular, inaccurate and (whether deliberate or not) misleading submissions made to the Court as a result of the use of inappropriate AI research. Without being exhaustive, sanctions can take the form of reference to a regulatory authority or an award both to compensate and punish[28] for the waste of time that opposing counsel has spent researching hallucinatory authorities, and to disincentivise the submission of misleading information to the Court.

40. It is important to recognise that the fault for reliance on AI "hallucinations" as factually accurate lies not with the research programme used (for example, Gemini, in the case of a Google search) but with the person responsible for conducting the search. Much depends on the specificity of the question put to the AI programme and the researcher's ability to review what has been provided in response to ensure it is both accurate and relevant; the process of verification.[29]

41. In my view, lawyers using AI tools for research purposes should start from the premise that all authorities and/or articles on a particular topic that are revealed by AI research may not necessarily be accurately summarised in the response, or indeed may not exist. That puts the onus on a legal practitioner using AI for research purposes to verify the existence of authorities on which they wish to rely and to confirm that they stand for the propositions for which they are being offered for opposing counsel's consideration, *and* the Court. Without undertaking that verification task, the lawyer runs a serious risk that the Court may be misled.

42. To illustrate the serious problems that can arise from the indiscriminate use of AI research, I refer to two decisions from the courts of England and Wales: *R (On the Application of*

[28] See paragraph 28.f above.
[29] See *R (On the Application of Ayinde) v London Borough of Haringey* [2025] EWHC 1383 (Admin) at paragraphs 7 and 8, set out at paragraph 45 below.

Ayinde) v London Borough of Haringey[30] (*Ayinde 1*) and *R (On the Application of Ayinde) v London Borough of Haringey*[31] (*Ayinde 2*). In those cases, a barrister had used AI research in a manner that contravened her obligations to the Court. *Ayinde 1* was a decision of Ritchie J, in which he made an order for wasted costs against the barrister. *Ayinde 2* was a decision of the Divisional Court exercising supervisory jurisdiction over its officers to consider whether to refer the barrister to the appropriate regulator to ascertain whether disciplinary charges should be brought.

43. Given that ADGM law operates on the basis of English common law, and the Rules of Conduct are founded on those principles, the two *Ayinde* decisions carry particular weight. The relevant considerations are spelt out fully in *Ayinde 2*.

44. In introducing the issues in *Ayinde 2*, Dame Victoria Sharp P (with whom Johnson J agreed) described the nature of the issues that the Court was considering as follows:

> *"3. The referrals arise out of the actual or suspected use by lawyers of generative artificial intelligence tools to produce written legal arguments or witness statements which are not then checked, so that false information (typically a fake citation or quotation) is put before the court. The facts of these cases raise concerns about the competence and conduct of the individual lawyers who have been referred to this court. They raise broader areas of concern however as to the adequacy of the training, supervision and regulation of those who practice before the courts, and as to the practical steps taken by those with responsibilities in those areas to ensure that lawyers who conduct litigation understand and comply with their professional and ethical responsibilities and their duties to the court.*
>
> *4. Artificial intelligence is a powerful technology. It can be a useful tool in litigation, both civil and criminal. It is used for example to assist in the* management of large disclosure exercises in the Business and Property Courts. A recent report into disclosure in cases of fraud before the criminal courts has recommended the creation of a cross-agency *protocol covering the ethical and appropriate use of artificial intelligence in the analysis and disclosure of investigative material. Artificial intelligence is likely to have a continuing and important role in the conduct of litigation in the future.*
>
> *5. This comes with an important proviso however. Artificial intelligence is a tool that carries with it risks as well as opportunities. Its use must take place therefore with an appropriate degree of oversight, and within a regulatory framework that ensures compliance with well-established professional and ethical standards if public confidence in the*

[30] *R (On the Application of Ayinde) v London Borough of Haringey* [2025] EWHC 1040 (Admin) (Ayinde 1).
[31] *R (On the Application of Ayinde) v London Borough of Haringey* [2025] EWHC 1383 (Admin) (Ayinde 2).

> *administration of justice is to be maintained. As Dias J said when referring the case of Al-Haroun to this court, the administration of justice depends upon the court being able to rely without question on the integrity of those who appear before it and on their professionalism in only making submissions which can properly be supported."*
>
> *(Footnotes omitted. Emphasis added.)*

45. Her Ladyship added:[32]

> *"7. Those who use artificial intelligence to conduct legal research notwithstanding these risks have a professional duty therefore to check the accuracy of such research by reference to authoritative sources, before using it in the course of their professional work (to advise clients or before a court, for example). Authoritative sources include the Government's database of legislation, the National Archives database of court judgments, the official Law Reports published by the Incorporated Council of Law Reporting for England and Wales and the databases of reputable legal publishers.*
>
> *8. This duty rests on lawyers who use artificial intelligence to conduct research themselves or rely on the work of others who have done so. This is no different from the responsibility of a lawyer who relies on the work of a trainee solicitor or a pupil barrister for example, or on information obtained from an internet search."*

46. Importantly, the Divisional Court went further. It emphasised the need for practical and effective measures to be used by those within the legal profession with individual leadership responsibilities. I echo those observations and adopt what was said by the Court to the effect that such "measures" must ensure that every person providing legal services within ADGM (whenever and wherever they were qualified to do so)[33] must understand and comply with their professional and ethical obligations and their duties to the Court if using artificial intelligence.[34]

47. In an Appendix to the *Ayinde 2* judgment, the Court sets out cases from a broad range of jurisdictions dealing with the misuse of AI research in Court proceedings. In many of these cases the lawyer was sanctioned. While it is unnecessary to discuss those authorities, legal representatives who read them will find that they repay study.

