

**FEDERAL COURT**

**BETWEEN:**

VOLTAGE PICTURES LLC

Plaintiff

- and -

JOHN DOE AND JANE DOE

Defendants

- and -

TEKSAVVY SOLUTIONS INC.

Appellant /  
Responding Party

- and -

SAMUELSON-GLUSHKO CANADIAN INTERNET POLICY  
AND PUBLIC INTEREST CLINIC

Intervener

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**HEARING COMPENDIUM OF TEKSAVVY SOLUTIONS INC.**

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November 5, 2015

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Federal Court



Cour fédérale

Date: 20140220

Docket: T-2058-12

Citation: 2014 FC 161

Toronto, Ontario, February 20, 2014

PRESENT: Kevin R. Aalto, Esquire, Prothonotary

BETWEEN:

VOLTAGE PICTURES LLC

Plaintiff

and

JOHN DOE AND JANE DOE

Defendants

**REASONS FOR ORDER AND ORDER**

“... the rise of so-called ‘copyright trolls’ – plaintiffs who file multitudes of lawsuits solely to extort quick settlements – requires courts to ensure that the litigation process and their scarce resources are not being abused.”<sup>1</sup>

**INTRODUCTION**

[1] Do persons who download copyrighted material from the internet using a peer to peer (P2P) network and the BitTorrent Protocol (BitTorrent) through the auspices of an Internet Service Provider (ISP) have a right to privacy such that their contact information not be revealed to the party whose copyright is being infringed? If they are infringing copyright what remedy, if any, should the

Court impose? These are the questions at issue on this motion. While at first blush the answer may seem simple enough, in reality given the issues in play the answers require a delicate balancing of privacy rights versus the rights of copyright holders. This is especially so in the context of modern day technology and users of the internet.

[2] In essence, in this proceeding the Plaintiff (Voltage) seeks the names and addresses of some 2,000 subscribers (Subscribers) of an ISP known TekSavvy Solutions Inc. This type of order is often referred to as a *Norwich*<sup>2</sup> Order – a litigation tool requiring non-parties to a litigation to be subject to discovery or being compelled to provide information.

[3] Voltage seeks the names and addresses so that they can pursue litigation against the Subscribers for the unauthorized copying and distribution of Voltage's copyrighted cinematographic works (Works). The case engages provisions of the *Copyright Act*, RSC, 1985, c C-42 and the *Personal Information Protection and Electronic Documents Act*, SC 2000, c. 5 (PIPEDA).

[4] Pursuant to an order of this Court, the Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic (CIPPIC) was granted leave to intervene on this motion in order to enhance the record and provide arguments and evidence to assist the Court in determining the issue and to put the position of the Subscribers and Voltage in an appropriate context. To that end, CIPPIC filed evidence by way of affidavit and cross-examined the main deponent who gave evidence on behalf

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<sup>1</sup> Judge Ronald Guzman, *TCYK, LLC v. Does 1 – 88*, 2013 U.S. Dist LEXIS 88402, (U.S. District Court for the Northern District of Illinois) p. 3.

<sup>2</sup> *Norwich Pharmacal Co. v. Customs & Excise Commissioners*, [1974] AC 133. This type of order first came to light in this case. These types of orders are now part of the Canadian litigation landscape and require innocent third parties to disclose information in their possession regarding unlawful conduct. A discussion of these orders is found later in these reasons.

of Voltage. CIPPIC also filed extensive written representations. TekSavvy, the ISP took no position on the motion.

[5] CIPPIC has raised a number of objections to Voltage's motion. It argues that privacy considerations and broader interests of justice should prevail in the particular circumstances of this case.

[6] Specifically, CIPPIC alleges that Voltage's true intentions are not motivated by any rights it may hold under the *Copyright Act*, RSC 1985, c C-42. CIPPIC characterizes Voltage and Canipre Inc. (Canipre) the forensic investigation company retained by Voltage to track the names of the Subscribers as "copyright trolls" engaged in "speculative invoicing" which seeks to intimidate individuals into easy settlements by way of demand letters and threats of litigation. It is alleged that the cost and the uncertainty or stigma of litigation coerces most individuals into making payments, whether or not they were involved in the unauthorized copying and distribution of films on the internet. The Court is cautioned not to become an inadvertent tool assisting parties in this type of business model.

### FACTS

[7] Extensive affidavit evidence was filed on the motion as well as extensive case briefs. Voltage filed the affidavit of Barry Logan (Logan Affidavit) the owner and principal forensic consultant of Canipre. Voltage also filed two affidavits of John Philpott (Philpott Affidavits), an associate with the law firm representing Voltage which attached the affidavit of Michael Wickstrom of Voltage and the affidavit of Mathias Gartner, an information technology expert. CIPPIC also

filed evidence in the form of an affidavit of Timothy Lethbridge (Lethbridge Affidavit) which also dealt with technical issues relating to the internet. CIPPIC also filed the affidavit of Alexander Cooke (Cooke Affidavit), a law student who conducted searches to locate file-sharing lawsuits commenced by Voltage.

[8] Voltage sought to strike the Lethbridge Affidavit on the grounds that the witness had no direct knowledge of the matters in issue and was not an expert on the areas on which he opined. Voltage pointed to lengthy sections of the cross-examination to demonstrate that Mr. Lethbridge lacked expertise on issues relating to the case and the use of BitTorrent. However, in the end result, the Lethbridge Affidavit should be accepted subject to the qualifications advanced by Voltage.

[9] Voltage is a film production company which among other films produced the Oscar nominated film *The Hurt Locker*. The second of the Philpott Affidavits provides evidence both directly and indirectly through the Michael Wickstrom affidavit that Voltage in fact owns copyright in the Works.

[10] In 2012 Voltage retained Canipre to investigate whether any of Voltage's cinematographic works (Works) were being copied and distributed in Canada over P2P networks using BitTorrent.

[11] Apparently, BitTorrent is a P2P file sharing protocol that facilitates the distribution of large amounts of data over the internet. The non-party TekSavvy is an ISP based in Canada which provides its customers with access to the internet.

[12] There appears to be little dispute about how the technology works. When a file is uploaded to a BitTorrent network that is referred to as "seeding". Other P2P network users, called "peers", can then connect to the user seeding the file. BitTorrent breaks a file into numerous small data packets, each of which is identifiable by a unique hash number created using a hash algorithm. Once the file is broken into packets other peers are able to download different sections of the same file from different users. Each new peer is directed to the most readily available packet they wish to download. Peers copy files from multiple users who may have the file available on the BitTorrent network. The peer then becomes a seeder as the data packet is distributed to other peers connected to the BitTorrent network. Once a packet is downloaded it is then available to other users who are also connected to the BitTorrent network.

[13] Voltage retained the services of Canipre to conduct a forensic investigation of the Works that had been downloaded from BitTorrent networks. The software used by Canipre was able to identify the IP address of each seeder and peer who offered any of the Works for transfer or distribution. This software was able to identify the IP address of the user; the date and time the file was distributed; the P2P network used; and, the file's metadata including the name of the file and its size (collectively the File Data).

[14] The File Data was reviewed and transactions were isolated geographically to Ontario and to TekSavvy customers. This forensic investigation has resulted in some 2000 Subscribers being identified by their unique IP address assigned to them by TekSavvy.

[15] CIPPIC, in its evidence, qualifies the extent to which useful information can necessarily be obtained from the ISP. That is, IP addresses do not necessarily result in obtaining the person who may have engaged in downloading the Works. For example, on an open non-password protected WiFi network, any stranger could use a BitTorrent client to download connect. This frequently happens at internet cafes and the like. Thus, the particular infringer may not be able to be identified.

[16] Voltage has had a history in the U.S. of commencing file-sharing lawsuits such as this. According to the Cooke Affidavit there are 22 file-sharing lawsuits in the American Federal Court system where Voltage is listed as a Plaintiff. The majority involve unknown alleged infringers. The total number of unknown alleged infringers is in the range of 28,000.

#### **POSITIONS OF THE PARTIES TO THE MOTION**

[17] As there is no "real" Defendant in this proceeding other than the named John Doe and Jane Doe, there was no party which could oppose this motion. Thus, CIPPIC sought intervener status which was granted which argued against making the order requested by Voltage.

#### **Position of Voltage**

[18] Voltage's position on this motion is relatively straightforward. That is, the identified Subscribers have infringed the copyright of Voltage by downloading or distributing the Works and are therefore *prima facie* liable under the *Copyright Act* for infringement. Thus, TekSavvy should be ordered to produce the contact information for the Subscribers who are all potential Defendants to this action.

[19] Relying primarily upon *BMG Canada Inc. v Doe*, 2005 FCA 193 (*BMG*) (discussed in greater detail below) Voltage argues that it has met all of the principles enunciated in *BMG* and TekSavvy should be ordered to release the information on the Subscribers. It is to be noted as well that the position of Voltage was that it fully intends to pursue claims against the Subscribers.

### Position of CIPPIC

[20] The position of CIPPIC is that no information should be released by TekSavvy, as this will infringe the rights of privacy rights of the Subscribers and may affect the scope of protection offered to anonymous online activity.

[21] They argue that there are important public policy issues involving the intersection of law and technology which require careful consideration and balancing by the Court before ordering third parties to reveal private information. They argue that this type of request of the Court may extend beyond mere infringers to require information about whistle-blowers and confidential sources of documents leaked in the public interest.

[22] To that end, CIPPIC argues that the right to privacy is implicitly a protected right under sections 7 and 8 of the *Charter of Rights and Freedoms*. Thus, it is argued, the Court should not readily compel innocent third parties to divulge information which breaches the privacy expectations of individuals and which, in a rapidly changing technological environment, may not provide the real information relating to the unlawful conduct.

[23] CIPPIC points to the jurisprudence evolving in other jurisdictions, particularly the U.S. and United Kingdom, to argue that Canadian Courts should not be quick to issue this kind of order without first considering the real objective of the party seeking the information.

[24] CIPPIC argues that this type of litigation is, in fact, merely a business model to coerce payments from individuals who do not wish to incur the cost of defending a lawsuit and would rather pay something to an entity such as Voltage than pay lawyers. This type of business approach has been the subject of discussion in those other jurisdictions (discussed in greater detail below). Therefore, the Court should not be an unwitting tool of "copyright trolls".

[25] However, it must be noted that on this motion, that whether Voltage is or is not a "copyright troll" in pursuing information from TekSavvy is not for determination. The only issue is whether the test for granting a *Norwich* order has been met in accordance with the jurisprudence.

### **Relevant Legislation**

[26] Before embarking on a consideration of the issues raised by the parties it is useful to set out the relevant legislation and rules which are engaged in this motion.

[27] First, Rule 238 of the *Federal Courts Rules* provides for granting leave to examine non-parties to an action. It reads as follows:

*Examination of non-parties  
with leave*

238. (1) A party to an action

*Interrogatoire d'un tiers*

238. (1) Une partie à une action

may bring a motion for leave to examine for discovery any person not a party to the action, other than an expert witness for a party, who might have information on an issue in the action.

*Personal service on non-party*

(2) On a motion under subsection (1), the notice of motion shall be served on the other parties and personally served on the person to be examined.

*Where Court may grant leave*

(3) The Court may, on a motion under subsection (1), grant leave to examine a person and determine the time and manner of conducting the examination, if it is satisfied that

- (a) the person may have information on an issue in the action;
- (b) the party has been unable to obtain the information informally from the person or from another source by any other reasonable means;
- (c) it would be unfair not to allow the party an opportunity to question the person before trial; and
- (d) the questioning will not cause undue delay, inconvenience or expense to the

peut, par voie de requête, demander l'autorisation de procéder à l'interrogatoire préalable d'une personne qui n'est pas une partie, autre qu'un témoin expert d'une partie, qui pourrait posséder des renseignements sur une question litigieuse soulevée dans l'action.

*Signification de l'avis de requête*

(2) L'avis de la requête visée au paragraphe (1) est signifié aux autres parties et, par voie de signification à personne, à la personne que la partie se propose d'interroger.

*Signification de l'avis de requête*

(3) Par suite de la requête visée au paragraphe (1), la Cour peut autoriser la partie à interroger une personne et fixer la date et l'heure de l'interrogatoire et la façon de procéder, si elle est convaincue, à la fois :

- a) que la personne peut posséder des renseignements sur une question litigieuse soulevée dans l'action;
- b) que la partie n'a pu obtenir ces renseignements de la personne de façon informelle ou d'une autre source par des moyens raisonnables;

person or to the other parties.

c) qu'il serait injuste de ne pas permettre à la partie d'interroger la personne avant l'instruction;

d) que l'interrogatoire n'occasionnera pas de retards, d'inconvénients ou de frais déraisonnables à la personne ou aux autres parties.

[28] As discussed below, Rule 238(3) is very much aligned with the principles set out in *BMG*.

[29] The two statutes engaged are the *Copyright Act* and *PIPEDA*. The relevant sections referred to by the parties to this motion are as follows:

***Copyright Act, R.S.C., 1985, c C-42***

*Liability for infringement*

35. (1) Where a person infringes copyright, the person is liable to pay such damages to the owner of the copyright as the owner has suffered due to the infringement and, in addition to those damages, such part of the profits that the infringer has made from the infringement and that were not taken into account in calculating the damages as the court considers just.

*Proof of profits*

(2) In proving profits,

(a) the plaintiff shall be required

*Violation du droit d'auteur : responsabilité*

35. (1) Quiconque viole le droit d'auteur est passible de payer, au titulaire du droit qui a été violé, des dommages-intérêts et, en sus, la proportion, que le tribunal peut juger équitable, des profits qu'il a réalisés en commettant cette violation et qui n'ont pas été pris en compte pour la fixation des dommages-intérêts.

*Détermination des profits*

(2) Dans la détermination des profits, le demandeur n'est tenu d'établir que ceux provenant de la violation et le défendeur doit

to prove only receipts or revenues derived from the infringement; and

(b) the defendant shall be required to prove every element of cost that the defendant claims.

R.S., 1985, c. C-42, s. 35; 1997, c. 24, s. 20.

#### *Statutory damages*

38.1 (1) Subject to this section, a copyright owner may elect, at any time before final judgment is rendered, to recover, instead of damages and profits referred to in subsection 35(1), an award of statutory damages for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally,

(a) in a sum of not less than \$500 and not more than \$20,000 that the court considers just, with respect to all infringements involved in the proceedings for each work or other subject-matter, if the infringements are for commercial purposes; and

(b) in a sum of not less than \$100 and not more than \$5,000 that the court considers just, with respect to all infringements involved in the proceedings for all works or other subject-matter, if the infringements are for non-commercial purposes.

prouver chaque élément du coût qu'il allègue.

L.R. (1985), ch. C-42, art. 35; 1997, ch. 24, art. 20.

#### *Domages-intérêts préétablis*

38.1 (1) Sous réserve des autres dispositions du présent article, le titulaire du droit d'auteur, en sa qualité de demandeur, peut, avant le jugement ou l'ordonnance qui met fin au litige, choisir de recouvrer, au lieu des dommages-intérêts et des profits visés au paragraphe 35(1), les dommages-intérêts préétablis ci-après pour les violations reprochées en l'instance à un même défendeur ou à plusieurs défendeurs solidairement responsables:

a) dans le cas des violations commises à des fins commerciales, pour toutes les violations — relatives à une oeuvre donnée ou à un autre objet donné du droit d'auteur —, des dommages-intérêts dont le montant, d'au moins 500 \$ et d'au plus 20 000 \$, est déterminé selon ce que le tribunal estime équitable en l'occurrence;

b) dans le cas des violations commises à des fins non commerciales, pour toutes les violations — relatives à toutes les oeuvres données ou tous les autres objets donnés du droit d'auteur —, des dommages-intérêts, d'au moins 100 \$ et d'au plus 5000 \$, dont le montant est déterminé selon ce

*Infringement of subsection  
27(2.3)*

(1.1) An infringement under subsection 27(2.3) may give rise to an award of statutory damages with respect to a work or other subject-matter only if the copyright in that work or other subject-matter was actually infringed as a result of the use of a service referred to in that subsection.

*Deeming — infringement of  
subsection 27(2.3)*

(1.11) For the purpose of subsection (1), an infringement under subsection 27(2.3) is deemed to be for a commercial purpose.

*Infringements not involved in  
proceedings*

(1.12) If the copyright owner has made an election under subsection (1) with respect to a defendant's infringements that are for non-commercial purposes, they are barred from recovering statutory damages under this section from that defendant with respect to any other of the defendant's infringements that were done for non-commercial purposes before the institution of the proceedings in which the election was made.

que le tribunal estime équitable en l'occurrence.

*Violation du paragraphe  
27(2.3)*

(1.1) La violation visée au paragraphe 27(2.3) ne peut donner droit à l'octroi de dommages-intérêts préétablis à l'égard d'une oeuvre donnée ou à un autre objet donné du droit d'auteur que si le droit d'auteur de l'une ou de l'autre a été violé par suite de l'utilisation des services mentionnés à ce paragraphe.

*Violation réputée: paragraphe  
27(2.3)*

(1.11) Pour l'application du paragraphe (1), la violation du droit d'auteur visée au paragraphe 27(2.3) est réputée être commise à des fins commerciales.

*Réserve*

(1.12) Toutefois, le titulaire du droit d'auteur qui a choisi de recouvrer des dommages-intérêts préétablis auprès de la personne visée au paragraphe (1) pour des violations qu'elle a commises à des fins non commerciales ne pourra pas recouvrer auprès d'elle de tels dommages-intérêts au titre du présent article pour les violations commises à ces fins avant la date de l'introduction

*No other statutory damages*

(1.2) If a copyright owner has made an election under subsection (1) with respect to a defendant's infringements that are for non-commercial purposes, every other copyright owner is barred from electing to recover statutory damages under this section in respect of that defendant for any of the defendant's infringements that were done for non-commercial purposes before the institution of the proceedings in which the election was made.

*If defendant unaware of infringement*

(2) If a copyright owner has made an election under subsection (1) and the defendant satisfies the court that the defendant was not aware and had no reasonable grounds to believe that the defendant had infringed copyright, the court may reduce the amount of the award under paragraph (1)(a) to less than \$500, but not less than \$200.

*Special case*

(3) In awarding statutory damages under paragraph (1)(a) or subsection (2), the court may award, with respect to each work or other subject-matter, a lower amount than \$500 or \$200, as the case may be, that the court considers just, if

de l'instance et qu'il ne lui a pas reprochées dans le cadre de celle-ci.

*Réserve*

(1.2) Si un titulaire du droit d'auteur a choisi de recouvrer des dommages-intérêts préétablis auprès de la personne visée au paragraphe (1) pour des violations qu'elle a commises à des fins non commerciales, aucun autre titulaire du droit d'auteur ne pourra recouvrer auprès d'elle de tels dommages-intérêts au titre du présent article pour les violations commises à ces fins avant la date de l'introduction de l'instance.

*Cas particuliers*

(2) Dans les cas où le défendeur convainc le tribunal qu'il ne savait pas et n'avait aucun motif raisonnable de croire qu'il avait violé le droit d'auteur, le tribunal peut réduire le montant des dommages-intérêts visés à l'alinéa (1)a) jusqu'à 200 \$.

*Cas particuliers*

(3) Dans les cas où plus d'une oeuvre ou d'un autre objet du droit d'auteur sont incorporés dans un même support matériel ou dans le cas où seule la violation visée au paragraphe 27(2.3) donne ouverture aux dommages-intérêts préétablis,

- (a) either
- (i) there is more than one work or other subject-matter in a single medium, or
  - (ii) the award relates only to one or more infringements under subsection 27(2.3); and

(b) the awarding of even the minimum amount referred to in that paragraph or that subsection would result in a total award that, in the court's opinion, is grossly out of proportion to the infringement.

#### *Collective societies*

(4) Where the defendant has not paid applicable royalties, a collective society referred to in section 67 may only make an election under this section to recover, in lieu of any other remedy of a monetary nature provided by this Act, an award of statutory damages in a sum of not less than three and not more than ten times the amount of the applicable royalties, as the court considers just.

#### *Factors to consider*

(5) In exercising its discretion under subsections (1) to (4), the court shall consider all relevant factors, including

- (a) the good faith or bad faith of the defendant;

le tribunal peut, selon ce qu'il estime équitable en l'occurrence, réduire, à l'égard de chaque oeuvre ou autre objet du droit d'auteur, le montant minimal visé à l'alinéa (1)a) ou au paragraphe (2), selon le cas, s'il est d'avis que même s'il accordait le montant minimal de dommages-intérêts préétablis le montant total de ces dommages-intérêts serait extrêmement disproportionné à la violation.

#### *Société de gestion*

(4) Si le défendeur n'a pas payé les redevances applicables en l'espèce, la société de gestion visée à l'article 67 — au lieu de se prévaloir de tout autre recours en vue d'obtenir un redressement pécuniaire prévu par la présente loi — ne peut, aux termes du présent article, que choisir de recouvrer des dommages-intérêts préétablis dont le montant, de trois à dix fois le montant de ces redevances, est déterminé selon ce que le tribunal estime équitable en l'occurrence.

#### *Facteurs*

(5) Lorsqu'il rend une décision relativement aux paragraphes (1) à (4), le tribunal tient compte notamment des facteurs suivants :

- a) la bonne ou mauvaise foi du défendeur;

(b) the conduct of the parties before and during the proceedings;

(c) the need to deter other infringements of the copyright in question; and

(d) in the case of infringements for non-commercial purposes, the need for an award to be proportionate to the infringements, in consideration of the hardship the award may cause to the defendant, whether the infringement was for private purposes or not, and the impact of the infringements on the plaintiff.

*No award*

(6) No statutory damages may be awarded against

(a) an educational institution or a person acting under its authority that has committed an act referred to in section 29.6 or 29.7 and has not paid any royalties or complied with any terms and conditions fixed under this Act in relation to the commission of the act;

(b) an educational institution, library, archive or museum that is sued in the circumstances referred to in section 38.2;

(c) a person who infringes copyright under paragraph 27(2)(e) or section 27.1, where the copy in question was made with the consent of the

b) le comportement des parties avant l'instance et au cours de celle-ci;

c) la nécessité de créer un effet dissuasif à l'égard de violations éventuelles du droit d'auteur en question;

d) dans le cas d'une violation qui est commise à des fins non commerciales, la nécessité d'octroyer des dommages-intérêts dont le montant soit proportionnel à la violation et tienne compte des difficultés qui en résulteront pour le défendeur, du fait que la violation a été commise à des fins privées ou non et de son effet sur le demandeur.

