

MAREVA INJUNCTION AND THE APPLICATION FOR SECURITY FOR COSTS

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INTRODUCTION

13 different Groupon entities (collectively referred to as "**Groupon**") sued Villas International Property Pte Ltd and 3 others (collectively referred to as "**Villas International**") for misappropriation and fraud in respect of monies received from Groupon as payment of vacation packages arranged by Villas International. In order to prevent the dissipation of assets, the Plaintiffs, Groupon, applied for and obtained a Mareva Injunction against Villas International, on 10 April 2012. All 13 Groupon entities were incorporated in their respective countries but choose to commence an action in Singapore because Villas International was incorporated in Singapore and/or are Singapore citizens.

In order to obtain a Mareva Injunction in Singapore Court, Groupon had to show that:

- they have a valid cause of action;
- they have a good and arguable case
- the opposing party:-
 - has assets in Singapore (in the case of a Singapore Injunction); and
 - also has assets outside Singapore (in the case of a World Wide Mareva Injunction).
- There is a real risk that the assets may be disposed of or dissipated to prevent a judgment obtained by the claimant from being enforced.

BACKGROUND INFORMATION OF PARTIES

Villas International was in the business of selling vacation packages in Indonesia and Thailand at discounted prices and started working with different group buying websites. In accordance with the agreement signed between the various Groupon entities and Villas International, Villas International started selling vacation packages on Groupon's websites.

Based on the terms of the agreement, the respective Groupon entities were contractually bound to make payments to Villas International, within 7 to 10 working days. However, Groupon denied owing any monies to Villas International. As a result, Villas International made a counterclaim against Groupon for the sum of S\$290,552.86.

Villas International then applied to rescind the Mareva Injunction on 2 November 2012. Villas International was successful and the Court found their favour as they proved to the Court that monies were not misappropriated by them as alleged by Groupon and that the allegations were misconceived.

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APPLICATION FOR SECURITY FOR COSTS

After the Mareva injunction was rescinded, an application for Security for Costs was made by Villas International to protect their interest. This is a mechanism which empowers the Court to grant Security for Costs where the Plaintiff is ordinarily resident out of the jurisdiction and is a discretionary power exercised by the Court when it is deemed just to do so.

On 14 March 2013, Villas International was successful in their application and Groupon was ordered to provide Villas International Security for Costs in the sum of S\$50,000.00. Groupon, however, failed to provide the security by the stipulated deadline and by reason of their default, their claim stayed. This meant that Groupon could not proceed with their claim against Villas International until they provided the security.

FURTHER ARGUMENTS

Subsequently, further arguments were heard before Justice Lai as requested by Groupon's Solicitors. On 22 May 2013, the High Court ordered that unless Groupon provided Villas International Security for Costs by 5 June 2013 (as Groupon had continuously failed to provide them with the same), Groupon's claim was to be struck off and their action dismissed with costs to Villas International. It was also ordered that the Villas International were to be given judgment for the sum of S\$290,552.86 and damages to be assessed, as per the terms of Villas International's counterclaim against Groupon.

CONCLUSION

In light of Groupon's failure to provide Security for Costs, judgment was granted in favour of Villas International for their Counterclaim, including the costs ordered against Groupon. However, in order to enforce the order, Villas International will need to enforce it in the 13 different jurisdictions in which the Groupon entities were registered.

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