[32] Ibid, at paragraphs 7 and 8.
[33] ADGM Courts Rules of Conduct, rule 1(3), set out at paragraph 31 above.
[34] *R (On the Application of Ayinde) v London Borough of Haringey* [2025] EWHC 1383 (Admin), at paragraph 9.

48. *Ko v Li*,[35] a decision of the Superior Court of Justice of Ontario captures, in pithy terms and through the use of simple and direct language, the duties of a lawyer that can be breached when AI research is used inappropriately. Myers J said:[36]

> *"...*
>
> *[15] All lawyers have duties to the court, to their clients, and to the administration of justice.*
>
> *[16] It is the lawyer's duty to faithfully represent the law to the court.*
>
> *[17] It is the lawyer's duty not to fabricate case precedents and not to mis-cite cases for propositions that they do not support.*
>
> *[18] It is the lawyer's duty to use technology, conduct legal research, and prepare court documents competently.*
>
> *[19] It is the lawyer's duty to supervise staff and review material prepared for [his or] her signature.*
>
> *[20] It is the lawyer's duty to ensure human review of materials prepared by non-human technology such as generative artificial intelligence.*
>
> *[21] It should go without saying that it is the lawyer's duty to read cases before submitting them to a court as precedential authorities. At its barest minimum, it is the lawyer's duty not to submit case authorities that do not exist or that stand for the opposite of the lawyer's submission.*
>
> *[22] It is the litigation lawyer's most fundamental duty not to mislead the court."*

D. *Should MIO be ordered to pay some or all of Arabyads' wasted costs?*

49. While Ms Samuel and (it appears) Mr Yassine were engaged, on behalf of MIO, in the preparation of the Defence, it is clear that Ms Samuel had primary responsibility for the carriage of the litigation. Both Ms Samuel and Mr Yassine attended the costs hearing on 11 September 2025 and made submissions on behalf of MIO in relation to the circumstances behind the preparation of the Defence. Ms Samuels confirmed her involvement in the preparation of the Defence at the costs hearing. To whatever extent Mr Yassine may or may not have been involved, each lawyer owed duties independently to the Court under section 220(2) and (3) of the Courts Regulations.

50. For present purposes, the parties accept that the focus should be on MIO, as the legal representative engaged by Mr Alam. The evidence of Ms Samuel and observations made by

[35] *Ko v Li* [2025] ONSC 2766.
[36] Ibid, at paragraphs 15-22.

Mr Yassine during the course of the 3 July and 11 September 2025 hearings indicate that no distinction need be drawn between them when considering whether any order for costs is required to sanction their conduct. It is accepted that any order should be directed to MIO rather than the lawyers personally.

51. In his skeleton argument, Mr Suleman, for Arabyads, focussed on a number of cases which had been cited in the Defence but: (a) did not exist; (b) contained an incorrect citation; and/or (c) did not stand for the proposition for which they had been advanced.

52. Ms Samuel endeavoured to explain these problematic features of the Defence. While I accept that MIO did not intend to deliberately mislead the Court or opposing counsel, her explanations for citing fictitious cases or mis-stating the proposition for which real cases stood do not withstand scrutiny.

53. In accordance with my order of 3 July 2025,[37] Ms Samuel, on behalf of MIO, filed and served a witness statement addressing the points that I had raised. The thrust of Ms Samuel's evidence (and her answers to my questions at the 11 September 2025 hearing), was that AI tools were not used for research purposes, and that all authorities located through computerised searches were checked for accuracy. While Ms Samuel's witness statement is lengthy, it is important to set out her answers to the questions posed in my 3 July 2025 order[38] in some detail:

> "6. *The Defence* submitted on 2 June 2025 and filed on 3 June 2025 *was prepared by MIO on the basis of factual instructions and supporting documents provided exclusively by the Defendant, Mr. Gulrez Alam*. This was already confirmed in the witness statement of [Mr Alam] dated 23 June 2025. *The role of MIO was to structure and present the Defendant's position in a legally coherent and professional format, incorporating legal references and citations where relevant to support the narrative*.
>
> 7. Legal research in support of the arguments of the Defence was conducted by MIO under severe practical constraints. Research was undertaken using available legal resources including, but not limited BAILII, https://www.supremecourt.uk/cases, https://www.parliament.uk/, and articles on case judgements.
>
> ...
>
> 9. *AI tools were used exclusively for formatting, paragraph structuring, and editing*.
>
> 10. Notably, [Mr Alam] failed to pay for the legal work undertaken, despite multiple follow ups, other than nominal advance payment. As of the date of this witness statement, the remaining payment due from [Mr Alam] to

[37] Set out at paragraph 11 above.
[38] Ibid.

MIO has not been paid. *The absence of any payment from [Mr Alam] meant that MIO was compelled to allocate internal resources without external legal research support or the capacity to onboard additional consultants or staff. These limitations materially affected the depth of legal research conducted.*

11. MIO is duly authorised to act before the ADGM Courts and has previously handled matters within that jurisdiction, and has also appeared before Your Honour. Nevertheless, *given the complex factual context and anticipated legal objections, MIO repeatedly advised the Defendant to retain UK-qualified counsel/barrister or solicitor to supplement the drafting and review process*.

...

14. *The citations to the judgements included in the Defence were incorporated by MIO — and were intended to illustrate legal explanations/arguments where direct authority was not readily available to MIO. Due to the combination of non-payment, absence of external counsel, restricted resources, and tight procedural deadlines, some citations in the Defence were not verified to the standard MIO typically applies*. Judgements were read and arguments of parties to those judgements were drawn from judgements, and articles about the judgements. *Though it may be that the final judgement in any judgement does not justify the principle which MIO tried to establish, yet it is under the understanding that in some part of the judgement that principle would have been stated as arguments*. However, MIO accepts that some judgements may have been misapplied by MIO, imprecisely referenced or non binding, and we sincerely regret and apologize for any confusion or inconvenience caused to the Court as a result. **Nevertheless, for all intents and purposes, we wish to make clear that there was never any intention to mislead the Court or any party or to rely improperly on any authority**.