*Cas où les dommages-intérêts préétablis ne peuvent être accordés*

(6) Ne peuvent être condamnés aux dommages-intérêts préétablis :

a) l'établissement d'enseignement ou la personne agissant sous l'autorité de celui-ci qui a fait les actes visés aux articles 29.6 ou 29.7 sans acquitter les redevances ou sans observer les modalités afférentes fixées sous le régime de la présente loi;

b) l'établissement d'enseignement, la bibliothèque, le musée ou le service d'archives, selon le cas, qui est poursuivi dans les

copyright owner in the country where the copy was made; or

circonstances prévues à l'article 38.2;

(d) an educational institution that is sued in the circumstances referred to in subsection 30.02(7) or a person acting under its authority who is sued in the circumstances referred to in subsection 30.02(8).

c) la personne qui commet la violation visée à l'alinéa 27(2)e) ou à l'article 27.1 dans les cas où la reproduction en cause a été faite avec le consentement du titulaire du droit d'auteur dans le pays de production;

*Exemplary or punitive damages not affected*

(7) An election under subsection (1) does not affect any right that the copyright owner may have to exemplary or punitive damages.

d) l'établissement d'enseignement qui est poursuivi dans les circonstances prévues au paragraphe 30.02(7) et la personne agissant sous son autorité qui est poursuivie dans les circonstances prévues au paragraphe 30.02(8).

*Dommages-intérêts exemplaires*

(7) Le choix fait par le demandeur en vertu du paragraphe (1) n'a pas pour effet de supprimer le droit de celui-ci, le cas échéant, à des dommages-intérêts exemplaires ou punitifs.

[30] These sections of the *Copyright Act* provide a complete code for the recovery of damages for copyright infringement. Voltage argues that it has demonstrated a *bona fide* case of infringement and is entitled to pursue the alleged infringers for damages in accordance with these sections of the *Copyright Act*.

[31] The relevant sections of *PIPEDA* are as follows:

*Personal Information Protection and Electronic Documents Act (SC 2000, c 5)**Disclosure without knowledge or consent*

7. (3) For the purpose of clause 4.3 of Schedule 1, and despite the note that accompanies that clause, an organization may disclose personal information without the knowledge or consent of the individual only if the disclosure is

[...]

(c) required to comply with a subpoena or warrant issued or an order made by a court, person or body with jurisdiction to compel the production of information, or to comply with rules of court relating to the production of records;

[...]

(i) required by law.

[...]

*Disclosure without consent*

(5) Despite clause 4.5 of Schedule 1, an organization may disclose personal information for purposes other than those for which it was collected in any of the circumstances set out in paragraphs (3)(a) to (h.2).

*Communication à l'insu de l'intéressé et sans son consentement*

7. (3) Pour l'application de l'article 4.3 de l'annexe 1 et malgré la note afférente, l'organisation ne peut communiquer de renseignement personnel à l'insu de l'intéressé et sans son consentement que dans les cas suivants:

[...]

c) elle est exigée par assignation, mandat ou ordonnance d'un tribunal, d'une personne ou d'un organisme ayant le pouvoir de contraindre à la production de renseignements ou exigée par des règles de procédure se rapportant à la production de documents;

[...]

i) elle est exigée par la loi.

[...]

*Communication sans le consentement de l'intéressé*

(5) Malgré l'article 4.5 de l'annexe 1, l'organisation peut, dans les cas visés aux alinéas (3)a) à h.2), communiquer un renseignement personnel à des fins autres que celles auxquelles il a été recueilli.

[32] CIPPIC relies on these sections of *PIPEDA* to argue that the Court should weigh carefully releasing any information about the Subscribers. Such information can be released by TekSavvy if “required by law”.

### ISSUES

[33] Should an order be made granting Voltage the right to examine TekSavvy as a non-party to the litigation in order to obtain contact information of the Subscribers?

[34] If such an order is made what protections should be built into the order to protect or minimize the invasion of the privacy interests of internet users?

[35] As noted briefly above and discussed more fully below, there are important competing policy considerations as to whether the *Norwich* Order should be granted in this kind of situation. Such an order is a discretionary and extraordinary order. For the reasons discussed below, given that Voltage has demonstrated a *bona fide* case of copyright infringement, a *Norwich* Order will be granted. This Order will be granted with qualifications intended to protect the privacy rights of individuals, and ensure that the judicial process is not being used to support a business model intended to coerce innocent individuals to make payments to avoid being sued.

### ANALYSIS

[36] There is developing jurisprudence in Canada and in this Court dealing with *Norwich* Orders. The leading case in Canada is *BMG*, and the Court of Appeal for Ontario recently waded into this area in *1654776 Ontario Limited v. Stewart*, 2013 ONCA 184. A consideration of these cases must

be conducted to determine whether the threshold facts demonstrate that Voltage is entitled to the order requested.

**Bona Fide v Prima Facie Standard in Canada**

[37] In *BMG*, the Honourable Justice Edgar Sexton on behalf of the Federal Court of Appeal addressed the tension between the privacy rights of internet users and copyright holders in the context of illegal downloading and sharing of music.

[38] The Court determined that the legal principles which apply to the equitable bill of discovery apply to the test that a plaintiff must satisfy under Rule 238 of the *Federal Courts Rules*. An order is warranted where a plaintiff has a *bona fide* claim and meets the criteria of Rule 238.

[39] *BMG* provides a framework for consideration of the issues on this motion. The observations of the Court on the requirement of a *bona fide* claim have been put in issue by CIPPIC. In *BMG* it was held that a *bona fide* standard was preferable to the higher standard of a *prima facie* case because the burden of establishing the higher standard would have the effect of stripping the plaintiffs of a remedy. Justice Sexton noted the difficulty of requiring a plaintiff to establish copyright infringement when it has neither the identity of the person they wish to sue nor the details of what was allegedly done by that person.

[40] According to the Court, establishing a *bona fide* claim requires a plaintiff to show: 1) that they really do intend to bring an action for infringement of copyright based upon the information

they obtain, and 2) that there is no other improper purpose for seeking the identity of these persons.

The Court said this at para. 34:

In my view, it would make little sense to require proof of a *prima facie* case at the stage of the present proceeding. The plaintiffs do not know the identity of the persons they wish to sue, let alone the details of precisely what was done by each of them such as to actually prove infringement. Such facts would only be established after examination for discovery and trial. **The plaintiffs would be effectively stripped of a remedy if the Courts were to impose upon them, at this stage, the burden of showing a *prima facie* case. It is sufficient if they show a *bona fide* claim, i.e. that they really do intend to bring an action for infringement of copyright based upon the information they obtain, and that there is no other improper purpose for seeking the identity of these persons.** (emphasis added)

[41] With respect to the balancing of competing interests, Justice Sexton identified the privacy interest raised by the case as "an important consideration" and noted that the balance between privacy interest and public interest are in play where confidential information is sought to be revealed. The Court made the following observations:

Privacy Issues

[36] I agree with the Motions Judge's characterization of the 5<sup>th</sup> criteria - that is - the public interest in favour of disclosure must outweigh the legitimate privacy concerns of the person sought to be identified if a disclosure order is made.

[37] All respondents raise the privacy issue. It is a an important consideration. Pursuant to PIPEDA, ISPs are not entitled to "voluntarily" disclose personal information such as the identities requested except with the customer's consent or pursuant to a court order. Indeed, pursuant to subsections 7(3)(c), 8(8) and 28 of PIPEDA, any organization that receives a request for the release of personal information must "retain the information for as long as is necessary to allow the individual to exhaust any recourse" under PIPEDA. Failure to comply could result in the organization being found guilty of an offence punishable on summary conviction or an indictable offence.

[39] The delicate balance between privacy interests and public interest has always been a concern of the court where confidential information is sought to be revealed. Although PIPEDA had not been enacted at the time of the *Glaxo* decision, Stone J.A. nonetheless noted at paragraph 62:

I am not persuaded that this is a sufficient justification for refusing to disclose the identity of the importers in the present case. While section 107 implies that information collected pursuant to the Act will be treated as confidential, section 108 indicates that it is susceptible to disclosure in certain situations. I am thus doubtful that importers have a high expectation of confidentiality regarding the information which they furnish to customs officials. More important, I am sceptical about the expectation and degree of confidentiality associated with the nature of the information which the appellant seeks. As the House of Lords observed in *Norwich Pharmacal, supra*, the names of the importers are likely to pass through many hands before reaching those of customs officials. It is therefore not reasonable to regard the identity of the importers as particularly sensitive information. In my opinion, in the circumstances of this case the public interest in ensuring that the appellant is able to pursue in the courts those who have allegedly violated its patent rights outweighs the public interest in maintaining the confidentiality of the importers' names.

He also approved, at paragraph 26, of the statement of Viscount Dilhorne in *Norwich* as follows:

Subject to the public interest in protecting the confidentiality of information given to Customs, in my opinion it is clearly in the public interest and right for protection of patent holders, where the validity of the patent is accepted and the infringement of it not disputed, that they should be able to obtain by discovery the names and addresses of the wrongdoers from someone involved but not a party to the wrongdoing.

[40] The reasoning in *Glaxo* and *Norwich* is compelling. Intellectual property laws originated in order to protect the promulgation of ideas. Copyright law provides incentives for innovators - artists, musicians, inventors, writers, performers and marketers - to create. It is designed to ensure that ideas are

expressed and developed instead of remaining dormant. Individuals need to be encouraged to develop their own talents and personal expression of artistic ideas, including music. If they are robbed of the fruits of their efforts, their incentive to express their ideas in tangible form is diminished.

[41] Modern technology such as the Internet has provided extraordinary benefits for society, which include faster and more efficient means of communication to wider audiences. **This technology must not be allowed to obliterate those personal property rights which society has deemed important. Although privacy concerns must also be considered, it seems to me that they must yield to public concerns for the protection of intellectual property rights in situations where infringement threatens to erode those rights.** (emphasis added)

[42] In these passages the Court viewed the conflict as one between privacy interests and “public interest” or “public concerns”. In order to protect those privacy interests the Court went on at paragraphs 42 to 45 to observe that courts granting disclosure may wish to give specific direction as to the type of information to be disclosed and the manner in which it can be used. The option of a confidentiality order was also referenced. The Court stated:

[42] Thus, in my view, in cases where plaintiffs show that they have a *bona fide* claim that unknown persons are infringing their copyright, they have a right to have the identity revealed for the purpose of bringing action. However, caution must be exercised by the courts in ordering such disclosure, to make sure that privacy rights are invaded in the most minimal way.

...

[44] Also, as the intervener, Canadian Internet Policy and Public Interest Clinic, pointed out, plaintiffs should be careful not to extract private information unrelated to copyright infringement, in their investigation. If private information irrelevant to the copyright issues is extracted, and disclosure of the user's identity is made, the recipient of the information may then be in possession of highly confidential information about the user. If this information is unrelated to copyright infringement, this would be an unjustified intrusion into the rights of the user and might well amount to a breach of PIPEDA by the ISPs, leaving them open to prosecution.

Thus in situations where the plaintiffs have failed in their investigation to limit the acquisition of information to the copyright infringement issues, a court might well be justified in declining to grant an order for disclosure of the user's identity.

[45] In any event, if a disclosure order is granted, specific directions should be given as to the type of information disclosed and the manner in which it can be used. In addition, it must be said that where there exists evidence of copyright infringement, privacy concerns may be met if the court orders that the user only be identified by initials, or makes a confidentiality order.

[43] On this issue of copyright infringement, the Court made these observations:

Infringement of Copyright

[46] As has been mentioned, the Motions Judge made a number of statements relating to what would or would not constitute infringement of copyright. (See para. 15(f)). Presumably he reached these conclusions because he felt that the plaintiff, in order to succeed in learning the identity of the users, must show a *prima facie* case of infringement.

[47] In my view, conclusions such as these should not have been made in the very preliminary stages of this action. They would require a consideration of the evidence as well as the law applicable to such evidence after it has been properly adduced. Such hard conclusions at a preliminary stage can be damaging to the parties if a trial takes place and should be avoided.

...

[53] The Motions Judge found no evidence of secondary infringement contrary to subsection 27(2) of the *Copyright Act* because there was "no evidence of knowledge on the part of the infringer." This ignores the possibility of finding infringement even without the infringer's actual knowledge, if indeed he or she "should have known" there would be infringement. *Copyright Act* subsection 27(2):

[44] Finally, the Court suggested the need to consider the costs of the party required by the order to co-operate and disclose the sought after information, in this case, TekSavvy.

[45] The principles to be taken from *BMG* are as follows:

- a) a plaintiff must have a *bona fide* case;
- b) a non-party, in this case TekSavvy, must have information on an issue in the proceeding;
- c) an order of the Court is the only reasonable means of obtaining the information;
- d) that fairness requires the information be provided prior to trial; and,
- e) any order made will not cause undue delay, inconvenience or expense to the third-party or others.

[46] Voltage argues that it has met all of these factors and therefore is entitled to the remedy it seeks. With respect to a) it argues it has demonstrated a *bona fide* case by virtue of the statement of claim issued in this case together with the results of the forensic investigation identifying IP addresses engaged in the copying of the Works. With respect to b) the IP addresses are known to TekSavvy but not Voltage and therefore TekSavvy is the only reasonable source of the information. With respect to c) TekSavvy will, quite properly, not reveal the information without a court order. With respect to d) Voltage should be allowed to protect its rights and fairness demands that persons who infringe copyright not be shielded from liability by the anonymity of the internet and its protocols. With respect to e) Voltage argues that without a remedy this case is meaningless as the information is not accessible. Those that infringe ought not to do so with impunity, and the Court can set the terms of such access to information. Further, TekSavvy will be reimbursed for its reasonable costs in providing the information.

[47] Voltage argues that support for its position is found in *Voltage Pictures LLC v Jane Doe and John Doe*, 2011 FC 1024, a case which was unopposed and in which Mr. Justice Shore relied on *BMG* to hold that Voltage had a *bona fide* claim against the defendants solely for the reason that it had brought a copyright infringement action against the two Doe defendants. It is not clear what evidence Voltage provided to link the IP addresses to the infringement in that case.

[48] CIPPIC suggests that the use of *Norwich* orders is a new development in Canada and that *BMG* is but one piece of the puzzle relating to the proper balancing of conflicting interests. It asserts that post-*BMG*, courts in Ontario and other jurisdictions have refined the test set out therein so as to “achieve a better balance among the interests of the plaintiffs, the defendants, third parties and justice.” However, I am not persuaded that on the basis of the current jurisprudence that there has been a shift from the *bona fide* standard as established in *BMG* to the higher standard of a *prima facie* case.

[49] Ontario’s Court of Appeal has very recently expressed the same view on the first criteria for a *Norwich* order. In *Stewart*, the Court of Appeal disagreed with the approach endorsed by CIPPIC and set out by the province’s Divisional Court in *Warman v Fournier et al.*, 2010 ONSC 2126 (Ont Div Ct). The Divisional Court had imposed “a more robust” *prima facie* standard because the case engaged a freedom of expression interest. The Court of Appeal in *Stewart* stated that this was inappropriate because step five of the *Norwich* analysis already allows for the balancing of competing interests.

[50] In *Stewart* the granting of disclosure was held to be designed to facilitate access to justice.

Justice Juriensz, speaking for the Court, made the following observations:

[58] What I draw from these authorities is that the threshold for granting disclosure is designed to facilitate access to justice by victims of wrongdoers whose identity is not known. Judicial treatment of the *Norwich* application procedure should reflect its nature as an equitable remedy.

[59] There is no requirement that the applicant show a *prima facie* case. The entire and apparent strength of the applicant's potential action should be weighed together with the other relevant factors.

[60] The lower threshold at step one does not make *Norwich* relief widely available. *Norwich* relief is not available against a mere witness. *Norwich* relief is only available, as Lord Reid explained in *Norwich*, at p. 175 A.C., against a person who is "mixed up in the tortious acts of others so as to facilitate their wrongdoing" even though this is "through no fault of his own". Most significantly, the apparent strength of the applicant's case may be considered in applying the other factors.

[51] The *bona fide* standard therefore does not mean that relief is readily available but it is the strength of a plaintiff's case that should be considered in applying the other *Norwich* factors. It should be noted that despite stating that the appellant before the Court had difficulty establishing the elements of an underlying cause of action, the Court found that *bona fides* were established because the appellant was not engaged in "mere fishing" and the proposed action was not frivolous (at para. 75).

[52] CIPPIC argues that the Court in *BMG* did not strike the right balance between the competing interests. However, this argument is difficult to assess when the Court in *BMG* did not actually apply the enumerated principles to the facts of that case. CIPPIC seems simply to be asserting that only a higher standard would strike the appropriate balance.

[53] One commentator has pointed out that courts have repeatedly eschewed the *prima facie* standard for interlocutory measures (Melody Yiu, “A New Prescription for Disclosure: Reformulating the Rules for the Norwich Order” (Spring, 2007) 65 UT Fac L Rev 41). There is even less of a case for applying this standard to a *Norwich* remedy because of its role as a sort of “gatekeeper to the courthouse”. In most other disputes, defeat on an interlocutory matter does not necessarily foreclose access to justice for a wronged party. The article suggests that over-inclusion is preferable to under-inclusion where *Norwich* orders are concerned.

[54] Whether this conclusion needs to be qualified when it involves wide-reaching violations of privacy is debatable. Privacy considerations should not be a shield for wrongdoing and must yield to an injured party’s request for information from non-parties. This should be the case irrespective of the type of right the claimant holds. The protection of intellectual property is *ipso facto* assumed to be worthy of legal protection where a valid cause of action is established (Yiu at p. 17). There is little dispute with the correctness of this assertion. Copyright is a valuable asset which should not be easily defeated by infringers. The difficulty in this case is that it is not clear that the protection of copyright is the sole motivating factor supporting Voltage’s claim in this Court. The import of the evidence in the Cooke Affidavit suggests but does not prove that Voltage may have ulterior motives in commencing this action and may be a copyright troll.

#### **Conclusion on *Prima facie* Case**

[55] In the end result, there is no doubt that *BMG* is binding on this Court. So far, Canadian Courts have not moved to a higher *prima facie* standard. Although the determinative issue in *BMG* proved to be the complete lack of evidence, the Court nevertheless found it necessary to address and

clarify the question of whether the plaintiffs could obtain the disclosure sought pursuant to Rule 238. The determination that a *bona fide* case was sufficient was not *obiter*.

[56] In my view of the evidence on this motion, Voltage has established that it does have a *bona fide* claim as set out in the statement of claim. That *bona fide* claim flows from the allegations in the statement of claim and from the forensic investigation evidence in support of this motion. Voltage has also provided evidence that it in fact holds copyright over the Works alleged to have been infringed. This is all in line with the principles established in *BMG*.

[57] The enforcement of Voltage's rights as a copyright holder outweighs the privacy interests of the affected internet users. However, that is not the end of the matter. As part of making any *Norwich* Order, the Court must ensure that privacy rights are invaded in the most minimal way possible, as discussed in paras. 42 to 45 of *BMG*.

#### **Limitations on a *Norwich* Order**

[58] Having determined that Voltage is entitled to a form of *Norwich* Order, the question becomes what limitations the Court should impose to protect or minimize the privacy risks as it relates to the Subscribers. It is to this issue that CIPPIC's submissions better relate. It is also instructive to consider what the courts in other jurisdictions have done to balance the rights of a copyright holder versus internet user's privacy rights.

[59] Voltage argues that there is no reasonable expectation of privacy risk in using P2P networks as to do so puts private information about the individual into the public domain, and when

individuals use these types of networks they reveal publicly their IP address and the files being copied. Voltage relies upon *R. v Trapp*, 2011 SKCA 143 and *R. v Ward*, 2012 ONCA 660. Voltage's position is that infringers ought not to be able to hide behind a veil of internet anonymity.

[60] This would be an acceptable position but for the spectre raised of the "copyright troll" as it applies to these cases and the mischief that is created by compelling the TekSavvy's of the world to reveal private information about their customers. There is also the very real spectre of flooding the Court with an enormous number of cases involving the Subscribers many of whom may have perfectly good defences to the alleged infringement. Finally, the damages against individual Subscribers even on a generous consideration of the *Copyright Act* damage provisions may be minuscule compared to the cost, time and effort in pursuing a claim against the Subscriber.

[61] CIPPIC has relied upon the experience in other jurisdictions to support its position. The issues raised by the parties have been addressed by courts in both the U.S. and the UK. The UK, in particular, provides a framework for the types of safeguards the court can employ to protect the interests of internet users.

### United Kingdom

[62] The nature of the order sought by Voltage is known in the UK and elsewhere as a *Norwich* Order. This form of relief draws its name from a 1974 House of Lords case involving suspected patent infringement (*Norwich Pharmacal* case) in which the House of Lords reviewed and modified the "equitable bill of discovery" remedy. The old equitable bill of discovery allowed an injured party to bring an action to discover the name of the wrongdoer where necessary to pursue redress.

Under the *Norwich* principle today, parties can seek disclosure of information if that information is required to seek redress for an actionable wrong. UK courts accept that the privacy of internet users may be sacrificed to allow redress to claimants wronged by illegal or tortious activity. However, courts remain concerned with the proportionality of orders in circumstances similar to this case brought by Voltage.

[63] There are three cases from the UK courts which highlight the concerns which *Norwich* Order cases pose as it relates to internet users. One case holds that anonymity of internet users is not an obstacle to disclosure where an actionable wrong exists. Two of the cases discuss the lawfulness of arrangements through which some parties are choosing to target P2P sharing and downloading activities.

[64] As noted by CIPPIC, the modern approach to the *Norwich* remedy was addressed by UK's Supreme Court most recently in *Rugby Football Union v Consolidated Information Services*, [2012] UKSC 55, [2013] 1 All ER 928.

[65] This case involved the resale of rugby tickets on a website operated by the defendant. The claimant Rugby Football Union (RFU) was alone responsible for the issuance of tickets for matches played at its stadium. Because it had a policy of allocating tickets in a way that developed the sport and enhanced its popularity, RFU did not allow ticket prices to be inflated. RFU alleged that arguable wrongs were involved in the advertisement and sale of tickets above face value through the defendant's website. It was not disputed before the Supreme Court that the sale of tickets via the website arguably constituted an actionable wrong. It was held that RFU had no readily available

alternative means of discovering who the possible wrongdoers were other than by means of a *Norwich Order*.

[66] In its reasons, the Supreme Court addressed the principles that should guide *Norwich Orders*. It noted that cases post-*Norwich Pharmacal* have stressed the need for flexibility and discretion in considering whether to grant disclosure. Significantly, the Court confirmed that it is not necessary that an applicant intend to bring legal proceedings in respect of the alleged wrong. Rather, any form of redress, from disciplinary action to a dismissal of an employee, would suffice to ground an application for disclosure pursuant to a *Norwich Order*. In my view, the bringing of proceedings in intellectual property cases is an essential requirement in the sense that there must be an intention to enforce intellectual property rights.

[67] However, the Court concluded that disclosure is to be ordered only if it is a “necessary and proportionate response in all the circumstances”. The Court also held that necessity does not require that the remedy be one of last resort.

[68] While this is a developing area of law, there is also a series of well-known cases brought by Media C.A.T. Ltd. (Media CAT) and lengthy discussion of the mischief which these cases can create. Media CAT alleged copyright infringement in pornographic films by way of P2P sharing software. Media CAT obtained several *Norwich Orders* which resulted in revealing tens of thousands of names and addresses of alleged infringers.

[69] In *Media CAT Ltd v Adams & Ors*, [2011] EWPC 6, Patents County Court Judge Birss addressed a number of concerns raised by Media CAT's conduct following the granting of the *Norwich* Order, but in the context of Media CAT's attempt to discontinue the 27 claims it commenced.

[70] Much of the decision concerns itself with the question of whether Media CAT had standing to bring the claim of copyright infringement, and subsequently, to seek that it be discontinued. Media CAT alleged the right to do so on the basis of its contract with a copyright owner giving it the right to claim and prosecute any person identified as having made available for download films covered by the agreement.

[71] Notwithstanding this narrow point, however, the case is worth reviewing because it illustrates the abuse that can occur when a plaintiff such as Media CAT receives a *Norwich* Order with no safeguards given to the broader context of the rights of the alleged infringers.

[72] Although Judge Birss was not actually sitting in review of the decision to grant the *Norwich* Orders, he addressed the Court's jurisdiction to grant such a remedy. He noted that the orders were granted in this case on the basis of statements from technical experts in support of the infringement claim.

[73] The Court described in some detail the letter writing campaign embarked on by Media CAT's solicitors once the *Norwich* Order was obtained. The campaign involved sending out a "letter of claim" to tens of thousands of individuals. The letter consisted of 6 pages of legal and

technical discussions, three attachments, including the Court's order for disclosure, and an invitation to look at ACS:Law's website for "Notes on evidence". The letter of claim represented Media CAT as a copyright protection society, which it was not, and sought £495 in compensation.

[74] Judge Birss identified a number of misleading statements in the letters and concluded that the impact of the letter on recipients would be significant: "The letter would be understood by many people as a statement that they have been caught infringing copyright in pornographic film, that Media CAT has evidence of precisely that and that a court has already looked into the matter..." (at para 18). In fact, he noted that the court's office had received telephone calls from people in tears on receipt of the letter.

[75] Judge Birss stated that most ordinary members of the public do not appreciate that the *Norwich* Order is not based on a finding of infringement and that people would be tempted to pay out of the desire to avoid embarrassment, whether or not they had done anything wrong.

[76] With respect to the sum sought, the Court remarked that no breakdown of the £495 sum was provided. The Court also wondered how it could be the case that out of the 10,000 letters sent, only 27 recipients, those parties to the claim before him, refused to pay.

[77] The Court concluded that the letters misrepresented Media CAT's standing to bring proceedings, it overstated the merits of its case, and asserted an untested basis for infringement, arising out of "authorized" infringement by others.

[78] The decision then discusses an interesting turn of events that took place days before the Court was to hear Media CAT's case. It appears that ACS:Law came to court offices with 27 notices of discontinuance and represented that following the discontinuance, it would reissue the claims.

[79] The concern that Media CAT and ACS:Law lacked an interest in pressing the claims was expressed as follows (at para 100):

Whether it was intended or not, I cannot imagine a system better designed to create disincentives to test the issues in court. Why take cases to court and test the assertions when one can just write more letters and collect payments from a proportion of the recipients?

[80] Finally, the Court considered whether it could restrain Media CAT from continuing its letter writing campaign. The Court noted that courts retain control over the use of documents and information obtained by the disclosure process and that parties may only use the products of disclosure for purposes of the action in which it was disclosed. From this, the Court reasoned that it had the jurisdiction to regulate the use of the information obtained through a *Norwich* Order. Thus, an order restraining the use of the information disclosed could be nothing more than an order varying the original *Norwich* Order.

[81] This case provides helpful guidance to Courts so that they craft orders that are not open-ended, leaving the party who obtains the order to use it unfairly, or abusively and without restriction.

[82] Another English decision bearing on these issues is the 2012 decision *Golden Eye (International) Ltd. et al v Telefonica UK Limited*, [2012] EWHC 723 (Ch) in which Golden Eye, a licensee of copyrights in pornographic movies, sought a *Norwich* Order in relation to over some 9,000 alleged infringers. The lengthy decision of Justice Arnold also offers guidance on the types of limits that should be placed on the use of *Norwich* Orders. As here, a public interest organization (Consumer Focus), was granted intervener status and represented the interests of the unidentified alleged infringers.

[83] Golden Eye and the other claimants alleged that 9,124 IP addresses had been obtained through the use of a tracking service to determine that subscribers had made available copyright material for P2P copying. Golden Eye sought the names and addresses from the ISP, Telefonica. Telefonica did not object to the order. Telefonica consented to a draft order and a draft letter prepared for distribution to the alleged infringers. The draft order provided that Telefonica was to receive £2.20 for each name and address requested by the claimants and £2,500.00 as security for costs. In addition, a copy of a draft letter which would be sent to the alleged infringers was attached to the draft order.

[84] The draft letter was some three pages in length and was full of legal jargon. It also included a proposed settlement to the alleged infringer in the amount of £700 as compensation.

[85] While several issues were raised in the case, the issue bearing most on the facts of this case relates to whether the claimants were genuinely intending to seek redress. Consumer Focus argued that the division of revenue noted above suggested a money-making endeavor on the part of Golden

Eye. It also claimed that the sum of £700 requested in the draft letter was unsupported and unsupportable.

[86] Consumer Focus further argued that the claimants were equivocal about their willingness to pursue infringement actions. Golden Eye's discontinuance of two of the three claims brought after receiving *Norwich* Orders in similar circumstances was said to suggest a desire to avoid judicial scrutiny. Golden Eye did not explain why these claims were discontinued, nor did it provide information with respect to how many subscribers were identified with respect to those orders and how many letter of claim, if any, were sent out.

[87] However, the Court was satisfied that Golden Eye had a genuine commercial desire to obtain compensation for the infringement of their copyright. With respect to the claimants' pursuit of settlements, the Court noted that it is not a requirement for the grant of a *Norwich* Order that the applicant intend or undertake to bring proceedings against the wrongdoer: "Sending a letter before action with a view to persuading the wrongdoer to agree to pay compensation and to give an undertaking not to infringe in the future is one way of seeking redress. There is no requirement for the intending claimant to commit himself to bringing proceedings if redress cannot be obtained consensually" (at para 109).

[88] Mr. Justice Arnold also said that a claimant faced with multiple infringers is entitled to be selective as to which ones he sues. The cost of litigation may be relevant in making such a decision. He found that the evidence was "sufficiently cogent to establish a good arguable case" had been made out that unlawful file-sharing had occurred.

[89] The Court acknowledged that the monitoring software used to identify the users may misidentify users for a number of technical reasons, including an incorrectly synchronized clock. Non-technical reasons might also lead to an innocent party being identified. However, the existence of these uncertainties was not sufficient to rule that the claimants had not established on the evidence that an arguable case of infringement had occurred for the purpose of granting a *Norwich* order.

[90] The Court also addressed whether the order sought was proportional having regard to the privacy and data protection rights of the intended defendants. It noted that both the claimants' and the alleged infringers' rights are protected by specific articles of the *EU Charter* and the *European Convention on Human Rights*. Striking a balance between those rights required the following approach, set out at paragraph 117 of the decision:

- (i) neither Article as such has precedence over the other; (ii) where the values under the two Articles are in conflict, an intense focus on the comparative importance of the specific rights being claimed in the individual case is necessary; (iii) the justifications for interfering with or restricting each right must be taken into account; (iv) finally, the proportionality test – or "ultimate balancing test" – must be applied to each.

[91] Ultimately, the Court determined that it was necessary for the information sought to be disclosed to allow the claimants to protect their copyright rights. However, proportionality could still be achieved through the terms of the order granted by the Court.

[92] Noting that the draft order prepared by Golden Eye required it to attach a copy of the Court's order to its letter of claim, the Court stressed that the intended defendants should be spared

unnecessary anxiety and distress and should not be given the wrong impression with respect to the meaning of the order.

[93] With respect to the draft letter, Judge Arnold remarked that although it was not the role of the Court to supervise pre-action correspondence, the circumstances of a case such as this required the court to carefully consider the terms of the draft letter of claim. In coming to this conclusion, the Court considered that this type of order would affect ordinary consumers who may not be guilty of infringement, who may not have access to specialized legal services and who may be embarrassed and may not consider it cost-effective to defend the claim, even if innocent.

[94] Justice Arnold observed that the letter should reflect the following points:

- a) make clear the fact that an order for disclosure has been made does not mean that the court has considered the merits of allegation of infringement against the recipient
- b) the letter acknowledge that the intended defendant may not be the person who was responsible for the infringing acts. This takes into account the multiple reasons why account holders associated with certain IP addresses may not be the actual infringers;
- c) if the letter sets out the consequences to the alleged infringer of a successful claim, it must also acknowledge the consequences to the relevant claimant of an unsuccessful claim;
- d) the response time be reasonable. The letter proposed a response time in 14 days which Justice Arnold deemed unreasonable. The Court considered 28 days to be reasonable; and,

- e) threats to shut down the internet connection were unacceptable. The Court found it unacceptable for the claimant to threaten to make “an application to your ISP to show down or terminate your internet connection.”

[95] The claimant’s request for £700.00 as compensation was argued to be unsupported and unsupportable. The draft letter made no attempt to explain or justify the sum and Consumer Focus took the position that it was inconceivable that every alleged infringer caused the copyright owners a loss of £700.00.

[96] The Court accepted Consumer Focus’s position and noted that as the claimants had no information about the scale of infringement committed by each infringer, the amount claimed was inappropriate. In intellectual property cases in the UK it is usual for claimants to seek disclosure from defendants before electing between inquiry as to damages and an account of profits. The Court therefore instructed as follows regarding quantum:

134. [...] If the Claimants were genuinely interested in seeking accurately to quantify their losses, then it seems to me that they would wish to seek some form of disclosure at least in the first instance. I appreciate that it may not be cost-effective for disclosure to be pursued if the Intended Defendant is unwilling to cooperate, but I do not consider that that justifies demanding an arbitrary figure from all the Intended Defendants in the letter of claim.

[...]

138. Accordingly, I do not consider that the Claimants are justified in sending letters of claim to every Intended Defendant demanding the payment of £700. What the Claimants ought to do is to proceed in the conventional manner, that is to say, to require the Intended Defendants who do not dispute liability to disclose such information as they are able to provide as to the extent to which they have engaged in P2P file sharing of the relevant Claimants’ copyright works. In my view it would be acceptable for the Claimants to

indicate that they are prepared to accept a lump sum in settlement of their claims, including the request for disclosure, but not to specify a figure in the initial letter. The settlement sum should be individually negotiated with each Intended Defendant.

[97] Finally, the Court considered but rejected a number of "safeguards" proposed by the intervener. These included notification of the alleged infringers; appointing a supervising solicitor; providing for a group litigation order; and establishing test cases. In all of the circumstances of the cases Justice Arnold did not deem them appropriate at that juncture of the proceedings.

[98] However, an alternative safeguard was proposed by Judge Arnold and accepted by the claimants. He placed a condition on the order that any resulting claims be brought in the Patents County Court, ensuring that they would be handled by a specialized tribunal. This is equivalent in our Court to having the matter specially managed which forms part of the Order made herein.

[99] In granting the *Norwich* Order, Justice Arnold concluded with comments regarding the balancing of rights as follows:

146. [...] As discussed above, I have not accepted that the agreements between Golden Eye and the Other Claimants are champertous. Nor have I been persuaded that those agreements mean that the Other Claimants are not genuinely intending to try to seek redress. It does not follow, however, that it is appropriate, when balancing the competing interests, to make an order which endorses an arrangement under which the Other Claimants surrender total control of the litigation to Golden Eye and Golden Eye receives about 75% of the revenues in return. On the contrary, I consider that that would be tantamount to the court sanctioning the sale of the Intended Defendants' privacy and data protection rights to the highest bidder. Accordingly, in my judgment, to make such an order would not proportionately and fairly balance the interests of the Other Claimants with the Intended Defendants' interests. (I do not consider Golden Eye to have any legitimate interest separate from those of the Other Claimants for this purpose.) If the Other Claimants want to

obtain redress for the wrongs they have suffered, they must obtain it themselves.

[Emphasis added.]

[100] In all, Justice Arnold's decision in *Golden Eye* provides useful guidance as to the form and restrictions of an order compelling production by a third-party. The major points from both the U.S. and the UK cases are summarized in the conclusion, below.

### U.S. CASES

[101] In the U.S., copyright holders seeking to ascertain the names and addresses of unnamed alleged infringers are required to file a motion for "expedited discovery", or more precisely, a motion for leave to serve third party subpoenas.

[102] There is a plethora of U.S. cases involving large numbers of alleged copyright infringers which has produced much judicial commentary about "copyright trolls". The following is a list of those cases which have been reviewed, but only some of which are discussed below: *Digital Sin, Inc. v Does 1-27*, 2012 US Dist LEXIS 78832 (SD NY, 2012); *TCYK, LLC v Does 1-88*, 2013 US Dist LEXIS 88402 (ND Ill, 2013); *Breaking Glass Pictures v Does 1-84*, 2012 US Dist LEXIS 88984 (ND Ohio, 2013); *Malibu Media, LLC v John Does, Subscriber Assigned IP Address 69.249.252.44*, 2013 U.S. Dist. LEXIS 77264 (D Pa, 2013); *Patrick Collins, Inc. v John Doe 1*, 2012 US Dist LEXIS 71122 (ED NY, 2013); *Malibu Media, LLC v John Does*, 902 F Supp 2d 690 (ED Pa, 2012); *Ingenuity 13 LLC v John Doe*, 2013 WL 1898633 (CD Cal, 2013); *Malibu Media, LLC v John Does 1-5*, 285 FRD 273 (D NY, 2012); *Third Degree Films, v Does 1-47*, 286 FRD 188 (D Mass, 2012); *Hard Drive Prods., Inc. v Does 1-90*, 2012 US Dist LEXIS 45509 (ND Cal, 2012);

*Combat Zone, Inc v Does 1-84*, 2013 US Dist LEXIS 35439 (D Mass, 2013); and, *Voltage Pictures, LLC v Does 1-198, Does 1-12, Does 1-34, Does 1-371*, (1:13-cv-00293-CL)(D Or, 2013). Many of these cases arise in the context of the pornographic film industry where an alleged infringer may settle quickly and on advantageous terms to the plaintiff to avoid embarrassment and to avoid being identified. There is no suggestion that is the case here.

[103] As in the UK, Courts in the U.S. appear to accept that identifying alleged infringers for purposes of pursuing copyright infringement claims is merited, but the Courts have expressed concern with the use of the courts' subpoena powers to "troll" for quick and easy settlements.

[104] U.S. courts have not shied away from using strong language to admonish the "low-cost, low-risk revenue model" tactics of copyright owners, and in particular adult film companies: "It has become clear in many cases that the companies have no intention of pursuing litigation, but rather initiate a lawsuit to hold a proverbial guillotine over the accused downloaders' heads to extract settlement because of the fear of embarrassment over being accused of downloading pornography" (see, for example, *Patrick Collins, Inc, v John Doe 1*, 2012 US Dist LEXIS 71122 (ED NY, 2013) at p. 5).

[105] *Ingenuity 13 LLC v John Doe*, 2013 WL 1898633 (CD Cal, 2013), a decision cited by CIPPIC, is a particularly egregious example of these cases and involves a "copyright-enforcement crusade" commenced by a group of attorneys. The decision against the plaintiff was rendered by Judge Wright, one of the most vocal judicial critics of the business model employed by many plaintiffs in these cases. However, the case is not helpful in this case because the facts as they

relates to “copyright trolls” involves misrepresentation and fraudulent practices on the part of the plaintiff. No actual evidence of misrepresentation or fraudulent practices is before the Court on this motion. It is only raised as a possibility given Voltage’s approach in other litigation in the U.S. discussed below. However, in one colourful passage Judge Wright observes:

Plaintiffs have outmaneuvered the legal system. They’ve discovered the nexus of antiquated copyright laws, paralyzing social stigma, and unaffordable defense costs. And they exploit this anomaly by accusing individuals of illegally downloading a single pornographic video. Then they offer to settle for a sum calculated to be just below the cost of a bare-bones defense. For these individuals, resistance is futile; most reluctantly pay rather than have their names associated with illegally downloading porn. So now, copyright laws originally designed to compensate starving artists allow, starving attorneys in this electronic-media era to plunder the citizenry. (page 1)

[106] Because of the U.S. civil procedure code, judges have opted to utilize the court’s discretionary powers over joinder of claims to address abuses of power. It is within this context that U.S. courts have opined on “copyright trolls” and their targeting of individuals without any concern to the differences between cases and the factual and legal culpability of numerous defendants. The potential for coercing individuals into settlement is often cited as a reason to prohibit joinder, even where the formal requirements of the rules of civil procedure are met.

[107] Stories regarding coercive litigation tactics employed by “copyright trolls” have affected courts which are hesitant to encourage such activity (see, for example, *Malibu Media, LLC v John Does 1-5*, 285 FRD 273 (D NY, 2012)). In that case, the judge permitted joinder of claims because she was of the view that many of the concerns regarding the pressure to settle could be mitigated by anonymity of the alleged infringer. The Court also took the position that the nature of work that is

protected (adult films) and its accompanying level of embarrassment should not affect the propriety of joinder.

[108] In *Third Degree Films, v Does 1-47*, 286 FRD 188 (D Mass, 2012), the judge described the approach employed by courts across the country as follows:

Against this backdrop of mass lawsuits and potentially abusive litigation tactics, courts nationwide have become sceptical of allowing the adult film companies unfettered access to the judicial processes of subpoenas and early discovery. Furthermore, many courts are eradicating these mass filings on the ground that joinder of tens, hundreds, and sometimes thousands of alleged infringers is improper, and some have admonished the plaintiff adult film companies for evading such substantial court filing fees as they have through the joinder mechanism. Still, a number of courts have upheld the joinder of Doe defendants as proper and efficient, issued subpoenas, and permitted early discovery. (page 5)

[109] The Court also described some of the more egregious tactics used by the plaintiffs, such as in one case harassing telephone calls demanding \$2,900.00 to end the litigation (page 15).

[110] The pursuit of non-judicial remedies aimed at extracting quick settlements from alleged infringers have led judges to deny remedies to plaintiffs (see, *Hard Drive Prods., Inc. v Does 1-90*, 2012 US Dist LEXIS 45509 (ND Cal, 2012). The Court considered the plaintiff's admission that to its knowledge neither it nor any other defendant had ever served a single alleged infringer after early discovery had been granted. Thus, the Plaintiff had failed to establish that granting discovery would lead to identification of and service of the alleged infringers.

[111] However, in an Oregon case involving Voltage (*Voltage Pictures, LLC v Does 1-198, Does 1-12, Does 1-34, Does 1-371*, (1:13-cv-00293-CL)(D Or, 2013)), the Court suggested the most

appropriate method to protect against the risk of coercion is to sever the alleged infringers and require them to be sued individually (see also, *Combat Zone, Inc v Does 1-84*, 2013 US Dist LEXIS 35439 (D Mass, 2013)).

[112] The Oregon Court was not merely concerned with Voltage's avoidance of filing fccs, rather, it strongly criticised Voltage for its "underhanded business model" aimed at raising profits. Judge Aiken expressed doubt about Voltage's claim that it was interested in defending P2P copyright infringement. The sample demand letter before the Court showed that Voltage threatened punitive damages and, in the Court's view, suggested that liability of the alleged infringers was a foregone conclusion. The Court characterized Voltage's attempt to use scare tactics and "paint all Doe users, regardless of degree of culpability in the same light" (page 11) as an abuse of process. The Court observed:

Accordingly, plaintiff's tactic in these BitTorrent cases appears to not seek to litigate against all the Doe defendants, but to utilize the court's subpoena powers to drastically reduce litigation costs and obtain, in effect, \$7,500 for its product which, in the case of Maximum Conviction, can be obtained for \$9.99 on Amazon for the Blu-Ray/DVD combo or \$3.99 for digital rental. (page 10)

[113] This highlights an issue raised by CIPPIC to the effect that damage claims in these mass infringement cases often far exceeds any actual damage that may have occurred.

[114] Further, U.S. courts have taken a dim view of demand letters that stated that alleged infringers are being notified because they actually infringed and the case would be dropped if settlement was reached. Courts have characterized this information as erroneous because it assumes that the **person who pays for internet access at a given location is the same individual who**

**allegedly infringed** copyright. For example, in *Combat Zone*, following other judges, the judge characterized this assumption as tenuous and analogous to the assumption that a person who pays the telephone bill also made a specific telephone call (citing *In re BitTorrent Adult Film Copyright Infringement Cases*, 2012 U.S. Dist. LEXIS 61447 at 3).

[115] Counsel for Voltage in this case argued that this case was about nothing more than joinder of defendants. However, in my view that is a mischaracterization. Private information is being sought and the Court ought not to order its release unless there is some protection against it being misused as it has been in the U.S. copyright troll cases.

[116] Notably, no draft letter or order was provided in this case although during the course of argument counsel for Voltage outlined the contents of a proposed letter. Given the order being made herein, the letter will be subject to judicial scrutiny.

[117] Very few U.S. cases address the alleged infringers' privacy and anonymity rights. This issue was most closely canvassed in *Malibu Media, LLC v John Does*, 902 F Supp 2d 690 (ED Pa. 2012), wherein five of the alleged infringers sought to quash third-party subpoenas and moved against the filing of a single complaint joining the multiple all of them. Malibu Media, the producer of adult films and copyright holder, was one of the plaintiffs that had initiated proceedings against unidentified alleged infringers across multiple jurisdictions.

[118] In the course of the action Malibu Media's approach to litigation was described as follows:

When Plaintiff receives this information from the ISPs, it contacts the subscribers associated with the IP addresses, usually by letter, advising them of the lawsuits and offering them an opportunity to settle by payment of a monetary sum. The content of the letters is not yet in the record. Nor does the Court have any information as to the amount of money that Plaintiff typically demands, or whether and to what extent negotiations take place and ultimately lead to settlements. If the John Doe defendant who receives the letter agrees to pay, Plaintiff dismisses the complaint against that defendant with prejudice and without any further court proceedings, thus avoiding the public disclosure of the defendant's identity. If the John Doe defendant refuses to settle, or Plaintiff has been unable to serve the complaint within the 120 days required under Rule 4(m) of the Federal Rules of Civil Procedure, subject to any extension granted by the court, with whatever information is provided by the ISP, Plaintiff dismisses the complaint against that defendant without prejudice to Plaintiff's ability to commence a subsequent action against that defendant. In this fashion, Plaintiff has initiated hundreds of lawsuits in various district courts throughout the country, but has not yet proceeded to trial in any case.(page 5)

(emphasis added)

[119] This appears to be a typical description of how copyright trolling or speculative invoicing works. In that case the alleged infringers argued that their right to remain anonymous outweighed the plaintiff's potential proprietary interests in the copyright. The Court disagreed and held that the third-party subpoenas did not unduly burden these potential defendants. The court acknowledged that its order impeded the right to anonymity on the internet and implicates First Amendment rights under the U.S. Constitution. Nonetheless, the court determined that the standard used by prior courts when granting third-party subpoenas was an appropriate means of balancing competing interests at stake. This standard requires the court to balance five factors:

- (1) the concreteness of the plaintiff's showing of *a prima facie* claim of actionable harm;
- (2) the specificity of the discovery request;

- (3) the absence of alternative means to obtain the subpoenaed information;
- (4) the need for the subpoenaed information to advance the claim; and
- (5) the objecting party's expectation of privacy.