15. The submissions were prepared in good faith, under resource, payment and time constraints. MIO has since disengaged from the matter, and successor counsel remains free to amend or clarify the Defence as appropriate, also MIO hereby withdraws reference to such improper authority.

...

20. While the citations included were selected in good faith to provide conceptual reinforcement to the Defendant's narrative, MIO accepts that certain references may not have been properly filtered or verified. These

oversights were unintentional and stemmed from a combination of several restraints.

21. MIO expressly regrets and apologise for any misapplications and citation errors and reaffirms that it did not, at any stage, intend to mislead the Court or any party. In accordance with its duty to the Court, MIO is prepared to cooperate fully with any correction or withdrawal of references that may be deemed inapplicable, and confirms that it has taken steps internally to strengthen its pre-submission verification protocols going forward."

(Original emphasis in bold and underlining; emphasis added in italics)

54. At the 11 September 2025 hearing, I tested Ms Samuel's evidence. I set out below some extracts from my discussion with both Ms Samuel and Mr Yassine. Again, the extracts are lengthy, but I consider the content is important in understanding my decision and the reasons for it:

> **"*HIS HONOUR***: *... I've got some questions arising out of that.*
>
> *The first relates to paragraph six. And do you accept that it was part of your firm's duty to exercise its own skill and care in identifying relevant cases, reading them and ensuring they accurately stated the propositions for which they were being cited?*
>
> ***MS SAMUEL:*** *Your Honour, yes. That is as the duty of any legal representative of the law firm. It is our duty to make sure that it has to be done with skill and care, and as Your Honour rightly mentioned, with proper precision and diligence. But the constraints were there, which we have already explained to you, which made us to land into this position, which we never intended or which we never recommended or which we were never expecting to be there. (Crosstalk)*
>
> ***HIS HONOUR:*** *That's morphing into my second question, actually. So, we'll go to that and you can answer it directly.*
>
> ***MS SAMUEL:*** *Yes.*
>
> ***HIS HONOUR:*** *In the absence of being given leave to withdraw by the court, do you accept you had the obligation to do all of those things irrespective of what fees had been arranged?*
>
> ***MS SAMUEL:*** *Yes, Your Honour, we understand that. We understand that in whatever situations it had to be rushed and we apologise for that.*
>
> ***HIS HONOUR:*** *Well, the practical constraints you mentioned don't have as much force, it seems to me, in a situation where you haven't sought leave to withdraw from the court. What would be your position on that?*

...

MS SAMUEL: *Yes, the constraints, Your Honour, was not something which is normal and which is in the common parlance. It is something very exceptional because we have already mentioned very clearly, Okay, we can support in the Defence – we can prepare the Defence for the ADGM, but definitely we need a UK counsel and that was always excluded from our scope and from our fees at all times that was excluded and that is exactly why the Defendant had agreed to appoint a UK counsel, because he was well aware that this is a mandatory requirement when he appointed us. That is why he came to us. He said, this is all what we can do, the rest of the expertise has to be done by a UK counsel.*

We got the quotation, we did everything and the last moment withdrawal was a big shock for us. So, our duty at that point of time, exactly as Your Honour mentioned, we can't leave the Defendant halfway. Whatever is available with us, we submitted. He also said the same thing to us. He said, whatever you have, submit it because there is no time because withdrawal at the last moment of a UK counsel is really endangering. What will we do? We don't have the time, we just have the time which is given to us and within that time, the submissions has to be done. So, in front of us, only the Defendant and his timeline has to be completed because we are left with no resources. So, eventually, we are left to do with the Defence with basically no hands.

We told this right from the beginning. We said this that we don't have – we cannot handle this without a UK counsel. This was said from day one and if we excluded that, how come we are now put into a position where we have to do something which we were never convinced of, which we were never happy to do it without a UK counsel. This was our contention from day one. So, we are left handless. Last moment, I can't leave my client halfway through. He has a submission; he has a due thing. So, as a responsible legal representative, I have to do the submission. So, if I have to do the submission, submit with what I have so that he doesn't lose his right of Defence. This was all with my humble submission, Your Honour. This was the only intention.

...

HIS HONOUR: *Okay. Now, in paragraph seven, you referred to "research being undertaken through available legal researchers such as BAILII". Now, what I want to know is how this is done. I know that you pull up BAILII and you put in a topic or something you want assistance on, and it gives you a list of cases. Now, when that was done, who went through and read them all to see if they're relevant?*

MS SAMUEL: *Your Honour – yes – can I kind of state my matter. Yes. Okay. Yes. I read through the judgments, went through all of it. Yes. But at the time of compilation, I know exactly what you're trying to get to, Your Honour. I read through the judgments. Okay? But when I tried to compile them, the last moment*

thing was really – I didn't really read through again to make sure that these were the correct judgments which were placed correctly. Because as I already mentioned in my witness statement, there were several judgments that was read – several judgments from BAILII and from other sources. So, all these were read.

But at the time of compilation, on account of the severe constraint that has happened, we didn't get a chance to completely go through it and make sure that this was placed rightly, or this was written rightly, or completely, as you can see the citations, the doctrine that was referred to, all these were properly mentioned there, could not be rechecked because of the constraints.

...