[120] These factors bear some similarity to the *BMG* factors discussed above. The Court was of the view that the factors weighed in favour of the plaintiff because any detriment to the expectation of privacy could be mitigated by granting their request to proceed anonymously.

[121] The Court also acknowledged that subscriber information may not directly identify defendants but noted that it would likely allow the plaintiff, to identify the actual infringer. Curiously, the Court did not consider whether this was likely to occur considering the plaintiff's approach to this litigation, set out above. The Court did state, however, that: "The purpose of the joinder rules is to promote efficiency, not to use Federal District Courts as small claims collection agencies, by putting economic pressure on individuals who do not have substantive liability" (page 11).

[122] Ultimately, the Court did not sever the claims but rather stayed all claims but those of the five alleged infringers who brought the motions. He ordered these to proceed forward as a "Bellweather trial" (a type of test case intended to give parties an indication of what is likely to happen in future proceedings of the same nature).

[123] Interestingly, the Court also provided the following warning, suggesting that the plaintiff's intention to actually pursue claims may be relevant in future proceedings:

Although the Court cannot prevent the parties from settling these claims, the Court assumes that Plaintiff will welcome this opportunity to prove its claims promptly pursuant to the Federal Rules of Civil Procedure, the Federal Rules of Evidence, and the copyright laws, which may, if Plaintiff is successful, lead to an injunction enjoining the practices about which Plaintiff complains. If Plaintiff decides instead to continue to "pick off" individual John Does, for confidential settlements, the Court may draw an inference that Plaintiff is not serious about proving its claims, or is unable to do so. (page 11) (emphasis added)

[124] Despite these judicial pronouncements, courts in the U.S. remain somewhat ambiguous on the question of whether a plaintiff's intention to pursue litigation against alleged infringers is relevant to allowing disclosure of information.

[125] These decisions also provide almost no analysis of evidence required to establish a *prima facie* case, which is part of the good cause standard applied. In most of these cases reference is made to evidence from forensic investigators. The good cause standard was met where the evidence identified the IP address of each alleged infringer, the city in which the address was located, the date and time of the infringing activity and the ISP of the address (*Malibu Media*, 902 F Supp 2d 690).

### Summary of UK and U.S. cases

[126] The decisions reviewed suggest that courts in both the UK and U.S. are particularly concerned with sanctioning a business model that coerces innocent people into settlements.

[127] Both jurisdictions appear open to imposing safeguards and overseeing the disclosure process to ensure that plaintiffs do not misrepresent the effects of the *Norwich* Order.

[128] These courts have also generally accepted that users identified by the disclosure may not be the actual infringers but may have information that leads to the alleged infringer. Cases such as *Combat Zone* are particularly useful as guidelines because they prohibit plaintiffs from referring to letter recipients as defendants.

[129] With respect to privacy concerns, the cases in both jurisdictions suggest that such issues are of secondary importance as the law generally does not shield wrongdoing for reasons of privacy. Thus, the question of the extent of actual wrongdoing, once it has been established, is important.

[130] U.S. law clearly imposes a *prima facie* standard on plaintiffs but it is difficult to ascertain how the evidence mentioned in the cases meets that higher standard. It could be that U.S. courts are far more familiar with these types of claims and the evidence required to establish infringement. Interestingly, U.S. courts acknowledge that the identified IP address subscriber may not be the actual infringer for a number of reasons, but do not discuss the technical flaws of techniques used to trace IP addresses, an issue identified by CIPPIC.

[131] UK courts require claimants to establish an arguable case of infringement. In *Golden Eye* the Court held that technical and non-technical uncertainties were not sufficient to deny the request for disclosure.

[132] Thus, although CIPPIC asserts that U.S. and UK cases recognize a need to assess the strength of a cause of action as a pre-requisite, it is not clear from a review of these cases what this

actually means in practice. Based on the evidence on this motion there is a *bona fide* case of copyright infringement. The real question is the form of remedy.

### CONCLUSION

[133] Having considered all of the evidence of the parties, their submissions and the jurisprudence, there is a number of principles to be gleaned. These principles are in addition to the tests to be applied from *BMG*. The Court should give consideration to these principles to weigh and balance the privacy rights of potentially innocent users of the internet versus the right of copyright holders to enforce their rights. The Court ought to balance these rights in assessing the remedy to be granted. Where evidence suggests that an improper motive may be lurking in the actions of a copyright holder plaintiff, the more stringent the order. However, it would only be in a case where there was compelling evidence of improper motive on behalf of a plaintiff in seeking to obtain information about alleged infringers that a Court might consider denying the motion entirely. The *Copyright Act* engages the Court to enforce copyright and the rights that go with the creation of copyrighted works. Absent a clear improper motive the Court should not hesitate to provide remedies to copyright holders whose works have been infringed.

[134] In summary, the following is a non-exhaustive list of considerations which flow from cases in the U.S., UK and Canada:

- a) The moving party must demonstrate a *bona fide* case;
- b) Putting safeguards in place so that alleged infringers receiving any "demand" letter from a party obtaining an order under Rule 238 or a *Norwich* Order not be

intimidated into making a payment without the benefit of understanding their legal rights and obligations;

- c) When issuing a *Norwich* Order the Court may retain the authority to ensure that it is not abused by the party obtaining it and can impose terms on how its provisions are carried out;
- d) The party enforcing the *Norwich* Order should pay the legal costs and disbursements of the innocent third-party;
- e) Specific warnings regarding the obtaining of legal advice or the like should be included in any correspondence to individuals who are identified by the *Norwich* Order;
- f) Limiting the information provided by the third party by releasing only the name and residential address but not telephone numbers and e-mail addresses;
- g) Ensuring there is a mechanism for the Court to monitor the implementation of the *Norwich* Order;
- h) Ensuring that the information that is released remains confidential and not be disclosed to the public and be used only in connection with the action;
- i) Requiring the party obtaining the order to provide a copy of any proposed "demand" letter to all parties on the motion and to the Court prior to such letter being sent to the alleged infringers;
- j) The Court should reserve the right to order amendments to the demand letter in the event it contains inappropriate statements;
- k) Letters sent to individuals whose names are revealed pursuant to Court order must make clear that the fact that an order for disclosure has been made does not mean

that the court has considered the merits of the allegations of infringement against the recipient and made any finding of liability;

- l) Any demand letter should stipulate that the person receiving the letter may not be the person who was responsible for the infringing acts;
- m) A copy of the Court order, or the entire decision should be included with any letter sent to an alleged infringer; and,
- n) The Court should ensure that the remedy granted is proportional.

[135] On the facts of this case, there is some evidence that Voltage has been engaged in litigation which may have an improper purpose. However, the evidence is not sufficiently compelling for this Court at this juncture in the proceeding to make any definitive determination of the motive of Voltage. They have demonstrated on their evidence that they copyright in the Works; that the forensic investigation concluded that there are alleged infringers who have downloaded the Works via the P2P and BitTorrent system; that TekSavvy, a non-party is the ISP that has information such as names and addresses of its Subscribers who are alleged by Voltage to have infringed; quite properly, TekSavvy will not release any information in the absence of a court order; that it is fair that Voltage have access to the information to enforce its copyright; and, given the terms of the order made, production of such information will not delay, inconvenience or cause expense to TekSavvy or others.

[136] Counsel for TekSavvy helpfully put in perspective the issues TekSavvy has with respect to revealing information and there was evidence of notifications which TekSavvy had made available

to its customers. TekSavvy also sought payment of its reasonable costs in the event it had to release information. Any dispute regarding those costs can be resolved by the Case Management Judge.

[137] In order to ensure the Court maintains control over the implementation of the order, this action will proceed as a specially managed action and a Case Management Judge will be appointed who will monitor, as necessary, the conduct of Voltage in its dealings with the alleged infringers.

[138] Further, in order to ensure there is no inappropriate language in any demand letter sent to the alleged infringers, the draft demand letter will be provided to the Court for review. The letter should contain a statement that no Court has yet found any recipient of the letter liable for infringement and that recipients should legal assistance. The reasonable legal costs, administrative costs and disbursements of TekSavvy in providing the information will be paid to TekSavvy prior the information being provided. The information will be limited only to the name and address of the IP addresses as set out in the schedule to the affidavit of Barry Logan which schedule is attached as Schedule A to these reasons and order. Any further directions or additions to the Order will be dealt with by the Case Management Judge. All participants on this motion and any intended defendant shall be able to seek a case conference with the Case Management Judge to review issues arising in the proceeding.

[139] In my view, the Order herein balances the rights of internet users who are alleged to have downloaded the copyrighted Works against the rights of Voltage to enforce its rights in those Works. A Case Management Judge will be in a good position to maintain that balance and ensure

that Voltage does not act inappropriately in the enforcement of its rights to the detriment of innocent internet users.

**ORDER****THIS COURT ORDERS that:**

1. This action shall continue as a specially managed proceeding and be referred to the Office of the Chief Justice for the appointment of a Case Management Judge.
2. TekSavvy Solutions Inc. (TekSavvy) shall disclose to the Plaintiff the contact information, in the form of the names and addresses, to the extent it is able, of the TekSavvy customer accounts (Subscribers) associated with the IP addresses attached as Exhibit B to the affidavit of Barry Logan.
3. All reasonable legal costs, administrative costs and disbursements incurred by TekSavvy in abiding by this Order shall be paid by the Plaintiff to TekSavvy.
4. The reasonable legal costs and disbursements of TekSavvy referred to in paragraph 3 herein shall be paid prior to the release to the Plaintiff of the information referred to in paragraph 2 herein.
5. The Plaintiff shall include a copy of this Order in any correspondence that is sent to any of the Subscribers identified by TekSavvy pursuant to this Order.

6. Any of the Subscribers may request a full copy of these Reasons for Order and Order from the Plaintiff and the Plaintiff shall provide a copy at no charge to each Subscriber requesting a copy.
7. Any separate actions commenced by the Plaintiff against any of the Subscribers shall be case managed in connection with this case.
8. Any correspondence sent by Voltage to any Subscriber shall clearly state in bold type that no Court has yet made a determination that such Subscriber has infringed or is liable in any way for payment of damages.
9. A draft of the proposed letter to be sent to Subscribers shall be provided to the parties to this motion and to the Court and be the subject of a case conference with the Case Management Judge to review and approve the contents of the letter before being sent to any Subscriber.
10. The release of the information by TekSavvy shall remain confidential and not be disclosed to any other parties without further order of the Court and only be used by the Plaintiff in connection with the claims in this action.
11. The Plaintiff shall undertake to the Court not to disclose to the general public by making or issuing a statement to the media any of the information obtained from TekSavvy.

- 12. All participants on this motion and any intended Defendant shall have the right to seek a case conference with the Case Management Judge to review issues arising in the proceeding.
  
- 13. Any further amendments or additions to this Order shall be within the discretion of the Case Management Judge.

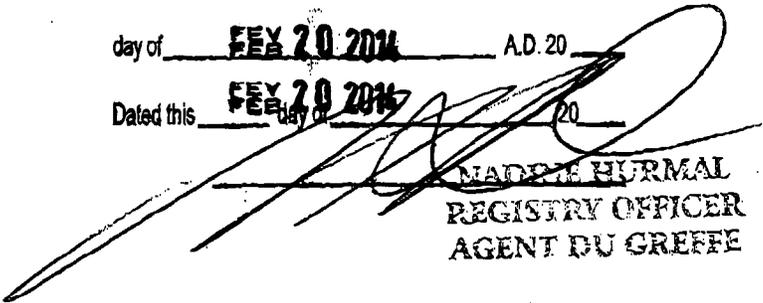
“Kevin R. Aalto”

Prothonotary

I HEREBY CERTIFY that the above document is a true copy of the original issued out of / filed in the Court on the \_\_\_\_\_

day of FEB 20 2014 A.D. 20

Dated this FEB 20 2014 day of \_\_\_\_\_ 20



MADÉLÈNE HORMAL  
 REGISTRY OFFICER  
 AGENT DU GREFFE

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-2058-12

**STYLE OF CAUSE:** VOLTAGE PICTURES LLC  
v.  
JOHN DOE AND JANE DOE

**PLACE OF HEARING:** Toronto, Ontario

**DATE OF HEARING:** June 25, 2013

**REASONS FOR ORDER:** AALTO P.

**DATED:** February 20, 2014

**APPEARANCES:**

P. James Zibarras  
John Philpott

FOR THE PLAINTIFF

Nicholas McHaffie  
Christian Tacit

FOR THE DEFENDANT

David Fewer

FOR THE INTERVENOR

**SOLICITORS OF RECORD:**

Brauti Thorning Zibarras LLP  
Toronto, Ontario

FOR THE PLAINTIFF

TekSavvy Solutions Inc.  
c/o Stikeman Elliott LLP  
Ottawa, Ontario

FOR THE DEFENDANT

Federal Court



Cour fédérale

Date: 20150317

Docket: T-2058-12

Ottawa, Ontario, March 17, 2015

**PRESENT:** Madam Prothonotary Roza Aronovitch

**BETWEEN:**

**VOLTAGE PICTURES LLC**

**Plaintiff**

**and**

**JOHN DOE AND JANE DOE**

**Defendants**

**and**

**TEKSAVVY SOLUTIONS INC.**

**Responding Party**

**and**

**SAMUELSON-GLUSHKO CANADIAN  
INTERNET POLICY AND PUBLIC  
INTEREST CLINIC**

**Intervener**

**ORDER**

**UPON** Reasons for Order of even date;

**THIS COURT ORDERS that:**

1. The reasonable legal costs, administrative costs and disbursements incurred by TekSavvy in abiding by the February 20, 2014 Order are assessed at \$21,557.50;
2. Pursuant to paragraphs 3 and 4 of the February 20, 2014 Order, the assessed costs shall be paid by Voltage to TekSavvy prior to the release to Voltage of the information referred to in paragraph 2 of the February 20, 2014 Order;
3. There shall be no costs of the assessment.

\_\_\_\_\_  
"Roza Aronovitch"

Prothonotary

Federal Court



Cour fédérale

**Date: 20150317**

**Docket: T-2058-12**

**Citation: 2015 FC 339**

**BETWEEN:**

**VOLTAGE PICTURES LLC**

**Plaintiff**

**and**

**JOHN DOE and JANE DOE**

**Defendants**

**and**

**TEKSAVVY SOLUTIONS INC.**

**Responding Party**

**and**

**SAMUELSON-GLUSHKO CANADIAN  
INTERNET POLICY AND PUBLIC  
INTEREST CLINIC**

**Intervener**

**REASONS FOR ORDER**

**ARONOVITCH P.****I. Background**

[1] The plaintiff, a film production company called Voltage Pictures LLC (Voltage), commenced the underlying action against unidentified “Doe” defendants alleging that they engaged in illegal file sharing over the Internet and thereby infringed on the plaintiff’s rights in certain cinematic works.

[2] After initially identifying the defendants by their Internet Protocol (IP) addresses, Voltage approached their Internet service provider, TekSavvy Solutions Inc. (TekSavvy), to obtain their names and addresses in order to pursue the litigation. TekSavvy asked Voltage to first obtain a court order but otherwise said it would not oppose the motion.

[3] Accordingly, Voltage brought a motion under Rule 238 of the *Federal Courts Rules*, SOR/98-106 (*Rules*) for an order to compel production of the names and addresses of subscribers associated with roughly 2,000 IP addresses that it had identified. Prothonotary Aalto heard and disposed of the motion by way of Reasons for Order and Order (the Order) dated February 20, 2014: *Voltage Pictures LLC v John Doe and Jane Doe*, 2014 FC 161 (*Voltage*)).

[4] As noted by Prothonotary Aalto, this type of order is also referred to as a “Norwich” order, taking its name from the House of Lords decision *Norwich Pharmacal Co v Customs & Excise Commissioners*, [1974] AC 133 (*Norwich Pharmacal*), which established the right of parties to have discovery of non-parties by means of an “equitable bill of discovery” if necessary

to ascertain the identity of unknown defendants. The Federal Court of Appeal in *BMG Canada Inc v Doe*, 2005 FCA 193 at paras 30 and 32, 252 DLR (4th) 342 (affirming *BMG Canada Inc v Doe*, 2004 FC 488 at paras 10-14, 250 FTR 267 (*BMG*)) found that the legal principles which apply to the equitable bill of discovery apply equally to the test under Rule 238 of the *Rules*.

[5] Having considered the applicable principles and weighed Voltage's right to defend its copyright against the subscribers' rights to privacy and concerns about possible misuse of their information, Prothonotary Aalto concluded that Voltage had met the test under Rule 238 and that the motion should be granted, with certain safeguards.

[6] Prothonotary Aalto ordered TekSavvy to disclose to Voltage, to the extent it was able, the contact information of customer accounts associated with the IP addresses identified by Voltage. The Order included a provision that Voltage pay TekSavvy "All reasonable legal costs, administrative costs and disbursements incurred by TekSavvy in abiding by this Order." Any disputes arising in relation to these costs were left to be resolved by the case management judge.

[7] The intended scope of the Order and the reasonable costs incurred by TekSavvy in abiding with the Order now come to be assessed by way of the present motion, the parties to the motion have widely divergent views of what the Order covers.

[8] TekSavvy claims recovery of a total of \$346,480.68 on a full indemnity basis to make it whole for the costs it says it incurred as a result of Voltage's motion. Voltage for its part takes a diametrically opposite view, saying that the effect of the Order is prospective and covers only

those costs incurred following the issuance of the Order. In the alternative, Voltage says that TekSavvy has not proven its costs and is not entitled to any costs. In the further alternative, based on its own calculations, Voltage argues that TekSavvy is entitled no more than \$884.00.

[9] TekSavvy's interpretation of the Order's meaning is too expansive, Voltage's too narrow. Neither position, in my view, is justifiable on the evidence or at law.

## II. Facts and submissions of the parties

[10] TekSavvy is a relatively small telecommunications and Internet service provider (ISP), with roughly 280 employees, based in Chatham, Ontario. TekSavvy's principal affiant in support of its claim is Marc Gaudrault, its Chief Executive Officer. He attests to the fact that the costs incurred by TekSavvy were especially significant because at times "effectively everyone in the company was occupied with responding to and addressing the motion brought by Voltage."

[11] Gaudrault's affidavit sets out the timeline of the events giving rise to its claim for various costs. We learn that the first contact was made by way of an inquiry by Barry Logan, of Canipre Inc. (Canipre), on behalf of Voltage. Logan contacted TekSavvy on October 10, 2012, through an online information request in order to discuss serving materials for a court order to deliver subscriber information, and to request information about how TekSavvy would determine the information from a technical view point.

[12] E-mail exchanges ensued between Logan and Christian Tacit, TekSavvy's corporate counsel, as well as Logan and Patrick Misur, TekSavvy's Director of Corporate Systems, who provided the requested technical information.

[13] On November 1, 2012, Voltage sent TekSavvy draft motion materials identifying over 4,500 IP addresses for which it sought subscriber information, and proposing a motion date of November 19, 2012.

[14] By November 14, 2012, TekSavvy had retained Nicholas McHaffie at Stikeman Elliot LLP to advise them in respect of the motion. McHaffie advised John Philpott, counsel for Voltage, of TekSavvy's intention to provide prior notice of Voltage's motion to affected subscribers in order to notify them of the issues at stake and allow them to take any steps they deemed necessary, including seeking legal advice or being represented at the hearing of the motion.

[15] Philpott took the view that notice was not required at law and would delay the proceeding, but offered to continue cooperating, provided that doing so did not delay or prejudice his client, and agreed to postpone the motion until December 10, 2012, to allow for notices to be sent.

[16] Gaudrault explains that, in the two years prior to Voltage's request, TekSavvy had undertaken only 17 correlations of IP addresses to locate contact information for subscribers. The work was performed manually, taking between one and two hours per correlation. The

correlation of thousands of IP addresses with timestamps covering a two month period (and thus 180 daily log files), one-by-one, using TekSavvy's manual system would have thus required an inordinate amount of time. TekSavvy therefore had to plan and implement a new process to at least partially automate the process. The new approach consisted of eight-steps described in Gaudrault's affidavit, and required a number of senior TekSavvy officers and staff members.

[17] The preliminary steps of correlating IP addresses with subscriber information commenced on November 14, 2012. On November 28, 2012, Voltage sent TekSavvy a revised list which consisted of 2,114 IP addresses with notice to TekSavvy that it intended to proceed with its motion on December 17, 2012. TekSavvy undertook the necessary correlation of Voltage's revised list. Once made, TekSavvy ran the correlation a second time, with two lists in order to find discrepancies. On December 4, 2012, six days after receipt of the revised list of IP addresses, this verification yielded a final list of subscriber information for approximately 1,130 subscribers.

[18] On December 10, 2012, TekSavvy sent notice to the affected subscribers and issued a press release regarding Voltage's request and the pending motion.

[19] In order to reduce the overall number of telephone and e-mail inquiries and to efficiently convey information to its subscribers, TekSavvy created an online portal tool. On December 13, 2012, TekSavvy sent an e-mail notice to all of its customers, some 200,000 at that time, informing them of the portal and providing answers to the frequently asked questions concerning the Voltage motion.

[20] Over the next several days, TekSavvy received reports from some recipients of the notice indicating that they had not been TekSavvy customers at the relevant time or that there were other errors in the identification of subscribers. Despite the double-checks it had already conducted, TekSavvy learned that some of the subscriber information was inaccurate. It therefore undertook further confirmation and verification of its information. On December 16, 2012, the eve of the then hearing of the motion, TekSavvy discovered that it had incorrectly notified 42 subscribers and had failed to notify an additional 92 subscribers.

[21] The motion did not proceed as scheduled on December 17, 2012. TekSavvy requested an adjournment in order to correct the identified errors and allow the Canadian Internet Policy and Public Interest Clinic (CIPPIC) to seek leave to intervene. The adjournment was granted by Justice O'Keefe.

[22] Justice Mandamin granted a further adjournment on January 14, 2013, pending disposition of CIPPIC's motion to intervene, which Madam Prothonotary Tabib granted on February 13, 2013. Voltage's motion for third party discovery was ultimately heard on June 25, 2013.

[23] TekSavvy's provides evidence to the effect that Voltage's motion generated considerable interest and concern among TekSavvy's then-current subscribers, potential subscribers, and the general public. This resulted in a massive increase in telephone and online inquiries, comments and complaints to TekSavvy. Gaudrault says that in the days before the December 17, 2012 return date of the motion, at one point TekSavvy was receiving 4,000 to 6,000 calls per day, of

which 90 percent were related to Voltage, had as many as 200 telephone calls in queue for response, and had employees working overtime to field inquiries.

[24] Gaudrault attests to the fact that the attention and interest generated by Voltage's motion was also manifested in a much more negative way. TekSavvy, Voltage, and Canipre were each victims of distributed denial-of-service (DDoS) attacks, in which hackers disable a website or online business by manipulating a huge number of computers to flood a targeted host with communication requests. Given the targets (TekSavvy, Voltage, and Canipre) and the timing of the attacks (which started on December 15, 2012), Gaudrault attributes the DDoS attack to the Voltage motion.

[25] TekSavvy's systems were not able to respond to the attack. It was therefore forced to spend time finding and implementing a solution from a third-party provider, Arbor Networks, in order to "harden" its defences against future DDoS attacks.

[26] Culminating from all of these events, TekSavvy presents its bill of costs and claim for \$178,820.98 in legal costs, \$108,616.68 in administrative costs, and \$60,043.02 in disbursements. TekSavvy insists that these costs were incurred "in acting on Voltage's request for contact information and thus abiding by the Order," and says that but for Voltage's motion, it would not have incurred any of these costs and expenses.

[27] TekSavvy takes the view that its costs must be assessed in the context in which they were incurred. Voltage's request for information relating to more than 2,000 IP addresses in the

context of a civil proceeding was unprecedented for TekSavvy, and indeed in Canada. Responding to the request required TekSavvy to undertake significant technical measures to accurately correlate the large number of IP addresses to customer account information; communicate with individuals registered to these accounts to ensure they had appropriate notice of the request; respond to a massive increase in customer inquiries relating to the Voltage motion; take legal advice, including representation on the motion; and respond to a malicious DDoS attack on its business.

[28] On the recommendation of its investigative firm, Canipre, Voltage made a deliberate tactical decision to name TekSavvy as respondent to its motion due to its small size. TekSavvy argues therefore, that the costs flowing from that decision are appropriately borne by Voltage based on the Order and Voltage's undertaking to reimburse the reasonable expenses incurred by TekSavvy.

[29] TekSavvy had expressly advised Voltage from the start that, given the mass of information sought and TekSavvy's size, it would be a substantial undertaking for TekSavvy and would take significant resources away from the operations of its business. TekSavvy estimated the length of time needed for the correlation as taking between ten and fifteen days. Knowing this, Voltage chose to pursue its motion, and give an undertaking as to costs. TekSavvy urges therefore, that Voltage ought not to be allowed to now resile from its undertaking.

[30] For its part, Voltage describes a claim of more than \$350,000.00 associated with identifying contact information for some 1,100 IP addresses as "grossly inflated" and prohibitive

given that, under the new legislative regime, the maximum fine for copyright infringement is \$5,000.00. Voltage maintains that this “scandalous,” inflated claim is nothing more than a collateral attack on the Prothonotary’s Order meant to frustrate its purpose and implementation.

[31] Voltage points out that in order to comply with the “Notice and Notice” provisions of the *Copyright Modernization Act*, SC 2012, c 20 which came into force in January of 2015, ISPs will have to correlate IP addresses completely free of charge. This statutory requirement, for Voltage, signifies recognition of the fact the correlation of IP addresses by ISPs is considered a cost of doing business, and that the associated costs are negligible.

[32] According to the plaintiff, developing jurisprudence in Europe is also beginning to recognize these principles. Voltage cites the UK decision *Twentieth Century Fox Film Corporation and others v British Telecommunications plc (No 2)*, [2011] EWHC 2174 (Ch) at para. 32 (*Fox*), which affirms that ISPs are commercial enterprises that make a profit from offering services that are used to infringe the rights of copyright holders and that “[a]s such, the costs of implementing the order [to provide client information] can be regarded as a cost of carrying on that business.”

[33] Voltage argues that a large swath of the costs claimed by TekSavvy must be denied as they result from TekSavvy’s “shameless” campaign of marketing and self-promotion through the media and through its communications with its subscribers and the public alike, which TekSavvy engaged in extensively and which, according to Voltage, inured to TekSavvy’s advantage by enhancing its reputation and greatly increasing the ISP’s customer base.

[34] According to Voltage, most ISPs have their customers' contact information readily available to them. It takes "minutes" for them to correlate an IP address to its associated customer information and, for large requests, simple programs can be written in minutes to correlate thousands of IP addresses at the press of a button. The cost of correlating IP addresses is so low that most ISPs don't even charge for the service.

[35] Voltage relies on the opinion of Steven Rogers, an expert in databases and electronic evidence, to the effect that it should reasonably have taken a total of fourteen hours to correlate the subject IP addresses, at a cost of \$884.00, including legal fees. Any significant deviation from this number, says Voltage, is unreasonable, contrary to the fundamental legal principle of fairness, and would have a severe chilling effect on all future, similar litigation.

### III. **The scope and application of the Order**

[36] TekSavvy takes the view that the cost terms of Prothonotary Aalto's Order are intended to have the effect described in *Norwich Pharmacal*, namely, to ensure that the applicant bears the "full costs of the respondent" and any expense incurred by the third party in providing the information ordered to be produced (*Norwich Pharmacal*, at para 100; emphasis added).

[37] Prothonotary Aalto thoroughly reviewed the Canadian, English, and American jurisprudence on this issue, citing the principles of reimbursement and indemnification set out in those cases, including specific reference to the principle to be taken from *BMG* that "any order made will not cause undue delay, inconvenience and expense to the third-party or others" (*Voltage*, at para 45).

[38] TekSavvy maintains that Prothonotary Aalto's expansive language and reference to the three heads of costs indicate that that the Order was not a *de minimis* order.

[39] Rather, TekSavvy says, the Order should be read as intending to give effect to the principle of indemnification that is to be gleaned from the jurisprudence which, according to TekSavvy, is that an "innocent third party" to the litigation, in TekSavvy's circumstances, must be made whole; be fully indemnified for any and all costs incurred in connection with a motion for a Norwich-type order, not limited to the tariff or ordinary scale observed for the parties to the litigation; and be subject only to the reasonableness of those costs.

[40] In effect, TekSavvy proposes that damages are the appropriate measure to assess its costs – that is, for TekSavvy to be placed in the position it would have been in but for Voltage's motion.

[41] I find no support for that view in the jurisprudence or Prothonotary Aalto's Order. More to the point, TekSavvy has produced no cases where, in similar circumstances, costs have been ordered to be paid, or assessed to be paid, on that basis.

[42] Lord Cross of Chelsea, in *Norwich Pharmacal*, distinguishes between the legal costs of the party responding to a motion or applying for third party discovery, and the reimbursement of expenses incurred in complying with the Order as follows: "The full costs of the respondent of the application" and "any expense incurred in providing the information would have to be borne by the applicant" (at para 100; emphasis added).

[43] Justice von Finckenstein reiterates this distinction in *BMG*. In that case, the Court was seized of a motion similar to the one at issue in this case, brought by members of Canada's recording industry seeking disclosure of subscriber information from five Canadian ISPs. At paragraph 13, Justice von Finckenstein refers to the following principle to be gleaned from *Norwich Pharmacal and Glaxo Wellcome PLC v Canada (Minister of National Revenue)*, [1998] 4 FC 439 at para 24, 162 DLR (4th) 433 (CA): "the person from whom discovery is sought must be reasonably compensated for his expenses arising out of compliance with the discovery order in addition to his legal costs."

[44] Justice von Finckenstein goes on as follows at para 35:

[35] Clearly the process that is sought to be imposed on the ISPs would be costly and would divert their resources from other tasks. Given that the ISPs are in no way involved in any alleged infringement, they would need to be reimbursed for their reasonable costs for furnishing the names of account holders, as well as the legal costs of responding to this motion.

[Emphasis added]

[45] In that case, the Court ultimately denied the motion but awarded the costs of the motion to the third party ISPs who had opposed it.

[46] The decision of the Court of Queen's Bench of Alberta in *Alberta (Treasury Branches) v Leahy*, 2000 ABQB 575, 270 AR 1 (*Leahy*), on which TekSavvy relies, does not bear out the proposition that the principle of reimbursement of costs endorsed in Norwich cases is akin to the measure of damages.

[47] In *Leahy*, the Court considers an application to set aside a number of ex parte orders which permitted the Alberta Treasury Branch to trace funds and obtain production of documents from third party financial institutions. At paragraph 106, Justice Mason summarizes the factors that the court must reference in considering an application for “Norwich relief”:

[...]

(iv) Whether the third party can be indemnified for costs to which the third party may be exposed because of the disclosure, some refer to the associated expenses of complying with the orders, while others speak of damages; [...]

[48] The statement is made by way of a general summary without any reference to specific cases or orders of any court. The *ex parte* Norwich orders at issue in *Leahy* provide only that the plaintiff “would pay the reasonable fees incurred in complying with the order” (at para 159).

[49] While a Norwich order remains a discovery remedy that is out of the ordinary, orders requiring ISPs to provide contact information for their subscribers are not new or uncommon, whether in the context of the posting of defamatory materials (*York University v Bell Canada Enterprises* (2009), 99 OR (3d) 695 (Sup Ct) (*York University*); *Pierce v Canjex Publishing Ltd.*, 2011 BCSC 1503, 27 BCLR (5th) 397 (*Pierce*)), or of alleged infringement of intellectual property rights (*BMG; Voltage Pictures LLC v Jane Doe*, 2011 FC 1024, 395 FTR 315 (*Voltage 2011*)). Indeed, TekSavvy acknowledges that the only uncommon aspect of Voltage’s motion is in the number of IP addresses that are identified.

[50] Of note, in each of the above cases where the application for disclosure of information is granted, the costs payable by the rights holder to the ISP in question are restricted to the costs of complying with the order to produce the contact information sought by the applicant.

[51] In *York University* Justice Strathy found that “the costs of compliance were nominal and had been met” (at para 39). In *Voltage 2011*, a case much like the present, Justice Shore held that there were sufficient grounds to issue an order for discovery of three ISPs. Justice Short allowed Voltage to proceed with an examination for discovery of the ISPs in order to obtain the customer information associated with the IP addresses it had identified, and required Voltage to reimburse the costs of complying with the order. Justice Shore described these costs as follows: “any reasonable expenses incurred by Bell Canada, Cogeco Cable Inc. and Videotron GP in collecting the personal information identified in [the first paragraph of his order].” No costs were awarded on the motion as the ISPs in that case, as in this one, had required a court order but had not opposed the motion.

[52] *Pierce* is to the same effect. Having concluded that the Norwich order was justified, the Court ordered the reimbursement of the third party’s costs of compliance with the order which the Court described as constituting “all reasonable costs incurred” by Canjex, the publisher of a website, “for the retrieval, production and delivery of identifying information [...]” (at para 32).

[53] In my view, Prothonotary Aalto’s order is consistent with the jurisprudence in intent, scope, and application. He states in his reasons that, the “production of such information [if ordered]” should not cause delay, inconvenience, or costs to TekSavvy, and that TekSavvy

would be “reimbursed for its reasonable costs in providing the information” (*Voltage* at paras 135 and 46; emphasis added).

[54] I ascribe no special significance to the fact that Prothonotary Aalto identifies three heads of costs to be reimbursed. The legal costs, the administrative costs, and the disbursements he identifies are not independent costs, they are recoverable only insofar as they are directed to and incurred for the purposes of “abiding by *this* Order” to produce the requested subscriber information. There is no basis in the jurisprudence or in Prothonotary Aalto’s reasons to give any broader scope or meaning to the plain language of his order.

[55] Had Prothonotary Aalto intended TekSavvy to be compensated, in full, for any costs that it would have incurred “but for the motion” or “in connection with the motion,” I am confident he would have so ordered.

[56] I will proceed on the basis that the costs which Voltage is required to reimburse are limited to those incurred in abiding with the Order, that is, to locate and produce the required contact information of the subscribers identified by their IP addresses. It remains to be determined, on the evidence, what those costs are and whether they are reasonable, by which I mean “reasonably necessary” to give effect to the Order (*Fontaine v Canada (Attorney General)*, 2012 ONSC 3552 at para 7).

IV. **TekSavvy's notices to affected clients**

[57] TekSavvy claims the costs associated with its notice to affected subscribers as its costs of implementing the Order.

[58] As noted above, there was an exchange between counsel regarding the necessity for TekSavvy to give notice to its affected clients. Despite thinking notice was not required, Voltage agreed to an extension of time to allow TekSavvy to give notice to its affected subscribers, on the condition that it be undertaken without prejudice to his client. At Voltage's request, the notice included a request that affected clients not destroy any evidence of their online activities pending the disposition of the motion.

[59] The notices were sent out on December 10, 2012. They inform the named recipient of the motion and of the fact that one of the IP addresses at issue is associated with the recipient's account. The notice includes copies of the motion materials as well as assurances that customer information will not be disclosed without a court order.

[60] The notice refers recipients to a TekSavvy website where they can become familiar with their rights and obligations under copyright law, and suggests that the recipient might wish to seek independent advice. The notice also includes the date at which the motion, at that time, was scheduled to be heard as well as contact information for TekSavvy's marketing department.

[61] TekSavvy maintains that its approach to notice was entirely appropriate as the *Rules*, generally, and Rule 238 in particular, are premised on a system of providing notice to parties and those whose rights are potentially affected. Notice allows those whose interests are before the Court to be aware of what is occurring, seek legal advice as appropriate, and respond or appear to the motion if they so choose.

[62] TekSavvy points to Justice Strathy's statement in *York University* that: "It may be, that in an appropriate case, the Internet service provider should be required to give notice to its customer for the purpose of enabling the customer to make submissions as to whether the order should be granted." The Court went on to note that: "this was suggested in *Dendrite International Inc. v Doe* above, and was done by Google, apparently on its own initiative, in the *Cohen v Google Inc.* case" (at para 38).

[63] That said, Justice Strathy also noted that notice did not appear to have been given as a matter of course in other cases involving Norwich orders, and concluded that it wasn't necessary to do so in that case (*York University* at para 24).

[64] While the Court has the discretion to order a party to give notice, the *Rules* do not require TekSavvy to have provided notice of the motion to its affected clients. TekSavvy acted voluntarily and on its own initiative. Whether it acted out of altruism or self-interest is irrelevant.

[65] I do not accept the argument that the notice served to verify the correlation as it led to a more accurate identification of affected customers, and that the resulting costs should therefore

be subsumed in the costs of abiding with the Order. This appears to be an explanation after the fact. Notice was not given to ensure the accuracy of the correlation. There is nothing in the notices or in the exchanges of counsel to suggest that the purpose of the notice was anything other than to inform subscribers of the motion and to provide them with an opportunity to seek legal advice, or to appear at the motion.

[66] That said, the costs incurred from rechecking and correcting information following the notice would be recoverable, if identified and proven.

V. **The legal costs of implementing the Order**

[67] TekSavvy's legal costs include those of its outside counsel, Stikeman Elliot (\$123,580.98), and its corporate counsel, Tacit (\$54,240.00), for a total of \$178,820.98.

[68] The bill of costs for Stikeman Elliot's services is appropriately particularized and fully supported by itemized invoices and ledgers for advice provided to TekSavvy by two senior lawyers.

[69] The lion's share of Stikeman Elliot's costs relate to advice, preparation, and attendance at the motion before Prothonotary Aalto, as well as preparation and attendance at the various interlocutory motions, or in respect of preliminaries to those motions.

[70] Voltage points out that, ordinarily, a party to a motion who takes no position is not entitled to any costs, let alone to the costs claimed by TekSavvy on a full indemnity basis for two

senior counsel on a routine discovery motion. Indeed, the cost orders in *BMG* as well as in *Voltage 2011* attest to that proposition. In the first case, costs were awarded to the ISPs who had opposed and argued the motion; in the second, no costs were awarded to the ISPs in question as they had not opposed the motion.

[71] In my view, the more important barrier to the recovery of those costs rests on the fact that TekSavvy has conflated the legal costs of the motion with the legal costs of abiding by the Order, and now seeks to recover the former as the legal costs of complying with the Order.

[72] While TekSavvy did not oppose the motion for a Rule 238 order and did not file a written record, TekSavvy's counsel did attend the motion to make oral representations. As such, TekSavvy, a party to the motion, was entitled to ask for its costs, leaving it to Prothonotary Aalto to assess the appropriate level or amount. It appears, however, that the costs of the motion were not addressed as the Order is silent as to costs.

[73] Whatever the reason, the parties' failure to address the costs of the motion is an oversight that cannot now be remedied by subsuming them within the legal costs of abiding by the Order. This applies equally to the legal costs claimed on account of TekSavvy's attendances at the motion to intervene and the various motions to adjourn. In that connection, counsel for TekSavvy conceded at the hearing of this motion that the costs of appearing before Justice Mandamin for a further adjournment could not be claimed as Justice Mandamin explicitly determined that no costs should be awarded in respect of the adjournment.

[74] In any case, were the costs of the motion recoverable, it would not be on a solicitor client basis, as claimed by TekSavvy. There is no support for TekSavvy's contentions that cost orders in Norwich cases are not subject to the ordinary tariff or that costs of a motion for discovery of a third party are awarded on the basis of full indemnity. To the contrary, the costs awarded to ISPs who had opposed the motion for discovery in *BMG* were based on the tariff.

[75] The unique feature of this motion was in the number of IP addresses at issue and the apparent interest it generated. Complex motions are routinely brought under the *Rules* and costs awarded subject to the discretion of the judge, pursuant to Rule 400 and following, based on the tariff subject only to the submissions of parties that may justify costs on an elevated scale, or at full indemnity.

[76] I note that TekSavvy has not submitted a bill of costs based on the tariff. Thus, if these costs were recoverable and the Court wished to order costs on the ordinary scale, it would not be able to assess them on this evidence.

[77] Finally, I need not comment on the entries to Stikeman Elliot's bill that are on account of "Reviewing draft and revised press releases," "Reviewing and revising draft blog posts," and "Review talking points; interviews; conference call re media lines," to name a few. These and other similar items are irrelevant to the implementation of the Order and not recoverable.

[78] I also need not comment on the evidence of Philpott taking issue with the manner in which TekSavvy or its counsel allegedly drove up these costs as I have had no reference to the evidence.

[79] Having reviewed the bill of legal costs, I am satisfied that the following legal costs alone fall within the scope of the Order: the costs of McHaffie's communication with counsel for Voltage concerning time zones or timestamp information necessary to carry out the correlation and those of reviewing and providing advice on Prothonotary Aalto's Order. I fix these at \$4,500.00.

[80] As for Tacit's costs, they are not recoverable as they do not fall within the ambit of the Order, or because his services that may relate to the implementation of the Order cannot be identified or quantified on the evidence.

[81] Gaudrault says that Tacit's retainer by TekSavvy "in the relevant period" was monthly rather than hourly. Tacit did not himself provide a bill of costs or time sheets in relation to his services. Rather, Gaudrault attaches "estimates" of Tacit's monthly costs for advice with respect to Voltage's motion, including representing TekSavvy in the litigation as co-counsel, and giving advice related to customer communication, IT issues, call centre issues, and privacy matters. Neither specific tasks, nor the time at which they were performed or the length of time it would have taken to complete them, are identified.

[82] Most of the items identified are unrelated to the implementation of the Order. Tacit's advice or involvement related to the performance of the look-up or correlation exercise required to locate accurate contact information for TekSavvy subscribers cannot be identified or determined on the evidence. I do not comment on whether any cost items might be excluded due to overlap with items also claimed by Stikeman Elliott.

VI. **The administrative costs of implementing the Order**

[83] The administrative costs are divided into two categories: the "technical" and the "operational" administrative costs.

[84] The "operational" administrative costs are the costs of dealing with the increased volume of phone and e-mail inquiries, as well as communications with subscribers and the public. These costs are addressed separately below.

[85] The "technical" administrative costs include the measures taken by TekSavvy to effect the correlation of IP addresses with client accounts, and the work involved in the eight-step process described by Gaudrault. Net of the costs associated with the notice that was sent to affected clients that TekSavvy has claimed under this heading, and subject to my findings below regarding the inclusion of the system's upgrade, these costs fall squarely within the ambit of the Order and, if proven, are fully recoverable.

[86] Gaudrault's evidence is that the initial analysis of Voltage's request, the planning and design of the new system to partially automate and simultaneously process multiple IP addresses,

required the participation of senior staff, including TekSavvy's Chief Information Officer, Pascal Tellier. The various technical steps were carried out by a team reporting to Tellier, led by Misur. The team included Rick Glassford, Systems Administrator; Chris Sologak, Systems Support Technician; and Pascal Gagnon, Desktop Support.

[87] As described by Gaudrault and elaborated on by Gaudrault and Tellier on cross-examination, the correlation process involved locating, transferring, and decompressing the relevant RADIUS logs based on the timestamps provided by Voltage. TekSavvy stores IP assignment information in these compressed files, which are created daily and stored on a number of different servers. According to TekSavvy, this work required only a few hours and was undertaken on the basis of the longer list of 4,500 IP addresses.

[88] Next, because each RADIUS log contains millions of lines of data, TekSavvy needed to design and run a Structured Query Language (SQL) server to comb through the information and locate the usernames associated with the exact IP address/timestamp combinations requested by Voltage. Setting up the server, loading the RADIUS logs, and searching through the data required numerous hours and the participation of many individuals, partially due to problems with Voltage's timestamps and the need, at different points, to manually verify results and eliminate redundancies.

[89] Finally, having found the usernames associated with the IP addresses provided by Voltage, TekSavvy needed to clone, load, and search through their subscriber database in order to match the usernames to the relevant customer account information. This process – dubbed the

correlation or look-up – also took many hours and required the participation of Tellier, with several stages performed manually. The actual search process was carried out with the shorter list of 2,114 IP addresses, which Voltage had since provided.

[90] TekSavvy ran these correlation searches – that is, of the RADIUS log search and the subscriber database – a second time in order to verify any discrepancies. The resulting list yielded subscriber information for approximately 1,130 individuals. According to TekSavvy, this last step, like the first look-up, took many hours and involved multiple employees.

[91] Accordingly, TekSavvy bills a total of \$22,570.00 for 424 hours of work, billed at an “approximate” hourly rate of \$125.00 for Tellier and \$47.50 for the other team members. The tasks which correspond roughly to the eight steps described by Gaudrault and corresponding hours worked by Tellier and the four-member team are summarized in a single appendix attached to the affidavits of both Gaudrault and Tellier.