HIS HONOUR: *What I'm exploring is what you did in the context of whether it was reasonable on a Wasted Costs Application and it seems to me, I struggle with the proposition you just put up, which is your job is to look at the facts, not the law. You are the lawyers.*

MR YASSINE: *We are the lawyers, but this is conditional to have a UK lawyer to support us.*

HIS HONOUR: *Well, if you weren't, you should have come to the court and asked for leave to withdraw if you didn't think you were competent to do the job. What you did was to put in a submission, which was designed for me and opposing counsel to rely upon, not intentionally doing it to mislead us, but putting it there for the purpose of us relying upon it.*

MR YASSINE: *As I said, maybe because she has some misunderstanding, she couldn't be able to apply correctly on the facts of the law. But what again, I want to stress that our main role is just to raise the facts and the Defendant has to appoint a UK lawyer in order to support us. And all the correspondence, all the emails, whatever, between – WhatsApp messages, between [Ms Samuel] and the Defendant was all about appointing a UK lawyer.*

...

HIS HONOUR: *Well, do you accept that if you put in a submission to the court, I should be able to rely on the fact that that is the case that you're referring to by way of the citation, and that it stands for the proposition that you're putting forward?*

MS SAMUEL: *Yes, I understand that, Your Honour.*

HIS HONOUR: *But do you agree that that is your role?*

MS SAMUEL: *Yes, I agree.*

HIS HONOUR: *Right. So, just to close up the topic, is MIO's position that when the cases were researched from BAILII and other sources, they were in fact read, but they were put to one side, and when it came to actually drafting the submission for the court, they were ignored.*

MS SAMUEL: *They were not ignored, Your Honour. They were taken, but you can see, like, you know, misapplication of part of the case, or the citation of the case, all these things. It has been taken, but partly taken, because there was no time, lack of resources.*

...

HIS HONOUR: *I think where I'm struggling is if you went to a resource like BAILII and put in "breach of contract UK", you would come up with thousands of cases.*

MS SAMUEL: *Your Honour, can I just explain on that? That is one way of doing BAILII research. The other thing which I was saying is when I went – because you're talking about the Google search – when we go to the Google search, if I say "breach of contract", okay? There will be articles, journals and blogs and posts of different lawyers and legal representatives talking about breach of contract under UK law, under different laws, under different jurisdictions.*

So, when they write their blogs, they quote judgments in their blogs. So, when they quote that, that particular judgment will be put into BAILII to get a full case judgment because usually in posts and blogs of these lawyers, they will not mention the full judgment. They just say the main things which they're trying to talk about in the articles. So just three lines or four lines, that's not enough for putting into a pleading.

So, I need to read the full judgment. So, since I need to read the full judgment, I take that citation, put it into the required websites which can give me the full judgments, put it into them and try to get a full judgment. And this has been the practice that has been going on for several judgments. But the products that came out could not justify all what I have done. This is the thing that I would like to submit to you. Although these researches and all these things has been done and it was really done, but the product that came out could not justify. We know that clearly.

HIS HONOUR: *Well, yes, I mean, I've now used BAILII a lot myself and I'm sure Mr Suleman and other lawyers here have as well. It's the – you know, it's one of the key tools that are used. But if you – if you plug in something that is quite generic, it's no help whatsoever.*

MS SAMUEL: *Yes.*

***HIS HONOUR**: And if you're going to – if you're going to articles from Google that probably haven't been peer reviewed and haven't been published, you don't know what you're relying upon.*

***MS SAMUEL:** True, Your Honour. Because that is exactly why we needed a counsel trust because we don't prefer going to Google and search for a blog or a post and getting the judgments, right? And, you know, from there – that could not because when it comes to the proper person, the expert in the UK, he can tell us clearly that this is correct or this is the right way. And there's a right understanding of a judgment. Again, as my colleague has mentioned, but all this was denied. So, what we have is this to search for. They have their proper resources.*

...."

(Emphasis added)

55. Mr Suleman drew my attention to a number of problematic "authorities" to which the Defence had referred. I give examples by reference to the three categories identified in Mr Suleman's critique of MIO's conduct:[39]

a. Two cases were cited (at paragraphs 236 and 313(b) of the Defence respectively) which do not exist. These were "*Allied Dunbar* [1985]" and "*Johnston v Moreton* [2014] EWHC 1219 (Ch)". Ms Samuel accepts that the cases do not exist under the citations provided but contends that the intended citation of the former was "*Allied Dunbar (Frank Weisinger Ltd v Weisinger* [1988] IRLR 60") which she says addresses the enforceability of restrictive covenants in employment contracts. Ms Samuel's accepts that the name "Johnston" in the "*Johnston v Moreton"* reference was spelt inaccurately. Her position is that the citation was mistakenly attributed to the wrong case. Ms Samuel says that the real case is *"Johnson v Moreton [1980] AC 37 (HL)"*. I find it surprising (and somewhat disturbing) that a senior lawyer reading a 1980 decision of the House of Lords could then refer to it on the basis that it was one given in 2014 by the High Court of England and Wales.

b. In addition to those that were fictitious, a number of cases contained incorrect citations. Two examples are *"Halifax Life Ltd v DLA Piper LLP [2008]"* (cited at paragraph 201 of the Defence) and "*Capgemini India v Krishnan [2018] SCC OnLine Del 10990*" (cited at paragraph 240 of the Defence). Counsel for Arabyads assumed that the *"Halifax Life"* was intended to be a reference to a Scottish case reported at "[2009] CSOH 74" while Ms Samuel says that the only error was in stating the year as 2008 rather than 2009. As to the *"Capgemini"* case, Ms Samuel says that she used an Indian case citation "*inadvertently*"; the case to which she was referring can be found at "[2014] EWHC 1092 (QB)".

[39] Set out at paragraph 51 above.

c. A number of cases were cited to support propositions of law for which they did not stand. Two examples are *Caparo Industries Plc v Dickman* [1990] 2 AC 605 (cited at paragraph 319 of the Defence) and *Re Lehman Brothers International (Europe)* [2010] EWCA Civ 917 (cited at paragraph 314(b) of the Defence). Counsel for Arabyads says that neither of those cases (which address a duty of care in tort and trusts/insolvency law issues respectively) stood for the proposition advanced in the Defence. Ms Samuel states that the former was cited to illustrate a broader legal principle, namely that a party alleging loss must establish "*a clear, direct, and foreseeable causal link*" between alleged conduct and harm suffered. As for the latter, the underlying principle on which Ms Samuel says reliance was intended to be placed was that the crystalisation of legal rights in favour of a party based on pre-defined conditions – such as receipt of funds – became protected property interests. Having reviewed the Claim and the Defence, I would not have thought that it was necessary to refer to *Caparo* or *Lehman Brothers* at all.

56. The witness statement provided by Ms Samuel, the information conveyed by her and Mr Yassine at the 3 July and 11 September 2025 hearings, and conduct involving the problematic citation of authority to which I have referred[40] satisfy me that:

a. Contrary to rule 4(4) of the Rules of Conduct, MIO were not sufficiently familiar with ADGM law, namely, the common law and equitable principles developed by the English Courts which are in force in ADGM.[41]

b. While having a superficial understanding of their obligations to the Court, they did not check relevant case decisions and authorities to the standard required to comply with rule 4(5) or (6) of the Rules of Conduct.[42]

c. AI (in one form or another) was used by MIO to undertake legal research for the purposes of preparing the Defence. The issues that I have described in paragraph 55 above have all the hallmarks of the hallucinatory results that can occur when AI is used as a research tool.

d. It is disingenuous for Ms Samuel to suggest that she read all of the judgments that she obtained through her searches on Google (which itself uses AI) and BAILII when some of them did not exist. It is self-evident that one cannot read a document that does not exist. I do not accept the suggestion that incorrect citations were all accidental. For example, I cannot fathom why counsel would provide an Indian citation for an English case.[43] I find that the inaccurate citations appear to have arisen out of reckless conduct[44] as to accuracy rather than through a genuine accident.

[40] See paragraph 55 above.
[41] ADGM Application of English Laws Regulations, section 1.
[42] Set out at paragraph 33 above.
[43] See paragraph 55.b above.
[44] See rule 4(6) of the ADGM Courts Rules of Conduct 2016, set out at paragraph 33 above.

e. It is implausible that so many cases have been mis-cited or provided to support a proposition for which they do not stand without any fault on the part of the human being responsible for reviewing and verifying the results of a computerised search, and ensuring that the information on which the Court and opposing counsel are being asked to rely is correct.[45] If any attempt at verification was made, it was superficial at best.

f. Too much emphasis was placed on Mr Alam's obligation to provide information to MIO and the "constraints" under which Ms Samuel said MIO was placed by fee arrangements with Mr Alam and his alleged refusal to engage English counsel to assist.[46] While, plainly, Mr Alam was required to provide full factual information on which MIO could plead his case, he is a lay person reliant upon his lawyer to advise on the law. In the absence of a lawyer taking steps to withdraw[47] from proceedings, questions of fees or remuneration are irrelevant. The lawyer's professional duties to the Court remain intact.

g. Given (on Ms Samuel's evidence) Mr Alam's apparent reluctance to engage English counsel to assist MIO in its preparation, MIO (given Ms Samuel's evidence that they could not prepare the case adequately without the assistance of an English lawyer) ought to have taken steps to withdraw before the Defence was filed. To recapitulate, the Claim was filed on 18 April 2025 and the Defence on 3 June 2025. By that time, it must have been clear to MIO that, in the absence of assistance from an English lawyer, they were not competent to file the Defence and progress Mr Alam's case. A full month passed between the date on which the Defence was filed and the 3 July 2025 hearing.

57. In terms of the *Ko v Li*[48] summary, MIO breached all of the principles to which Myers J referred.[49]

58. The purpose of a pleading is to alert opposing counsel and the Court to the nature of the Defence and its key factual underpinnings. That was not achieved, as a result of muddled thinking and an inability to recognise the nature and purpose of MIO's obligations to the Court. The failure to take steps to withdraw when MIO believed that Mr Alam was not prepared to pay a reasonable fee or engage an English lawyer is ample evidence of MIO's confused approach to the case and its professional responsibilities. If MIO's filing of the Defence was intended to preserve or safeguard Mr Alam's interests, it is surprising that it was so lengthy and replete with inappropriate evidential and legal references.

---

[45] See also paragraph 41 above.
[46] See paragraphs 10 and 14 of Ms Samuel's witness statement of 10 July 2025 (set out at paragraph 53 above) and Ms Samuel's and Mr Yassine's answers to questions put by me at the 11 September 2025 hearing (set out at paragraph 54 above).
[47] ADGM Courts Procedure Rules, rule 192 and Practice Direction 1.35.
[48] *Ko v Li* [2025] ONSC 2766, set out at paragraph 48 above.
[49] Ibid, at paragraphs [15]-[22].

59. While I do not find MIO guilty of conduct that was intended to mislead the Court, the way in which it chose to research for and prepare the Defence was a deliberate choice. As a result, MIO filed a Defence which was both prolix and referred to authorities which either did not exist or did not stand for the proposition for which they had been cited. That conduct, in particular MIO's failure to verify whatever legal research was undertaken through AI, was, I find, reckless, and amounted to a breach of the Rules of Conduct.[50]

60. For those reasons, I am satisfied that MIO's conduct rises to the level at which an order for costs should be made against it.[51] For the purposes of rule 203 of the Court Procedure Rules, I have no doubt that the conduct was unreasonable, if not improper.[52] On application of rule 203(2) of the Court Procedure Rules, MIO *must* pay costs on an indemnity basis to Arabyads.[53]

E. *Quantum of indemnity costs*

61. As to indemnity costs, rule 199 of the Court Procedure Rules 2016 states:

> **"*199. Indemnity basis***
>
> *(1) Costs assessed on the indemnity basis are allowed only if they are reasonably incurred and reasonable in amount.*
>
> *(2) Where the amount of costs is to be assessed on the indemnity basis, the Court will resolve any doubt which it may have as to whether costs are reasonable in amount or were reasonably incurred in favour of the receiving party."*

62. Arabyads seeks indemnity costs totalling AED 282,508 in relation to the Defence Costs (AED 241,558) and the costs of and incidental to the Arabyads' Wasted Costs Application (AED 40,950). Those costs are to be assessed on an indemnity basis. Even on an indemnity basis, I must still consider whether the costs claimed "*are reasonably incurred and reasonable in amount*".[54] Any doubt as to the reasonableness of either must be resolved in favour of the party receiving the benefit of the costs award,[55] in this case, Arabyads.