[92] Gaudrault says he asked team members to keep track of and record their time dedicated to the process. The tracking was reported to Tellier, who recorded and compiled the information. Based on his knowledge of the time TekSavvy employees spent on the project, Gaudrault believes that the hours claimed are reasonable and indeed conservative compared to the actual time spent.

[93] Tellier attests to the fact that he was directly involved in and supervised the process of identifying TekSavvy subscriber accounts associated with the IP addresses. He reviewed the

affidavit of Gaudrault and believes that the summary of the work performed summarized in the appendix fairly describes the process that TekSavvy undertook.

[94] Based on Tellier's involvement and knowledge of the project, as well as the information reported to him, Tellier believes that the hours set out in the appendix are "a fair representation" of the time worked by himself and the four team members.

[95] Voltage objects to the admissibility of Gaudrault and Tellier's evidence as constituting hearsay, and urges the Court to dismiss the evidence on that basis. Voltage asks the Court to instead rely on the evidence of its two main affiants, Rogers and Logan, and Rogers' in particular, in assessing what should be the reasonable costs of identifying and retrieving the required account information.

[96] Voltage also takes issue with the inclusion of certain steps as coming within the Order, in particular, TekSavvy's costs of setting up its new system (planning, software creation, and the building of servers), which Voltage argues are not part of the search and correlation which alone may be considered as the costs of implementing the Order. Voltage points to *Fox* as authority for the proposition that time spent by ISPs in setting up systems to undertake IP address correlations should be absorbed by ISPs as part of their cost of doing business. If an ISP is going to be in the business, Voltage says, it should have the systems in place necessary to identify subscriber information and to process IP addresses in whatever numbers.

[97] On the first ground regarding hearsay, Voltage makes several points. First, Gaudrault and Tellier did not themselves do the work of correlating the IP addresses. As revealed on cross-examination, it was Misur, not the affiants, who created the appendix setting out the hours of work. Gaudrault's and Tellier's evidence is therefore inadmissible hearsay. Additionally, the times noted in the appendix as well as the hourly rates are merely estimates as TekSavvy employees did not keep time sheets or time logs of the work that was done. Finally, the individuals who carried out the work did not produce their own evidence even though they had direct personal knowledge of the facts.

[98] Given the above, Voltage urges the Court to draw an adverse inference and either strike out or give little weight to Gaudrault's and Tellier's evidence on point.

[99] Voltage invites the Court to instead accept Rogers and Logan's evidence regarding reasonable costs of the required correlation. Rogers is the founder and principal of Digital Evidence International, Inc., a firm that provides Internet investigation services and computer forensic analysis. He is a former member of the RCMP with extensive experience in conducting and managing Internet investigations.

[100] While he speaks to other matters as well, the bulk of Rogers' evidence consists of his review of the eight step process described in Gaudrault's affidavit that TekSavvy undertook to fulfill Voltage's request. Rogers provides commentary on the work he believes each step requires, an estimate of the employee time involved at each stage, and the level and number of employee(s) needed for the job. In certain instances, Rogers suggests alternative processes

available to TekSavvy, disagrees with the necessity for a step (such as analysis at the initial stage), or highlights possible mischaracterizations and redundancies. He notes the more common use of automated systems at various stages, such as during the transfer, decompression, and loading of the RADIUS logs, which requires only machine time rather than human involvement. By his final tally, Rogers estimates that the total human time required to complete Voltage's request would be fourteen hours, as opposed to the fifteen business days claimed by TekSavvy. He says that almost all of the steps could have been completed by a junior system administrator or programmer.

[101] Logan is the owner and principal of Canipre, the company retained by Voltage to track illegal Internet downloads of its cinematic works. His evidence covers a range of topics, many of which are irrelevant to the assessment of the quantum of the costs of abiding with the Order (about which I say more below). As to TekSavvy's claim for the costs under discussion, Logan first provides evidence about the frequency of government requests for subscriber information, as well as the speed and low cost with which these requests are typically fulfilled.

[102] Logan's principal evidence, intended to show that TekSavvy's costs of correlation are unreasonable, is based on his conversations with employees of the six named ISPs, including TekSavvy, whom he contacted regarding their practices and costs of identifying subscriber information. Through these conversations, Logan learns that ISPs generally keep an archive of IP address assignments and, once a request is made, will input the provided IP address(es) and timestamp(s), which will reveal the associated customer(s). Typically, this operation is quick and inexpensive, taking only minutes, with no processing costs other than employee time. Where the

number of IP addresses needing to be correlated increases, so too will employee time and costs. However, Logan states that, overall, each request will nevertheless typically only take a minute and cost between \$1 and \$3.

[103] Based on his survey information, including the annual salaries of technicians typically tasked with responding to court ordered IP correlations, he estimates that the whole job should have cost between \$538.44 and \$692.32.

[104] On Voltage's first ground of objection, that is that Gaudrault's and Tellier's evidence constitutes hearsay and is inadmissible, I would characterize TekSavvy's evidence as a mix of hearsay and direct evidence based on knowledge.

[105] Gaudrault's description of the steps of the new system was adopted by Tellier who was involved in the design and supervision of the process. Tellier can speak directly to his own involvement, as well as the hours and costs attributed to him as senior staff. While the steps in the correlation process were carried out by Misur and his team, Tellier was their direct supervisor and as such, in my view, can reliably attest to the accuracy of the hours set out in the appendix to his affidavit.

[106] The hourly rates that are charged for the various team members are admittedly "approximations" of the hourly costs of each based on their annual salaries. There is no explanation as to exactly how the hourly rate is calculated. However, TekSavvy's evidence on this point was not shaken on cross-examination, and the annual salaries of the team members

given on cross examination were substantially more than the salaries on which Rogers and Logan base their calculations.

[107] TekSavvy argues that requiring affidavits for each member of the team would be disproportionate. Indeed, under Rule 81(1) of the *Rules*, affidavits that are normally required to be confined to facts within the knowledge of the deponent, in the case of motions, may be sworn instead on information and belief, subject, as Voltage rightly points out, to the Court drawing an adverse inference from a party's failure to adduce evidence based on personal knowledge.

[108] However onerous, TekSavvy would have been better advised to provide its best evidence on this critical point. That said, I am satisfied in this instance that there is sufficient direct evidence, as well as reliable evidence based on information and belief, as to the work performed and the hours required to carry out the work to preclude either dismissing or giving little weight to the evidence of Gaudrault and Tellier.

[109] In addition, I find no reason to prefer the evidence of Rogers and Logan as to the reasonableness of the steps undertaken by TekSavvy, the time taken to execute them, or the resources employed for that purpose.

[110] Rogers' evidence is based on his experience and what he refers to as "normal business practice." He did not conduct a similar correlation himself, nor did he start from assumptions that reflected TekSavvy's reality or any knowledge of its infrastructure, policies, or systems. Rogers conceded on cross-examination that his opinion was based on incorrect assumptions, for

example, an assumption that TekSavvy's process for responding to Voltage's request was the same as that used for earlier requests from law enforcement. He also admitted that one of the examples he provided to the Court as to what TekSavvy could have done instead (using IAS Log Viewer) was not only something he was unfamiliar with but something he himself would not have done. He would have used an SQL server, as TekSavvy did.

[111] Accordingly, I did not find Rogers' evidence as to how a hypothetical look-up process might be set up and the time required to execute its functions informative of whether TekSavvy acted reasonably in its response to Voltage's request or helpful in assessing the reasonableness of the time taken by TekSavvy to perform certain functions using its home system.

[112] For the same reason, I have given no weight to Logan's second-hand evidence regarding the costs that other ISPs incur when conducting correlations. Logan's evidence does not establish what systems most ISPs have in place to effect correlations, let alone their degree of efficiency in carrying out that function. Even if the evidence on point were clear or reliable, it would not be relevant in the circumstances. Similarly, the fact that correlations are carried out at no cost under statutory regimes, or that system upgrades to allow for the correlation of large numbers of IP addresses are considered a cost of doing business in other jurisdictions, is neither persuasive nor relevant in the circumstances.

[113] It is TekSavvy's costs that are ordered to be paid. TekSavvy's evidence is uncontradicted. As a smaller ISP with a history of correlating IP addresses to account information

manually, one at a time, it was not set up for large-scale requests and its systems required significant adaptation to deal with a list of over 2,000 IP addresses.

[114] The Order does not distinguish between the correlation and the systems necessary to carry it out. The adaptations to TekSavvy's look-up process were necessary to effect the required correlation and, in my view, its costs are thereby encompassed by the Order. Put another way, in this respect Voltage has to take TekSavvy as it finds it.

[115] While TekSavvy may have derived a benefit from the situation, TekSavvy will not be able to claim the costs of its upgraded correlation process again in the context of future requests. What's more, if such costs are to be excluded, it is up to the parties to see that the cost order reflects their intentions.

[116] I have two final points. First, Voltage initially produced more than 4,000 IP addresses for correlation and, despite having later reduced this number, in my view, bears responsibility for any portion of the work undertaken by TekSavvy on that basis. Voltage cannot now seek to exclude those costs.

[117] In the same vein, and my second point, Voltage cannot argue that the correlation work that TekSavvy carried out prior to the issuance of the Order was done to enable TekSavvy to give notice, that it was therefore carried out at TekSavvy's own risk, and that it should not be compensated. The Order is not limited in time and, in any case, must be taken to include

recovery of the costs of the correlation that had already been done, given that Prothonotary Aalto was aware that such work had been carried out when he issued the Order.

[118] In sum, having reviewed TekSavvy's claim for technical administrative costs, I find that it has proven costs in the amount of \$17,057.50. In arriving at this sum I have excluded costs of "Preparation of information for court" and one half of the costs of "Second check/QA verification" as these were not identified and supported by evidence. Moreover, at the hearing of the motion, TekSavvy failed to explain what was meant by "QA verification."

A. *The "operational" administrative costs of implementing the Order*

[119] Under this heading, TekSavvy seeks to recover the sum of \$81,524.12 for expenses incurred in communicating with affected and non-affected subscribers and the public; creating an online portal tool for the use of subscribers; and responding to a higher volume of inquiries and complaints. The claim, including overtime, is on account of the work performed by supervisors and staff in the e-services department, at the call centre, and in the marketing department.

[120] These tasks, which Gaudrault refers to as "work relating to TekSavvy's reputational impact," are, in effect, TekSavvy's costs of marketing, promotion, and customer relations, which I consider to be TekSavvy's costs of doing business. Consequently, I disallow these costs. I do not consider them recoverable as they are unrelated to the identification and production of the required customer information, and fall outside the ambit of the Order.

## VII. Disbursements

[121] The bill of costs prepared by TekSavvy sets out the disbursements of Stikeman Elliot in the amount of \$4,585.42. This amount relates to attendance at the motion and various interlocutory proceedings. Given that the costs of the various motions are not recoverable, the disbursements are not as well. The amount is therefore disallowed.

[122] Similarly, I would disallow the sum of \$55,457.60, a “disbursement” paid by TekSavvy to Arbor Networks to implement “system upgrades and hardening.” TekSavvy undertook these upgrades to respond to a greatly increased volume of inquiries and to sustain DDoS attacks. These costs of maintaining and strengthening its systems are TekSavvy’s costs of doing business and are not contemplated in the costs of abiding by the Order.

## VIII. Conclusion

[123] In sum, I am satisfied that TekSavvy has proven a total of \$21,557.50 as its legal costs, administrative costs, and disbursements of abiding with the Order.

[124] Both parties point to the importance of this finding as a precedent. In my view, the precedential value of this particular assessment of the costs of complying with an order to provide contact information is quite limited as my findings are confined to the facts of this case. Orders directing recovery of an ISP’s costs of complying are commonplace. Cases assessing and

fixing the costs of compliance are not, most likely because those costs are usually not controversial as between rights holders and ISPs.

[125] This case suggests the steps that can be taken to avoid such controversy. The best practice, in my view, would be for the rights holder to ascertain, in advance, with clarity and precision, the method of correlation used by the ISP, as well as the time and costs attendant on the execution of the work based, to begin, on a hypothetical number of IP addresses. The parties should agree and preferably formalize their agreement prior to the rights holder preparing and serving its motion to secure an order of the Court. It goes without saying that a court order is required in every case as a condition precedent to the release of subscriber information.

[126] In the case of a smaller ISP, the rights holder cannot approach the issue with any preconceived notion based on its experience with larger or other ISPs. I open a parenthesis here to say that there is a chain of e-mails, as described by Logan on cross-examination, showing preparatory discussions and exchanges of technical information of the sort I am suggesting. Regrettably, however, no agreement was concluded as to process or costs.

IX. **Other matters and costs of the assessment**

[127] As is apparent from their submissions, both parties are intent on disparaging each other's business practices. Voltage, through Logan, led lengthy evidence on all manner of extraneous matters such as the prevalence of Internet piracy in Canada affecting the ability of rights holders, in particular the film industry, to profit from their products; the technology of file sharing and data transfers through the BitTorrent Protocol used by TekSavvy to create an environment that

facilitates illegal downloading; and TekSavvy's attempts to seize the opportunity of the motion to promote itself and its services through the media, blogs, and chat rooms.

[128] By the same token, Voltage is made out to have purposely targeted TekSavvy because of its size, and had to unfairly bear the burden of Voltage's onerous request and its intrusions on the privacy of TekSavvy's subscribers.

[129] I have given no weight or consideration to the extraneous evidence or submissions of the parties as they are irrelevant to the question at hand, being the assessment of costs. I have, however, considered these matters as going to the costs of the assessment. It may be said that success is divided and that costs should therefore not be awarded. Rather, no costs of the assessment will be awarded because neither party should be rewarded for its conduct: TekSavvy, without justification, has greatly exaggerated its claim, while Voltage has unreasonably sought to trivialize it based on unreliable and largely irrelevant evidence.

[130] An order will go accordingly.

"Roza Aronovitch"

---

Prothonotary

Ottawa, Ontario  
March 17, 2015

**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-2058-12

**STYLE OF CAUSE:** VOLTAGE PICTURES LLC v JOHN DOE AND JANE DOE and TEKSAVVY SOLUTIONS INC. and SAMUELSON-GLUSHKO CANADIAN INTERNET POLICY AND PUBLIC INTEREST CLINIC

**PLACE OF HEARING:** OTTAWA, ONTARIO AND BY VIDEOCONFERENCE IN TORONTO, ONTARIO

**DATE OF HEARING:** DECEMBER 8, 2014

**REASONS FOR ORDER:** ARONOVITCH P.

**DATED:** MARCH 17, 2015

**APPEARANCES:**

Mr. James Zibarras FOR THE PLAINTIFF

Mr. Nicholas McHaffie FOR THE RESPONDING PARTY

**SOLICITORS OF RECORD:**

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Barristers and Solicitors  
Toronto, Ontario

Stikeman Elliott LLP FOR THE RESPONDING PARTY  
Barristers and Solicitors  
Ottawa, Ontario

FEDERAL COURT OF CANADA

BETWEEN:

VOLTAGE PICTURES LLC

Plaintiff

- and -

JOHN DOE and JANE DOE

Defendants

HEARD BEFORE THE HONOURABLE PROTHONOTARY AALTO  
held at Federal Judicial Centre,  
180 Queen Street West, Courtroom 4A, Toronto, Ontario  
on Tuesday, June 25, 2013, at 10:00 a.m.

APPEARANCES:

Mr. J. Zibarras for the Plaintiff  
Mr. J. Philpott

Mr. N. McHaffie for the Defendant  
Christian Tacit

Mr. D. Fewer for Intervener

Ms. N. Hurmal Court Registrar  
Ms. L. Tirado Court Usher

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1 JUSTICE AALTO: Just let me find BMG again.

2 It's over here. Paragraph 45?

3 MR. McHAFFIE: Yes.

4 JUSTICE AALTO: Got it.

5 MR. McHAFFIE: Okay. So "in any event, if a  
6 disclosure order is granted specific direction should be  
7 given as to the type of information disclosed," I think  
8 we're all on board there, "and the manner in which it can be  
9 used." Now, we'll come back to that because that's a big --  
10 a bigger issue.

11 "In addition, it must be said that where  
12 there exists evidence of copyright infringement, privacy  
13 concerns may be met if the court orders that the user only  
14 be identified by initials or by makes a confidentiality  
15 order."

16 And I think that is an appropriate way to  
17 deal with that privacy concern on the assumption that we've  
18 got over the first hurdle, that the privacy concern ought to  
19 be interfered with, that in the order to ensure that it's  
20 done in the most minimal way, that you've got identification  
21 by initials, and confidentiality orders that covers things.

22 Then the question is also what happens to  
23 information at the end of the day. Obviously this isn't the  
24 last step in the process. You don't need to perhaps look at  
25 what's going to happen farther down the road, but there  
26 should not be an ongoing database held by Voltage or Canipre  
27 or anybody in which they are preserving the private  
28 confidential information of our customers, or any ISP's

1 customers.

2                   Perhaps the biggest issue, though, coming out  
3 of this paragraph is that the manner in which it can be --  
4 Oh, actually, there's one that I think we also have to  
5 identify as a process thing, and that is costs. Most of  
6 these orders recognize that the reasonable costs of the ISP  
7 have to be paid. I think you're getting a sense as to what  
8 the costs of TekSavvy have been in this case. They have  
9 been substantial. I don't think you're going to be hearing  
10 submissions today on what those actually are, but --

11                   JUSTICE AALTO: No.

12                   MR. MCHAFFIE: But no matter how big -- the  
13 number that we have put forward to my friend is a  
14 substantial number. Back before the January hearing, I  
15 think it was 160 or \$190,000. It was a significant number,  
16 and it was clear that that, even that would not be making  
17 TekSavvy whole. My friend said that's way too much; we've  
18 not agreed to anything since there, in part because there's  
19 no order requiring anything.

20                   And so that issue of what costs are -- and I  
21 think in particular when those costs are to be paid, which  
22 in my submission should be before the issuance of the data,  
23 before the data is passed over, not exclusively but in part  
24 because Voltage is a U.S. company and in the same way that  
25 we deal with security for costs, we ought not to have a  
26 situation where having passed over all of the information  
27 that Voltage needs, TekSavvy is then in a process of having  
28 to chase down a foreign plaintiff for that kind of an award.

1 So that I would just flag as an issue.

2 And I think my friend and I had some brief  
3 discussions as to how else that might be addressed, whether  
4 it's through payment into trust or payment into court, but  
5 the main concern is that there is not that issue about  
6 security and there ought to be an upfront cost payment.

7 JUSTICE AALTO: So obviously quantum is going  
8 to be an issue.

9 MR. McHAFFIE: Yes.

10 JUSTICE AALTO: If an order is made and we  
11 are going to have to build some mechanism to determine  
12 quantum if the two of you can't sort it out. We will wait  
13 and I will probably hear submissions on how we deal with  
14 quantum, but I have noted that quantum is likely going to be  
15 an issue at some point in this piece.

16 MR. McHAFFIE: And it could well be through  
17 the same sort of process that is done, if parties are unable  
18 to agree to costs then I will accept two pages of  
19 submissions in five days. One thing you don't want is  
20 another \$100,000 costs on costs.

21 JUSTICE AALTO: No, but I'm sure from Mr.  
22 Zibarras's standpoint he will say, well, what's the evidence  
23 that you in fact incurred those costs? How were they  
24 incurred? And do we need -- I hope I'm not just creating  
25 another hearing, but do we need evidence of what the costs  
26 are that you have incurred, and how do you put that evidence  
27 before the court and is there going to be cross-  
28 examinations. Let's leave that for another day.

1                   MR. McHAFFIE: Those are excellent questions,  
2 and I think you're quite right. He has raised those issues  
3 quite fairly to say what's the backup for that and should --  
4 this court shouldn't make any orders before that issue has  
5 been dealt with.

6                   So as I said, I think the biggest, then,  
7 remaining issue out of paragraph 45 on the manner in which  
8 it can be used goes to this issue of litigation oversight.  
9 My friend has said there's absolutely no reason for any sort  
10 of litigation oversight. Again, here I think we can learn  
11 from the experience of other courts, both in the general and  
12 in the specific. Where there has been no lawsuit litigation  
13 oversight, this plaintiff has sent out letters which a  
14 foreign jurisdiction has said are seeking to abuse the  
15 process of the court.

16                   Yes, the case is tab U in my friend's book of  
17 authorities. This is in the blue book of authorities.

18                   JUSTICE AALTO: Is this the Oregon case?

19                   MR. McHAFFIE: The Oregon case, yeah.

20                   JUSTICE AALTO: Volume 2? Volume 1?

21                   MR. McHAFFIE: It's in volume 4 of 4, part 2  
22 of the book of authorities.

23                   JUSTICE AALTO: That will be tab?

24                   MR. McHAFFIE: Tab U.

25                   JUSTICE AALTO: Tab U.

26                   MR. McHAFFIE: And this is, as I said, this  
27 is from six weeks ago. The chief judge of the U.S. district  
28 court for the District of Oregon, and you will see from page

1 My real concern is that --

2 JUSTICE AALTO: I guess the policy issue in  
3 this is that these Jane Does and John Does, their privacy  
4 rights are being affected. Do they not have a right to  
5 participate in this proceeding if they were so instructed?  
6 You know, in terms of this case, it's now moot because some  
7 form of notice has gone out to them and you've shown it to  
8 me and it's on the web site of TekSavvy, and there isn't a  
9 Doe or group of Does who've sought to retain counsel to  
10 appear here, perhaps because they want to see how this whole  
11 thing unfolds, first of all. I don't know. Maybe they will  
12 seek to intervene if this goes to appeal. Who knows?

13 But they haven't -- they have a right, and  
14 courts are very careful to preserve individuals' rights  
15 where they are being affected, so I hear you on the issue of  
16 notice. I don't know if BMG takes it as far as you say it  
17 does. I'm going to read it very, very carefully, but the  
18 trouble I find with your submission is that you are dealing  
19 with people's rights, and once you start doing that, they  
20 should have the ability to know it and respond if there  
21 they're so advised.

22 MR. ZIBARRAS: As I said, Your Honour, as I  
23 said in the beginning, I don't know that we take a position,  
24 I'm just pointing out some observations. On the issue of a  
25 right to be here, all I'm saying is that the Norwich  
26 Pharmacal orders have been around for some time. They're  
27 all this type of thing. We don't know who the John Doe is;  
28 we're going to a third party and asking them to let us know.

1 And I don't think there is an example where a court  
2 required notice. So that's all I'm saying.

3 And the other observation I was making is,  
4 again, because we haven't hashed it out today, I think it's  
5 dangerous to make a decision. And one example I will give  
6 you of the kind of competing interest that may be at play  
7 was the one we raised when CIPPIC indicated that it wished  
8 to give its customers notice. And we ultimately consented -  
9 - sorry, TekSavvy indicated it wanted to give its customers  
10 notice. And we ultimately consented. We are fine with it.

11 But one of the conditions we said is, when I  
12 start litigation, I can take steps to preserve evidence,  
13 which is a concern to us, and it's always a concern in cases  
14 of piracy, fraud, infringement, because especially where  
15 you're dealing with electronic evidence, because electronic  
16 evidence can be deleted like this. There will be evidence  
17 of a deletion, but it's still deleted. So you don't know  
18 the scope of the problem. You don't know -- you can't get  
19 confirmation of the problem. It's just an absence of  
20 evidence. And preservation is always important to the  
21 court.

22 So the concern we had is, look, we're happy  
23 to give -- we're happy if you want to voluntarily give  
24 notice. We're happy for you to give notice, but the concern  
25 we have is about preservation of evidence. And that is why  
26 you saw that language that we insisted on adding.

27 So there are considerations like that that we  
28 just as an observation may go against kind of an early

1 warning system, if I can call it that way, between ISPs and  
2 customers that could result in destruction of evidence or  
3 other steps being taken; I don't know.

4           The long and the short of it is, Your Honour,  
5 I don't know where the issue should land. I don't think  
6 it's kind of hashed out sufficiently in this case for the  
7 court to weigh in on it, and in any event, it's moot. So I  
8 would encourage this court not to enter the fray on that  
9 issue. And I think they can do that without being afoul of  
10 the existing case law and where we are.

11           The other issue that my friend raises, this  
12 issue of costs, and I would request that -- we would  
13 basically -- we were frankly shocked when we got a number  
14 that high for many reasons. We haven't asked them to do  
15 anything yet. Whatever they have done they have voluntarily  
16 done. The only task that they would be required to do if  
17 the order was granted, which they have already done, is this  
18 process of identifying the customer information, name and  
19 address associated with an IP address.

20           Now, bear in mind, that is their customer  
21 information. And --

22           JUSTICE AALTO: And I thought in part Mr.  
23 McHaffie's argument was there is a cost factor involved in  
24 taking the 2,000 pieces --

25           MR. MCHAFFIE: Correct.

26           JUSTICE AALTO: -- of information you  
27 provide, going through all of their records, and I don't  
28 know whether they've gotten 10,000 subscribers, a 100,000,

1 or a million subscribers, but being -- there is a time  
2 component.

3 MR. ZIBARRAS: Correct.

4 JUSTICE AALTO: And a cost component in going  
5 into that database and saying does this marry up with that.

6 MR. ZIBARRAS: Right. And we've agreed that  
7 we would pay the reasonable costs of that exercise, and we  
8 continue to agree to that.

9 My concern is that you just don't get the  
10 \$190,000 from doing that exercise, and what I base that on  
11 is in this case, because they wanted to give notice to their  
12 customers, we provided them with our list of IP addresses,  
13 the final list. Five days later they had confirmed that  
14 they had translated that into customer contact information,  
15 and the letter went out.

16 So we have a temporal limit as to how long it  
17 took them -- and you know, I don't know have evidence what  
18 the process was, but it only took them five days. I can't  
19 imagine at what rate they have got someone at TekSavvy --  
20 and it's -- this is essentially an administrative job.

21 JUSTICE AALTO: Tongue in cheek, I will  
22 suggest maybe Bay Street lawyers' rates?

23 (Laughter.)

24 MR. ZIBARRAS: Bay Street lawyers would drop  
25 everything to make that much money in a week. It's an  
26 astronomical amount.

27 JUSTICE AALTO: It may very well be, and that  
28 is why I said to Mr. McHaffie, we have got to do this in

1 stages and the costs sound to me like an issue we will have  
2 to create some sort of process to determine, and I hear you.

3 MR. ZIBARRAS: Right.

4 JUSTICE AALTO: I'm not going to decide it  
5 today and I won't decide it as part of the order, other than  
6 if I grant your order there will be a cost component and we  
7 will have to figure out how to make the calculation.

8 MR. ZIBARRAS: I think as long as we do that,  
9 it might have to be a pretty thorough process if we're so  
10 far apart, which we --

11 JUSTICE AALTO: May or may not be, but I will  
12 hear submissions on that point down the road. At the moment  
13 I've got bigger fish to try.

14 MR. ZIBARRAS: Right. And there was the  
15 other comment made about the confidentiality issue and you  
16 were taken to that sentence in the BMG case. I think the  
17 important thing to note from that as well is --

18 JUSTICE AALTO: It's the scope of the  
19 confidentiality, and is the deemed undertaking rule  
20 sufficient in the circumstances. Any information gleaned as  
21 a result of this process is covered by the deemed  
22 undertaking rule, that it's not used for any other purpose -

23 MR. ZIBARRAS: Correct.

24 JUSTICE AALTO: -- other than the purposes of  
25 this litigation. We have to look at whether that's  
26 sufficient, but I think that is all Mr. McHaffie was asking  
27 to do, was how do you use it and what the fence posts should  
28 be regarding confidentiality.

Court File No. T -2058-12

FEDERAL COURT OF CANADA

BETWEEN:

TEKSAVVY SOLUTIONS INC.

Appellant

- and -

VOLTAGE PICTURES LLC

Respondent

TRANSCRIPT OF PROCEEDINGS  
HEARD BEFORE THE HONOURABLE MADAM PROTHONOTARY R. ARONOVITCH  
held at Thomas D'Arcy McGee Building,  
90 Sparks Street, 7 Floor, Ottawa, Ontario  
on Monday, December 8, 2014 at 9:30 a.m.

APPEARANCES:

NICHOLAS MCHAFFIE

for Appellant

JAMES ZIBARRAS

for Respondent

Also Present:

Annette Houle

Court Registrar

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1 to cover. The first passage is paragraph 35 on page 472 of  
2 the record. This is Prothonotary Aalto's conclusion  
3 paragraph before getting into his analysis, and at the  
4 middle of that he says that:

5 "Such an order is a discretionary and  
6 extraordinary order. For the reasons discussed below, given  
7 that Voltage has demonstrated a bona fide case of copyright  
8 infringement, a Norwich Order will be granted. This Order  
9 will be granted with qualifications intended to protect the  
10 privacy rights of individuals, and ensure that the judicial  
11 process is not being used to support a business model  
12 intended to coerce innocent individuals to make payments to  
13 avoid being sued (Voltage Pictures LLC v. John Doe, 2014 FC  
14 161)."

15 And there is reference later in Prothonotary  
16 Aalto's order to the low-cost, low-risk kind of business  
17 model that is being considered here. Going on --

18 PROTHONOTARY ARONOVITCH: What's the point  
19 you're trying to make there?

20 MR. MCHAFFIE: I'm just trying to get to the  
21 passages in Prothonotary Aalto's order that deal with the  
22 additional --

23 PROTHONOTARY ARONOVITCH: Is this relevant?

24 MR. MCHAFFIE: This is relevant, in my  
25 submission, to what the additional protections were intended  
26 to do and what the costs order was intended to do. And the  
27 cost order would have intended in part to ensure that the  
28 judicial process wasn't being used for this low-risk,

1 low-cost business model that was described. It's simply a  
2 reference to the additional provisions contained in the  
3 order and the qualifications that are -- what they're  
4 intended to cover.

5 Prothonotary Aalto then goes on and  
6 discusses BMG and, as you can see, that discussion goes on  
7 for some time, and one can see in paragraph 44 he talks  
8 about what comes out of BMG:

9 "Finally, the Court suggested the need to  
10 consider the costs of the party required by the order to  
11 co-operate and disclose the sought after information, in  
12 this case, TekSavvy."

13 And going on in paragraph 45:

14 "The principles to be taken from BMG are as  
15 follows: e) any order made will not cause undue delay,  
16 inconvenience or expense to the third-party or others."

17 In paragraph 46, he describes what Voltage  
18 was arguing and talks about the various points, a, b, c, d,  
19 e, that he has just described from the BMG case, and the  
20 last part of that is that: "TekSavvy will be reimbursed for  
21 its reasonable costs in providing information."

22 It then continues a fair discussion of not  
23 only BMG and the whole issue of prima facie case but other  
24 cases from the United Kingdom and the United States, and if  
25 one turns to 134, which is on page 505 of the record, a  
26 non-exhaustive list of considerations flowing from those  
27 cases, U.S., U.K., and Canada, has been set out and over the  
28 page at paragraph D is the material one for our purposes

1 today:

2 "The party enforcing the Norwich Order should  
3 pay the legal costs and disbursements of the innocent  
4 third-party."

5 The application of that is in paragraph in  
6 135:

7 "TekSavvy will not release any information in  
8 the absence of a court order; that it is fair that Voltage  
9 have access to the information to enforce its copyright;  
10 and, given the terms of the order made, production of such  
11 information will not delay, inconvenience, or cause expense  
12 to TekSavvy or others."

13 In my submission, that underscores what  
14 this costs order was. He's taken that language although he  
15 hasn't used the word "undue" from the principles that we saw  
16 earlier, that the intention of the order was that it would  
17 not cause expense to TekSavvy or others.

18 I'll flag paragraph 136 as well, not just to  
19 toot my own horn here, but to respond to a submission that  
20 my friend made which is that TekSavvy made no material  
21 submissions at the hearing of the case. I just sort of flag  
22 that in Prothonotary Aalto's view the submissions that  
23 TekSavvy made were helpful, and he then goes on and talks  
24 about the issues that --

25 PROTHONOTARY ARONOVITCH: How, exactly, did  
26 this happen? I'm having a -- I realize I'm asking you to  
27 give evidence, but you appeared at the motion. You didn't  
28 make formal written submissions, as I understand according

1 to his evidence, but you made some submissions?

2 MR. MCHAFFIE: That's right. What happened  
3 was -- and we expressed to the Court early on that our  
4 concern was not to oppose the request for the order  
5 itself --

6 PROTHONOTARY ARONOVITCH: -- privacy of your  
7 subscribers.

8 MR. MCHAFFIE: Yes.

9 PROTHONOTARY ARONOVITCH: You made some  
10 opening remarks, closing remarks.

11 MR. MCHAFFIE: There was about 40, 45 minutes  
12 of remarks on what were called the "signposts" at the  
13 hearing. I think that was the term that was used. It's not  
14 used in the final judgment.

15 PROTHONOTARY ARONOVITCH: And you made these  
16 remarks without the benefit of written submissions?

17 MR. MCHAFFIE: Yes, to Prothonotary Aalto.

18 PROTHONOTARY ARONOVITCH: Thank you. And you  
19 spoke to the order, I take it?

20 MR. MCHAFFIE: Yes, and that's really what it  
21 was.

22 PROTHONOTARY ARONOVITCH: The form of the  
23 order?

24 MR. MCHAFFIE: The form of the order, and  
25 that's what we were essentially speaking to was the privacy  
26 concerns, what would be put in there to protect those, as  
27 well as the role of TekSavvy as an ISP. There were also  
28 submissions in there with respect to the issue of notice,

1 and again, I take your point about not wanting to give  
2 evidence, but I just flag that the issue about the fact that  
3 TekSavvy had given notice, there was actually a request that  
4 the Court address that fact and whether it was appropriate  
5 or not appropriate, whether it was to be commended, whether  
6 it was not. There was a request that that be addressed. It  
7 was not, ultimately, addressed by Prothonotary Aalto's  
8 order.

9 PROTHONOTARY ARONOVITCH: And who requested  
10 that?

11 MR. MCHAFFIE: We did. We did because we  
12 were in the position of feeling that notice ought to have  
13 been given, giving that notice which then allowed people to  
14 make the decisions that they needed to with respect to  
15 whether they wanted to attend or not. Nobody did, in the  
16 end, but they get that legal advice. Voltage said no,  
17 that's not required.

18 PROTHONOTARY ARONOVITCH: I understand  
19 Voltage's position. Mr. Zibarras -- I'm just going to  
20 interrupt you for a moment to say that I am essentially  
21 just leading Mr. McHaffie to -- please sit down.

22 MR. ZIBARRAS: Sure.

23 PROTHONOTARY ARONOVITCH: I am asking Mr.  
24 McHaffie to essentially give evidence, and so if you have  
25 anything to say about this, you will. We have your  
26 affidavit, but you may wish to address anything he's saying  
27 if it's contentious, and you will get a chance to do so.

28 MR. ZIBARRAS: Thank you.

1 MR. MCHAFFIE: I note and flag that these are  
2 matters that are in -- these days, now, with the digital  
3 reporting -- that are in the Court's file with respect to  
4 the extent that there's any matter of controversy with  
5 respect to what occurred at the hearing.

6 PROTHONOTARY ARONOVITCH: I don't think your  
7 friend will find it controversial.

8 MR. MCHAFFIE: So in that paragraph 136, this  
9 is that passage:

10 "There was evidence of notifications which  
11 TekSavvy had made available to its customers. TekSavvy also  
12 sought payment of its reasonable costs in the event it had  
13 to release information. Any dispute regarding those costs  
14 can be resolved by the Case Management Judge."

15 And that was your cue. So it's in that  
16 context that, at page 510, that we see the two material  
17 provisions of the order, and I draw your attention to the  
18 two material provisions. The first is three, itself, there  
19 is the operative part, and I underscore the reference to:  
20 "All reasonable legal costs, administrative costs, and  
21 disbursements," all as separate categories, not the costs of  
22 the motion or the narrower order as to costs, not a narrower  
23 order as to the costs of conducting the correlation in  
24 particular, but a broad language of: "All reasonable legal  
25 costs, administrative costs, and disbursements incurred by  
26 TekSavvy in abiding by this Order."

27 The second part is this, and this was  
28 something that was also put in at the request of TekSavvy,

1 indemnities for legal costs always covered by questions of  
2 reasonableness in anything from a D&O policy to, in this  
3 case, a settlement agreement. There's a reference at  
4 paragraph 5 to this notion for "reasonable legal costs" and  
5 disbursements, and the court in that case notes that in that  
6 context, admittedly a different context, but a context also  
7 dealing with that notion of indemnification, "reasonable  
8 legal costs" isn't talking about a normal cost regime:

9           "It does not reference a costs regime under  
10 the civil rules of court of any province. It does, however,  
11 mean that a party will be reimbursed in full for its legal  
12 costs, subject to one qualification: Those costs must have  
13 been reasonably necessary (Fontaine v. The Attorney General  
14 of Canada, 2012 ONSC 3552)."

15           In my submission, that is the goal of a  
16 Norwich Order and of the compensation aspect of a Norwich  
17 Order as is described, that that third party will not be put  
18 to unreasonable expense as the goal of the order in this  
19 particular case. And I note --

20           PROTHONOTARY ARONOVITCH: Let me interrupt  
21 you to ask you a question about Prothonotary Aalto's order  
22 that I asked about the adjournments and other proceedings.  
23 This cost phrase -- you were a party to the motion?

24           MR. MCHAFFIE: We were a party to the motion.

25           PROTHONOTARY ARONOVITCH: You appeared to it.  
26 You didn't make witness submissions. You made some  
27 submissions. Were costs raised, costs of the motion raised,  
28 before Prothonotary Aalto? I don't see a disposition of

1 costs, so, again, I'm asking you to give evidence, and I'll  
2 hear from your friend if he has anything to add.

3 MR. MCHAFFIE: My best recollection was this:

4 That there was a recognition by the Court that the costs  
5 issues of Norwich Orders were one of the requirements that  
6 had to be given before there was a Norwich Order even  
7 issued. There was not extensive discussion about what the  
8 ins and outs of those costs were for two reasons. One,  
9 there wasn't evidence before Prothonotary Aalto. Second, as  
10 I recall it, during the course of it, it became clear that  
11 that was thinking a step too far ahead in terms of what was  
12 before Prothonotary Aalto, that there was not a "and those  
13 costs are going to be x, y, and z." There was some  
14 discussion of "there are significant costs," but I don't  
15 want to quote myself from memory. It was along the lines  
16 of --

17 PROTHONOTARY ARONOVITCH: I hear you, Mr.  
18 McHaffie, but really the costs are combined with the order.  
19 That's a distinct matter from the costs of the motion. My  
20 question to you is were the costs of the motion raised and  
21 dealt with by Prothonotary Aalto. He certainly didn't  
22 address them in his order, so there was no costs order of  
23 the motion which is quite distinct from whatever had to be  
24 done to comply with the order.

25 MR. MCHAFFIE: Well, my submission is that it  
26 was, and it was included in this paragraph 3, that the legal  
27 costs that were being talked about here when Prothonotary  
28 Aalto talks about "all reasonable costs in abiding by this

1 order" included the legal costs to the date of the motion,  
2 that that was intended, and one sees that from the  
3 discussion in the case as to this question of the costs that  
4 had been incurred, the principles of the Norwich Order  
5 cases, and that this is the way it was phrased, in a similar  
6 sort of way it had been phrased in other cases, that that  
7 actually was what was before Prothonotary Aalto was included  
8 in that. Because legal costs, as we mentioned in our  
9 written submissions, the prothonotary was aware that the  
10 correlation had already been incurred, had already been  
11 undertaken, that the only thing that needed to happen  
12 subsequent to the order to abide by it strictly was  
13 effectively to send a CD or send an e-mail that includes  
14 that information --

15 PROTHONOTARY ARONOVITCH: So the costs of the  
16 motion, in your view, were meant to be subsumed in legal  
17 costs of complying with the order; that's your position on  
18 this?

19 MR. MCHAFFIE: Absolutely, yes.

20 PROTHONOTARY ARONOVITCH: And the costs of  
21 the motion would normally be a Tariff B matter, would it  
22 not?

23 MR. MCHAFFIE: Only if it were a non --

24 PROTHONOTARY ARONOVITCH: Well, this is a  
25 motion that is outside the norm of the regular rules that  
26 would apply to appearances on motion, you maintain, don't  
27 apply. It's not a tariff. It's -- if I understand it,  
28 you're essentially seeking costs on a solicitor-client

1                   MR. MCHAFFIE: That is responding to the  
2 inquiries from various -- that's the information, the folks  
3 on the information technology side being involved in the  
4 response to inquiries from the public or the customers,  
5 potential customers, general --

6                   PROTHONOTARY ARONOVITCH: And so the tech  
7 side had, potentially, Mr. Tellier involved in the  
8 communication, the sending of communications, public  
9 relations, and preparation of information for court?

10                  MR. MCHAFFIE: Yes. A little bit from  
11 Mr. Misur, but yes.

12                  PROTHONOTARY ARONOVITCH: And a little bit  
13 from Mr. Misur. What is the "preparation of information for  
14 court"?

15                  MR. MCHAFFIE: That was getting the  
16 information together in the format of the IP address --

17                  PROTHONOTARY ARONOVITCH: The correlations?

18                  MR. MCHAFFIE: Yes, the format of the IP  
19 address correlation, having it ready to present to the  
20 court.

21                  PROTHONOTARY ARONOVITCH: Now, there's an  
22 "initial lookup" here and then the "second check." I  
23 followed that from Mr. Gaudrault's affidavit.

24                  MR. MCHAFFIE: Sorry, just to clarify, that  
25 "initial lookup" and "second check" was all part of the  
26 pre-notice rather than the post-notice.

27                  PROTHONOTARY ARONOVITCH: I understand that.

28                  MR. MCHAFFIE: Sorry.

1 PROTHONOTARY ARONOVITCH: I got your point.  
2 You don't have to belabour the fact. I don't see this order  
3 as being limited to what happened after the order was  
4 issued, and I don't think we need to go back there. Let me  
5 understand about this "initial lookup" and "second check."  
6 Maybe we could follow those steps. There is, then, a period  
7 in which you send out notices, and that contributes to your  
8 refining of the numbers, finding out who you will send it to  
9 and who you ought not to have, and so on. Does that show  
10 anywhere here?

11 MR. MCHAFFIE: I don't, actually, believe it  
12 does. I think that that first "initial lookup" and "second  
13 check" QA verification is just the first lookup and that the  
14 second lookup or the correction of things doesn't actually  
15 show up in here. Some of that post would have been involved  
16 in the public relations, but the primary, the bulk of this,  
17 was all pre-December 10th.

18 PROTHONOTARY ARONOVITCH: Those corrections  
19 to place, did they not, before December 10th --

20 MR. MCHAFFIE: They took place --

21 PROTHONOTARY ARONOVITCH: No, December 10th,  
22 you send out your notices.

23 MR. MCHAFFIE: Yes, December 10th was the  
24 notice and, we really realized it by the night of Sunday,  
25 December 16th that the errors -- that's when the errors,  
26 really -- and then the 13th --

27 PROTHONOTARY ARONOVITCH: So that's helpful  
28 for me to understand because I'm not following your Appendix

1 on that issue.

2 PROTHONOTARY ARONOVITCH: Thank you.

3 MR. ZIBARRAS: The stronger point I do want  
4 to make is, certainly, at no point in the motion, whether it  
5 was at any of the adjournments or at the conclusion of the  
6 motion, did TekSavvy ever seek costs of the motion. Now,  
7 this is important because most of the costs they are seeking  
8 is for the legal fees of the motion. Maybe what I can do is  
9 take you to tab 1 of Volume 1 of the TekSavvy materials.  
10 I'm at page 3 of the motion record, Madam Prothonotary,  
11 which is Appendix A, legal costs. This was the biggest  
12 surprise to us because, from the very beginning, Mr. Tacit,  
13 in-house counsel, said that they were taking no position on  
14 the motion. When Mr. McHaffie was hired, he confirmed and  
15 reiterated that they were taking no position on a motion.  
16 As I understand motions, if parties take no position they're  
17 not entitled to any costs. I think that's established  
18 beyond any doubt, so we're in a situation where this Court  
19 is being asked to move away from the established rules  
20 regarding costs. Interestingly, and I don't know why, Mr.  
21 McHaffie seems to be taking the position that not only do we  
22 move away from the usual cost regime, but in this one  
23 instance that isn't replicated or echoed anywhere else in  
24 our courts or in our law, his kind gets to get full  
25 indemnity costs for a motion that they didn't participate  
26 in, which I've never heard of, and certainly I didn't see  
27 any cases from Mr. McHaffie that say that.

28 What Mr. McHaffie has done is he didn't take

1 any opportunity at any of the adjournments or at the motion  
2 to seek costs of the motion. He missed those opportunities,  
3 and, in fact, no costs of the motion were ordered, so,  
4 instead, what Mr. McHaffie is doing is he tries to piggyback  
5 onto the cost regime for delivering evidence and use it to  
6 claw back into the underlying motion which he never  
7 participated in.

8 I don't want to belabour the dynamic here,  
9 and tell me if I'm hammering this nail too much, but we take  
10 the position that none of these costs can possibly apply to  
11 giving effect to Prothonotary Aalto's order. These are  
12 expenses that have nothing to do with "abiding by the order"  
13 which is the language Prothonotary Aalto used.