63. I have reviewed the "Updated Statement of Costs" filed by Arabyads on 9 September 2025. The work undertaken by the legal representatives of Arabyads on the Defence Costs Application totals AED 179,722, with the balance being made up of fees payable to counsel, Mr Suleman, of AED 60,000, plus Court fees. I have no doubt that the legal representatives of Arabyads spent considerable and unnecessary time in reviewing the Defence and associated documents, as well as preparing for the 3 July and 11 September

[50] ADGM Courts Rules of Conduct 2016, rule 4(6), set out at paragraph 33 above.
[51] *Harley v McDonald* [2002] 1 NZLR 1 (PC). See paragraphs 27 and 28 above.
[52] ADGM Court Procedure Rules 2016, rule 203(1), set out at paragraph 35 above.
[53] Ibid, rule 203(2).
[54] Ibid, rule 199(1).
[55] Ibid, rule 199(2). Note that this differs from costs awarded on a standard basis where any doubt is resolved in favour of the paying party: rule 198(2).

2025 hearings. The hourly rates are within the parameters set out in Annexure 1 to Practice Direction 9 ("**PD 9**"). Given the need to resolve any doubt as to the reasonableness of fees incurred and their amount in favour of Arabyads, I consider that the amounts claimed are justified.[56]

64. Given the amount of unnecessary work undertaken by the legal representatives of Arabyads in reviewing the Defence and preparing and prosecuting the Defence Application, I find that the costs were both reasonably incurred and are reasonable in amount. I order that MIO pay to Arabyads the sum of AED 241,558 in respect of the Defence Costs. I do not consider, as suggested by MIO, that any reduction should be made to reflect the fact that parts of the Defence were used for preparing an Amended Defence. It was necessary for Arabyads' legal representatives to commence a review of the Amended Defence independently. I am not satisfied that wasted costs claimed by Arabyads are diminished by the subsequent use of any parts of the Defence later. Put another way, it was the inappropriate use of AI research that triggered the need for Arabyads to review the Defence so thoroughly and to incur significant cost in doing so. It remained necessary for Arabyads to examine the Amended Defence afresh.

65. Separately, I order that MIO pay costs in the sum of AED 40,950, being those claimed by Arabyads for preparing the Wasted Costs Application itself and appearing at the hearing on that application.[57]

Defence Costs Application

66. The making of an order for wasted costs against MIO is designed, at least in part, to compensate Mr Alam for any costs that might otherwise be awarded against him.[58]

67. While, on Ms Samuel's evidence, Mr Alam may bear some responsibility for the procedural difficulties that arose, the content of the Defence was something for MIO to determine. No complaint has been made about the factual narrative of the Defence, save as to its prolix nature and inappropriate references to evidence. The problems were caused primarily by the unduly lengthy Defence[59] and MIO's failure to verify the AI research adequately.

68. In that situation, I do not consider that Mr Alam should be ordered to pay costs in relation to the Defence Application. This is a case in which MIO is required to pay to Arabyads the indemnity costs that Mr Alam would otherwise have incurred. The amount involved necessarily includes a punitive element.[60]

---

[56] Ibid, rule 199(2), set out at paragraph 61 above.
[57] See paragraph 17.a.ii above.
[58] *Harley v McDonald* [2002] 1 NZLR 1 (PC), at paragraph [57], discussed at paragraph 28.d above.
[59] See paragraph 6 above.
[60] *Harley v McDonald* [2002] 1 NZLR 1 (PC), at paragraph [49]. See also paragraph 28.f above.

Mr Alam's Wasted Costs Application

69. In *Harley v McDonald,*[61] the Privy Council did not rule out jurisdiction to make an order in favour of a client against his or her lawyer, when the conduct has led to the client incurring unnecessary loss.

70. Because I have made an order on the Defence Application which requires MIO to pay indemnity costs and Mr Alam none, there are no costs claimed by Arabyads on that application that Mr Alam is required to pay. In that situation, so far as the Defence Costs are concerned, no separate order against MIO is required.

71. Mr Alam's claim in these proceedings also seeks the costs that he incurred and paid to MIO as client. More broadly, Mr Alam has indicated that he may pursue MIO for any other costs that he might be ordered to pay in respect of the Transfer Application and the Joinder Application. In my view, no such order should be made in this case. The Privy Council made it clear, in *Harley v McDonald,* that the jurisdiction to award costs against a lawyer for inappropriate conduct was one to be exercised summarily.[62] The relationship between a lawyer and client is such that there can be genuine disagreements about the extent of the client's obligations to provide information or to engage subject matter experts that require findings of fact to be made after evidence has been given and tested by cross-examination. Such cases cannot be dealt with summarily. Generally, they are left to be determined on any claim for professional negligence.

72. In this case, such conflicts do exist. I do not consider any claim by Mr Alam against MIO to be capable of summary determination. On that basis, it will be a matter for Mr Alam to decide whether he wishes to proceed separately against MIO in respect of his extant claims. I make no order against MIO in favour of Mr Alam.

Costs on the indemnity or standard basis – legal principles

73. Arabyads' remaining claims for costs, in respect of the Transfer Costs Application, the Joinder Costs Application and the Counterclaim Costs Application, are sought on the indemnity basis, but against Mr Alam alone. Mr Alam's position is that the costs thrown away previously awarded in relation to the Transfer Application and Joinder Application should be assessed on the standard basis. Mr Alam says that Arabyads is not entitled to any costs on the Counterclaim Costs Application.[63]

74. I set out below the principles on which such costs are to be assessed.

75. The Court's jurisdiction to make orders as to costs springs from section 49 of the Courts Regulations which provides:

[61] Ibid. See paragraph 28.d above.
[62] Ibid, at paragraph [51]. See also paragraph 28.b and e above.
[63] See paragraph 14 above.

> *"**49. Costs in the Court of Appeal and the Court of First Instance***
>
> *(1) Subject to the provisions of these Regulations or any other ADGM enactment and to court procedure rules, the costs of and incidental to all proceedings in –*
>
> *(a) the Court of Appeal; and*
>
> *(b) the Court of First Instance,*
>
> *shall be in the discretion of the Court.*
>
> ...
>
> *(3) The Court shall have full power to determine by whom and to what extent the costs are to be paid, including, without limitation, the power to determine whether costs are to be paid on the standard or indemnity basis.*
>
> ...."

76. Section *49 is supplemented by rule 195 of the Court Procedure Rules:*

> ***"195. Orders for costs***
>
> *(1) The Court may make such orders as it considers just in respect of any application, hearing, trial, appeal or other proceeding before the Court.*
>
> *(2) The Court's powers to make an order for costs may be exercised either in the course of the proceeding or at or after its final determination.*
>
> *(3) This Part is subject to any rule or practice direction which sets out special provisions with regard to any particular category of proceeding before the Court."*

77. The tests for assessment of costs on an indemnity or standard basis are contained in rules 198 (standard) and 199 (indemnity) of the Court Procedure Rules. The difference between them is that costs will only be awarded on an indemnity basis if they are "*reasonably incurred and reasonable in amount*".[64] However, costs awarded on the standard basis must also be "*proportionate to the matters in issue*".[65] Further, while indemnity costs are fixed on the basis that any doubt will be resolved in favour of the receiving party,[66] the

[64] ADGM Court Procedure Rules 2016, rule 199(1).
[65] Ibid, rule 198(1).
[66] Ibid, rule 199(2).

opposite is the position with regard to costs on the standard basis. In that situation, any doubt is resolved in favour of the paying party.[67]

78. I am satisfied, for the purposes of section 49(3) of the Courts Regulations,[68] that any costs to be awarded in favour of Arabyads on the Transfer, Joinder and Counterclaim Costs Applications should be fixed on the standard, rather than indemnity basis. Mr Alam's conduct in pursuing the subject matter of those applications cannot be regarded as so unreasonable as to justify indemnity costs being awarded against him. On that basis, I assess costs payable on the Transfer, Joinder and Counterclaim Costs Applications on a standard basis, reminding myself that any doubt as to quantum should be resolved in favour of Mr Alam, as the paying party.

79. As to the standard basis, rule 198 of the Court Procedure Rules states:

> ***"198. Standard basis***
>
> *(1) Where the amount of costs is to be assessed on the standard basis, the Court will only allow costs which are proportionate to the matters in issue and are reasonably incurred and reasonable in amount.*
>
> *(2) The Court will resolve any doubt which it may have as to whether costs assessed on the standard basis are reasonably incurred and reasonable and proportionate in amount in favour of the paying party."*

80. In *Turcon v Assaf,*[69] I discussed the costs regime in force in ADGM. As is apparent from rule 198, the three factors to be assessed on the standard basis are: (a) the reasonableness of the costs incurred; (b) the reasonableness in amount; and (c) the proportionality between the costs incurred and what is at stake in the proceeding. Any doubt is to be resolved in favour of a paying party.

81. As to proportionality, relevantly, paragraphs 9.21 and 9.22 of PD 9 state:

> *"9.21 In relation to the standard basis, costs incurred are proportionate if they bear a reasonable relationship to:*
>
> *(a) the sums in issue in the proceedings;*
>
> *(b) the value of any non-monetary relief in issue in the proceedings;*
>
> *(c) the complexity of the litigation;*

[67] Ibid, rule 198(2).
[68] Set out at paragraph 75 above.
[69] *Turcon v Assaf* [2025] ADGMCFI 0002.

(d) the additional work generated by the conduct of the paying party;

(e) any wider factors involved in the proceedings, such as reputation or public importance; and

(f) the indicative hourly rates set out in Annexure 1 to this Practice Direction which are designed to provide guidance to parties on charge out rates that are likely to be acceptable to the Court."

82. So far as the reasonableness of the costs incurred and the amount involved, paragraph 9.22 of PD 9 provides:

"9.22 In relation to any assessment of costs the Court will have regard to:

(a) whether the costs were reasonably incurred and are reasonable in amount;

(b) the conduct of all the parties;

(c) the amount or value of any money or property involved;

(d) the importance of the matter to all of the parties;

(e) the particular complexity of the matter or the difficulty or novelty of the questions raised;

(f) the skill, effort, specialised knowledge and responsibility involved;

(g) the time spent on the case;

(h) the place where, and the circumstances in which, work or any part of it was done; and

(i) the receiving party's last approved budget."

Transfer Costs Application and Joinder Costs Application

83. I deal with the Transfer and Joinder Costs Applications together. As indicated, those costs are to be assessed on the standard basis. The costs incurred for each of those applications were interrelated and in assessing their reasonableness and the reasonableness of the amounts involved, I take account of the fact that there would have been a degree of overlap in responding to the Transfer Application and the Joinder Application. I consider that the two reasonableness requirements should be considered in combination.

84. The Transfer Application was relatively straight forward. It was designed to transfer the proceeding from the Commercial and Civil Division of this Court to the Employment Division. Mr Alam seems to have thought that his costs exposure in the Employment Division, should the case be decided against him, may be less.

85. The Transfer Application was run in tandem with an application which sought permission to bring a counterclaim against Arabyads FZ, which was not (at that time) a party to the proceeding. It was necessary to join Arabyads FZ into the claim because, otherwise, there was no "employer" before the Court against which Mr Alam could issue proceedings in the Employment Division. It was the Joinder Application that was designed to ensure Arabyads FZ became a party.

86. The total amount of costs claimed on the Transfer Application is AED 102,680. Of itself, the Transfer Application did not, in my judgment, justify the amount of time spent by legal representatives of various levels. My view is reinforced by the costs claimed on the allied Joinder Application, AED 232,526.50. Together, the costs claimed on the Transfer and Joinder Applications respectively total AED 335,206.50, some AED 52,698.50 more than the Defence Application claim. In my view, such costs were not reasonably incurred and are not reasonable in amount.

87. Recognising the need to consider any doubt as to the amount of any costs order in favour of Mr Alam (as the paying party), assessed summarily, I reduce the amount claimed to AED 195,000. An order in that sum will be made against Mr Alam on the Transfer and Joinder Costs Applications.

Counterclaim Costs Application

88. In an "Updated Statement of Counterclaim Costs" filed by permission, on 16 September 2025, Arabyads claims AED 167,866.50.

89. The Updated Statement was required to meet criticisms of the work undertaken by Arabyads' legal representatives at a time when they had received an unfiled copy of the proposed Counterclaim. The relevant chronology is:

    a. On Monday, 28 July 2025, Mr Alam submitted a Counterclaim for filing on the eCourts Platform. While it was accepted for filing by the Registry, it was not filed on the eCourts Platform pending payment of the filing fee. However, the unfiled Counterclaim was made available by Mr Alam's legal representatives to Arabyads' legal representatives on the same day. Notwithstanding, Arabyads' legal representatives ought to have known that the Counterclaim had not been filled on the eCourts Platform as no automatic notification confirming the filing had been sent by the Registry: such notifications are sent to parties in relation to all filings on the eCourts Platform.

    b. On Wednesday 30 July 2025, Arabyads' legal representatives wrote asking Mr Alam for evidence of his financial capacity to bear the costs of the proceeding. They indicated that if no adequate reply was received, they would seek security for costs. This letter was written in the context of the legal representatives having seen the unfiled Counterclaim. A reply was requested by 5.00 pm on Monday 4 August 2025.

c. On 31 July 2025, an email was sent by the Registry to the parties advising that the Counterclaim should not be treated as having been filed as the filing fee had not been paid. That email was copied to legal representatives for both parties. Coupled with the fact that Arabyads' legal representatives ought to have been aware that the Counterclaim had not been filed on 28 July 2025,[70] I take 31 July 2025 as the date by which Arabyads should have ceased intensive preparatory work on the unfiled Counterclaim, at least until a reply had been received to their letter of 30 July 2025.[71]

d. On 4 August 2025, Mr Alam decided not to proceed with the Counterclaim. On that day, Mr Alam's legal representatives advised the Registry, with copies to Arabyads' legal representatives, that Mr Alam:

   i. had decided not to pursue the Counterclaim at that stage;

   ii. reserved the right to bring a claim by separate proceedings "*should that become necessary*".

e. A few minutes after that email was sent, the Registry notified the parties that it would reject the Counterclaim (for filing purposes).

90. The Updated Statement of Counterclaim Costs shows that a review of the unfiled Counterclaim commenced on 28 July 2025 and that, by 4 August 2025, costs (including counsel's fees) of approximately AED 92,000 were incurred. Costs from 28 July 2025 were incurred in circumstances where Arabyads' legal representatives ought to have known that the Counterclaim had not been filled on the eCourts Platform, and in any event from 31 July 2025 when the Registry confirmed that the Counterclaim had not been filed as the filing fee had not been paid, and that financial information had been requested by 4.00 pm on 4 August 2025 which may have been used for a security for costs application.

91. On the basis of the orders made on 3 July 2025, Mr Alam would have required the Court's permission to extend the time for filing the Counterclaim beyond 28 July 2025. Had Mr Alam been given permission, the Court would have been obliged to extend the time for Arabyads to file and serve its Defence to the Counterclaim beyond 14 August 2025.

92. I consider that the Counterclaim costs are excessive. I do not accept that it was reasonable to incur costs of that magnitude while the correspondence involving Arabyads legal representatives, Mr Alam's legal representatives and the Registry were continuing; in particular, after the Registry expressly advised the parties on 31 July 2025 that the Counterclaim had not been filed pending payment of the filing fee.

93. Assessing the costs summarily on the standard basis, I allow a sum equivalent to 30% of the amount claimed, including any expenses. That equates to a rounded figure of AED 50,000.

[70] See paragraph 89.a above.

[71] See paragraph 89.b above.

Decision

94. For the reasons given, I make the following orders:

a. In relation to Arabyads' Wasted Costs Application, MIO Legal Consultants LLP shall pay Arabyads its costs in the sum of AED 282,508 which have been summarily assessed on the indemnity basis.[72]

b. In relation to the Transfer Costs Application, the Joinder Costs Application and the Counterclaim Costs Application, Mr Alam shall pay Arabyads its costs in the sum of AED 245,000 which have been summarily assessed on the standard basis.[73]

c. In relation to the Defence Costs Application and Mr Alam's Wasted Costs Application, those applications be dismissed and there be no order as to costs on those applications.[74]

Issued by:

Linda Fitz-Alan
Registrar, ADGM Courts
18 December 2025

[72] See paragraphs 64 and 65 above.
[73] See paragraphs 87 and 93 above.
[74] See paragraphs 68 and 72 above.