14 I just want to point out a couple of other  
15 things about these legal costs. You can see at the top of  
16 the page you have two senior counsel involved, David Elder  
17 and Nicholas McHaffie. No need to have two senior counsel  
18 involved on a run-of-the-mill Norwich Pharmacal order where  
19 TekSavvy is taking no position. They apply their actual  
20 rates. If you do the math with the number of hours,  
21 actually, if you just multiply it by their actual rates you  
22 get the numbers, so it's really -- you wouldn't even get  
23 this if you won the motion. In a way, and I don't know why,  
24 it's punitive. It's punitive on Voltage, for some reason,  
25 even though Voltage is the rights holder that is just trying  
26 to enforce its rights, and TekSavvy is the commercial entity  
27 that benefits from these activities.

28 There is, then, a breakdown, Madam

1 Prothonotary, of the time that was spent, and, for example,  
2 on page 1, here, items A through to E are all either to do  
3 with the motion, itself, which TekSavvy didn't participate  
4 in, or the voluntary notice to customers and dealing with  
5 that, which we say they were to do without prejudice to us.

6 PROTHONOTARY ARONOVITCH: Let me correct you,  
7 Mr. Zibarras. They took no position on it is one thing.

8 MR. ZIBARRAS: Right.

9 PROTHONOTARY ARONOVITCH: That they didn't  
10 participate, I believe is incorrect.

11 MR. ZIBARRAS: All right.

12 PROTHONOTARY ARONOVITCH: So you might just  
13 want to state it as it is.

14 MR. ZIBARRAS: Well, let me, maybe, address  
15 that because there are two descriptions of "participate."  
16 One, did they show up at CIPPIC's adjournment requests?  
17 Yes. Did they need to be there? No. Okay, so if they  
18 chose to be there, we have no objection, but certainly they  
19 can't impose the costs of that on us because there was no  
20 requirement that they be there.

21 Secondly, Madam Prothonotary, did Mr.  
22 McHaffie participate at the hearing itself? Well, this is  
23 interesting because he did. He stood up. As my  
24 recollection serves, it was only at the end of the -- final  
25 submissions had been made by me and CIPPIC -- that he was  
26 invited to make any comments he wished to make because he  
27 was there. But, of course, as you noted, there were no  
28 materials.

1                   I will just take you to paragraph 134(d) --  
2     sorry, let me just check my reference, first, before I take  
3     you to it. All right, sorry, it's paragraph 136. Paragraph  
4     136 at tab 14, which is the endorsement at Volume 2 of  
5     TekSavvy's motion record. So it's Volume 2, tab 14.

6                   PROTHONOTARY ARONOVITCH: We're in  
7     Prothonotary Aalto's reasons?

8                   MR. ZIBARRAS: Yes, Madam Prothonotary, and  
9     at paragraph 136, which is on page 507 of the record. Now,  
10    Prothonotary Aalto actually took the time to detail what  
11    TekSavvy's submissions were about, and I'm just going to  
12    read what he wrote:

13                   "Counsel for TekSavvy helpfully put in  
14    perspective the issues TekSavvy has with respect to  
15    revealing information, and there was evidence of  
16    notifications which TekSavvy had made available to its  
17    customers."

18                   Now, we all knew about the fact that  
19    TekSavvy had already notified its customers, but Mr.  
20    McHaffie stood up and explained again to the court why he  
21    took that step, but he also explained that that step had  
22    been taken. We say that didn't add anything to the  
23    substantive issues underlying this motion. It didn't deal  
24    with the test for BMG. It didn't deal with anything. And  
25    then it continues:

26                   "TekSavvy also sought payment of its  
27    reasonable costs in the event it had to release  
28    information."

1 Court was not provided since it must be easily available to  
2 TekSavvy. In other words, it's like when you're in school  
3 and there was a math exam, and you can't just put the  
4 answer. You have to show your working.

5           So, in summary on these administrative  
6 costs/operations, one, we say that it has nothing to do with  
7 the order that we were granted and certainly cannot be  
8 tacked on. Secondly, we say that it is not proper evidence  
9 admissible by this Court and therefore cannot be relied on,  
10 so we say all of these operational costs should be excluded.

11           So, in summary, Madam Prothonotary, I think  
12 our position is relatively simple. We say that TekSavvy  
13 never claimed the costs of the underlying motion, cannot  
14 claw back into it now. The fact that they're doing that is  
15 why they have this legal dilemma. The process they're  
16 employing is creating these anomalies or abnormalities where  
17 they're trying to take the position that somehow a cost of  
18 abiding by the order covers the cost of the underlying  
19 motion, and, of course, it's getting them tied up because it  
20 can't possibly be right that they get full indemnity  
21 coverage on a motion that they didn't participate in, in the  
22 sense that they didn't prepare materials and have  
23 submissions before the court.

24           They also can't get around the fact. The  
25 fact is that no costs were ordered for the motion. In  
26 accordance with Norwich Pharmacal orders the thing that was  
27 ordered, and it's plain language, is the costs of abiding by  
28 the order issued in February. We say, as a result, when you

1 regime only. It is not a defamation, fraud, "anything else  
2 under the sun" regime. It is a Copyright Act regime.

3 Now, I have a number of submissions that I  
4 sort of wrote down in reply as we were going through, so  
5 they'll go in chronological order of my friend's  
6 submissions. I'm trying to limit it to ones that really  
7 need reply and ones that directly focus on the main parts of  
8 the submission that he raised, so I'm trying to get through  
9 them fairly quickly.

10 With respect to the 20th Century Fox case,  
11 which is the U.K. case from 2011 that my friend took you to  
12 twice where he suggested that the U.K. court is saying  
13 copyright owners ought to -- sorry, that ISPs ought to be  
14 providing this, if my friend wanted to change the Canadian  
15 law and say that costs of all of this ought to be borne by  
16 TekSavvy and not by Voltage, in my submission, they ought to  
17 have made that submission to Prothonotary Aalto at the time  
18 that the issue arose, and they did not do so. The order has  
19 now been made.

20 The second point is that my friend said well,  
21 it's often the case that plaintiffs aren't out to get  
22 damages. Without drawing it up, I'll draw your attention to  
23 tab 16, which is the statement of claim in this case, they  
24 are out to get damages, and this brings us to the whole  
25 notion that this, the case that we are talking about, is  
26 this case and the order that was given in this case with  
27 respect to the facts before both Prothonotary Aalto and then  
28 yourself.

1                   With respect to the question of notice and  
2 the fact that it was all costs that would have -- that were  
3 the result of the notice being given by TekSavvy and not  
4 costs being incurred, two aspects of that: One is Mr.  
5 Gaudrault's affidavit at paragraph 37 makes it clear that  
6 these are costs that would have been incurred anyway, before  
7 or after, and he was not cross-examined on that. And they  
8 were then -- there was the suggestion by my friend that if  
9 notice hadn't been given, and this had just come from  
10 Voltage, then all of these things would have been directed  
11 at Voltage as opposed to the ISP of the individuals who were  
12 receiving this.

13                   In my submission, again, there's no evidence  
14 to support that. It's a bit of a strange assumption,  
15 frankly, when you've got 2,000 or 1,000, regardless, all  
16 coming from one ISP, the ISP is going to be subject to  
17 inquiries. They're going to have to deal with this.

18                   "Notice and notice," I've addressed. The  
19 question of not requesting costs, my friend said we did not  
20 request costs at the hearing. Again, I was surprised to see  
21 that what was said at the last hearing before Prothonotary  
22 Aalto is at issue now. The Court does have its record of  
23 it. I think we may even have filed a transcript, an  
24 official transcript, with the Court to the extent that it  
25 was a decision. There was direct discussion costs, Madam  
26 Prothonotary. I took a look. I don't want to give  
27 evidence, but I think it's in the Court file. If I'm going  
28 too far, then please.

1 PROTHONOTARY ARONOVITCH: You are, indeed,  
2 going too far.

3 MR. MCHAFFIE: Okay.

4 PROTHONOTARY ARONOVITCH: The question was  
5 there was certainly no order as to costs in the order, and  
6 that is plain from the order. However, what submissions  
7 were made with costs and whether he considered the costs of  
8 the motion, if there is evidence on that, it would have been  
9 germane and should have been in these motion records, and  
10 I'm not going to entertain that now. I'm going to take it  
11 that no submissions were made on costs of the motion.

12 If there is some different -- it's an  
13 extremely important point, and I am not pleased that the  
14 issue has not been addressed in the motion record, so if you  
15 have anything to say about whether there was any discussion  
16 on costs of the motion -- not costs of implementing the  
17 order, but costs of the motion -- then a) it should have  
18 found its way into this motion record, and, if it hasn't,  
19 I'm going to take the position that no costs were sought and  
20 none were awarded, as that is the case.

21 MR. MCHAFFIE: Okay. The best I can do in  
22 that case is point, simply, to the decision, itself, and  
23 I've taken you to the passages that, in my view, show that  
24 the costs to the date of the motion, including, in my  
25 submission -- but it does require me to interpret the  
26 reasons of preparing for the motion -- were what was at  
27 issue in dealing with costs. And this question of legal  
28 costs could only have relevance in dealing with the legal

1 costs of the motion because, as my friend says, the legal  
2 costs --

3 PROTHONOTARY ARONOVITCH: If you want to make  
4 that argument, and if you are, in fact, making that argument  
5 based on the record, that's fine and good.

6 MR. MCHAFFIE: And that is my submission.  
7 I've made it before, but I do want to flag that -- and it  
8 goes back to your question to my friend -- that there was an  
9 order for all reasonable legal costs, and that, in my  
10 submission, where that comes up and where the bulk of that  
11 is is the costs associated with appearing, ultimately,  
12 before Prothonotary Aalto, and that that "all reasonable  
13 legal costs" was not intended to be trivial, or it wouldn't  
14 have been put in that form, and that, therefore, to capture  
15 what the legal costs that TekSavvy incurred were is to deal  
16 with that issue. So that's the submission. That is all on  
17 the record. That is in the proceeding.

18 PROTHONOTARY ARONOVITCH: If that's your  
19 argument, then I have it.

20 MR. MCHAFFIE: Thank you. My friend  
21 suggested that there was no affidavit with respect to  
22 Mr. Tacit's costs. They were directly referenced in Mr.  
23 Gaudrault's affidavit, paragraphs 44 to 46, and he was not  
24 cross-examined on that, so Mr. Gaudrault spoke to it, spoke  
25 to, specifically, what Mr. Tacit spent time on, attached his  
26 e-mail, and that was in there, and that wasn't  
27 cross-examined.

28 He also suggested that with respect to Mr.

Court File No. T-2058-12

**FEDERAL COURT**

BETWEEN:

**VOLTAGE PICTURES LLC**

Plaintiff

- and -

**JOHN DOE AND JANE DOE**

Defendants

- and -

**TEKSAVVY SOLUTIONS INC.**

Responding Party

- and -

**SAMUELSON-GLUSHKO CANADIAN INTERNET POLICY  
AND PUBLIC INTEREST CLINIC**

Intervener

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**BILL OF REASONABLE LEGAL COSTS  
ADMINISTRATIVE COSTS AND DISBURSEMENTS  
OF THE RESPONDING PARTY, TEKSAVVY SOLUTIONS INC.**

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**SUMMARY:**

PURSUANT TO THE ORDER OF PROTHONOTARY KEVIN R. AALTO, dated February 20, 2014, the Responding Party, TEKSAVVY SOLUTIONS INC. makes claim for the following reasonable legal costs, administrative costs and disbursements:

<u>Category</u>	<u>Costs</u>
<b>A. Legal costs:</b>	
A.1 Stikeman Elliott LLP	\$ 123,580.98
A.2 Christian Tacit	\$ 54,240.00
<b>B. Administrative Costs:</b>	
B.1 Information Technology	\$ 27,092.50
B.2 Operations	\$ 81,524.18
<b>C. Disbursements:</b>	
C.1 TekSavvy Inc.	\$ 55,457.60
C.2 Stikeman Elliott LLP	<u>\$ 4,585.42</u>
<b>Total:</b>	<b><u>\$ 346,480.68</u></b>

**The Claim for Reasonable Legal Costs, Administrative Costs and Disbursements is itemized on the following pages, as follows:**

**Appendix A – Legal Costs**

- A.1 Stikeman Elliott LLP**
- A.2 Christian Tacit**

**Appendix B – Administrative Costs**

- B.1 Information Technology**
- B.2 Operations**

**Appendix C – Disbursements**

- C.1 TekSavvy Inc.**
- C.2 Stikeman Elliott LLP**

**Copies of supporting material, including time dockets and disbursement details, and the affidavit of Marc Gaudrault, sworn June 27, 2014, are attached.**

## APPENDIX "A" - LEGAL COSTS

## A.1 Stikeman Elliott LLP

Timekeeper details:				
Initials	Name	Year of Call	Hourly Rate	Practice
DBE	David Elder	1991	\$500 (2012)	Telecom/ Privacy
			\$525 (2013)	
			\$675 (2014)	
NPM	Nicholas McHaffie	1996	\$625 (2012)	Litigation/ IP
			\$650 (2013)	
			\$675 (2014)	
Students	Solene Murphy	Articling student	\$240 (2012)	
	Ashley Timm	Summer	\$230 (2013)	

Task and Details	Dates	DBE	NPM	Students	Total Cost
A. Initial matters pre-hearing - review of draft motion materials - advice re ISP role and obligations (copyright and privacy) - research re: :John Doe defendants : <i>Copyright Act</i> amendments : ownership in works - communications with BTZ - advice on notice to customers - review of final motion materials - advice on communications to customers and public	Nov 14, 2012- Dec 15, 2012	15.13	33.75	3.13	\$ 29,409.95
B. Preparation for and conduct of hearing [ <i>December 17, 2012 – O’Keefe J.</i> ] - review of materials - travel and attendance at hearing in Toronto - communications with BTZ - review adjournment order	Dec 15, 2012- Dec 19, 2012	-	14.42	-	\$ 9,012.50
C. CIPPIC Intervention - review of motion materials - communications with CIPPIC - review order granting leave	Dec 15, 2012- Feb 14, 2013	0.71	5.91	-	\$ 4,212.25
D. Advice to client between attendances - advice re responses to criticisms and commentary - review legal developments/new cases and advise - advice on privacy issues and litigation strategy - response to media inquiries	Dec 17, 2012- Jan 12, 2013	1.75	12.99	-	\$ 9,022.25
E. Preparation for and conduct of hearing [ <i>January 14, 2013 – Mandamin J.</i> ] - review of materials - travel and attendance at hearing in Toronto - review and revision of draft adjournment order - review adjournment order - communications with BTZ	Jan 4, 2013- Jan 18, 2013  [+Feb 1, 2013]	1.4	22.01	-	\$ 15,041.50

<b>Task and Details</b>	<b>Dates</b>	<b>DBE</b>	<b>NPM</b>	<b>Students</b>	<b>Total Cost</b>
F. Advice to client between attendances - re position and ongoing legal developments/new cases - re responses to commentary - re pending hearing	Jan 20, 2013- May 13, 2013	3.46	5.47	-	\$ 5,372.00
G. Review of further materials - review of CIPPIC affidavits - review of Voltage supplementary affidavits	Feb 27, 2013- May 29, 2013	-	1.12	-	\$ 728.00
H. Cross-examinations - communications with BTZ, CIPPIC and Court - attendance at examinations of: : B. Logan (June 5, 2013) : T. Lethbridge (June 6, 2013) - review of transcripts	May 27, 2013- June 14, 2013	0.17	13.86	-	\$ 9,098.25
I. Preparation for and conduct of hearing [June 25, 2013 - Proth. Aalto] - communications with BTZ, CIPPIC and Court re scheduling - review of records & memoranda - review of cases and research - travel and attendance at hearing in Toronto - communications with BTZ re draft order	Mar 7, 2013- June 25, 2013	-	14.61	-	\$ 9,496.50
J. Post-hearing matters - communication with Court regarding recording - review of transcription - advice to client re hearing	June 26, 2013- July 31, 2013	-	8.33	2.00	\$ 5,874.50
K. Decision [February 20, 2014] - review of decision of Prothonotary Aalto - advice to client on obligations and next steps	Feb 20, 2014- Feb 24, 2014	3.08	6.92	-	\$ 6,750.00
L. Post-decision matters - communications with BTZ re costs - review order appointing case management judge - review and assessment of costs	Feb 25, 2014- Apr 10, 2014	0.75	7.17	-	\$ 5,346.00
<b>TOTALS</b>		26.45	146.56	5.13	<b>\$109,363.70</b>
HST					\$ 14,217.28
<b>TOTAL FEES AND TAXES</b>					<b>\$123,580.98</b>

**Copies of Invoices rendered by Stikeman Elliott LLP and paid by TekSavvy Inc. in respect of the above are attached (with the exception of item “L”, for which a pre-bill ledger is provided).**

## A.2 Christian Tacit

Mr. Tacit acted throughout as primary corporate counsel to TekSavvy Solutions Inc. ("TekSavvy") and as co-counsel on the motion brought by Voltage Pictures. Mr. Tacit is on an ongoing retainer with TekSavvy and therefore does not bill his time to TekSavvy on an hourly basis.

The following represents Mr. Tacit's best estimate of his firm's costs in dealing with the matter, including the litigation itself and related advice provided to TekSavvy regarding issues arising from the motion, based on time spent in relation to the motion in each of the months indicated, as a proportion of total time spent on TekSavvy matters:

<u>Month of</u>	<u>Amount</u>
November, 2012	\$ 6,500.00
December, 2012	\$ 13,000.00
January, 2013	\$ 6,500.00
February, 2013	\$ 4,000.00
March, 2013	\$ 1,000.00
April, 2013	\$ 500.00
May, 2013	\$ 2,000.00
June, 2013	\$ 5,000.00
July, 2013	\$ 4,000.00
February, 2014	\$ 4,000.00
March, 2014	\$ 1,500.00
<b>SUB-TOTAL</b>	<b>\$48,000.00</b>
HST@13%	\$ 6,240.00
<b>TOTAL</b>	<b><u>\$54,240.00</u></b>

## APPENDIX "B" - ADMINISTRATIVE COSTS

## B.1 Information Technology

Task	Senior Staff Hours (@\$125.00/hr)	IT Staff Hours (@\$47.50/hr)	Total Cost
Analysis of request	4	8	\$ 880.00
Project Management	8	4	\$ 1,190.00
Operational planning	4	5	\$ 737.50
Download of files		2	\$ 95.00
Setup new SQL server		5	\$ 237.50
Load Data		14	\$ 665.00
Clone production CRM		2	\$ 95.00
Optimize searches and building indexes		4	\$ 190.00
Initial Lookup		182	\$ 8,645.00
Second check/QA verification		182	\$ 8,645.00
Communication to customers affected	8	7	\$ 1,332.50
Sending communication	8	4	\$ 1,190.00
Public Relations	16		\$ 2,000.00
Preparation of information for court	8	4	\$ 1,190.00
<b>TOTAL</b>			<b>\$ 27,092.50</b>

## B.2 Operations

Task/Group	Hours	Hourly Cost	Total Cost
E- Services	672	16.82	\$ 11,303.04
Sr Ops Managements	180	217.30	\$ 39,114.00
Marketing	192	96.15	\$ 18,460.80
Associates (Contact Center)	817	14.42	\$ 11,781.14
Associates (Contact Center) - OT Hours	40	21.63	\$ 865.20
<b>TOTAL</b>			<b>\$ 81,524.18</b>

## APPENDIX "C" - DISBURSEMENTS

## C.1 TekSavvy

Item	Cost	Taxes	Total Cost
<b>Arbor Networks</b> - System upgrades and hardening re customer support centre to respond to greatly increased inquiry volume and denial of service attacks	\$ 55,457.60	\$ 0.00	\$ 55,457.60
<b>TOTALS</b>	<b>\$ 55,457.60</b>	<b>\$ 0.00</b>	<b>\$ 55,457.60</b>

*Invoice attached to Affidavit of Marc Gaudrault*

## C.2 Stikeman Elliott

Item	Cost	Taxes	Total Cost
Photocopies	\$ 46.25	\$ 6.01	\$ 52.26
Telephone and Fax	\$ 126.91	\$ 16.50	\$ 143.41
Transcripts – Cross-examinations	\$ 253.20	\$ 32.92	\$ 286.12
Travel re Cross-examinations - travel to Toronto - taxis	\$ 341.44	\$ 44.39	\$ 385.83
Travel re Hearings - travel to Toronto (x3) - hotel in Toronto (x2) - taxis	\$ 2,405.09	\$ 312.66	\$ 2,717.75
Transcription of hearing	\$ 885.00	\$ 115.05	\$ 1,000.05
<b>TOTALS</b>	<b>\$ 4,057.89</b>	<b>\$ 527.53</b>	<b>\$ 4,585.42</b>

*- Itemized in Invoices from Stikeman Elliott LLP*

*- Supporting Documents for transcripts and travel (hotel, air) attached.*

Court File No. T-2058-12

**FEDERAL COURT****BETWEEN:**

VOLTAGE PICTURES LLC

Plaintiff

- and -

JOHN DOE AND JANE DOE

Defendants

- and -

TEKSAVVY SOLUTIONS INC.

Responding Party

- and -

SAMUELSON-GLUSHKO CANADIAN INTERNET POLICY  
AND PUBLIC INTEREST CLINIC

Intervener

**AFFIDAVIT OF MARC GAUDRAULT  
(sworn June 27, 2014)**

I, MARC GAUDRAULT, of the City of Chatham, in the Province of Ontario,  
SWEAR THAT:

1. I am the Chief Executive Officer of the Responding Party, TekSavvy Solutions Inc. ("TekSavvy"). As such, I have knowledge of the matters hereinafter deposed to, except where such matters are stated to be on information and belief.
2. I make this affidavit to provide information to the Court regarding the legal costs, administrative costs and disbursements incurred by TekSavvy that were necessitated by the motion brought by the Plaintiff, Voltage Pictures LLC ("Voltage"). While I understand that the Court will ultimately be making this determination, in my view and that of TekSavvy, these costs were all reasonably incurred by TekSavvy in abiding by the Order that was issued by Prothonotary Aalto on February 20, 2014 and in providing the subscriber information that has been requested by Voltage.

3. I provide below some general information regarding TekSavvy to give context for the information that follows. I then address the issues of legal costs, administrative costs and disbursements in order.

**A. Background Information Regarding the Responding Party**

**1) *TekSavvy Solutions Inc.***

4. TekSavvy is a telecommunications service provider (“TSP”) based in Chatham, Ontario, that provides Internet access, digital home phone services, and related telecommunications services. Founded in 1998 by my brother, Rocky Gaudrault (I joined the company a year later), TekSavvy remains a relatively small TSP compared to larger providers such as Bell, Rogers, Cogeco, Shaw, Telus and Videotron.

5. In December 2012, TekSavvy had approximately 280 employees and under 200,000 subscribers to its Internet service provider (“ISP”) services.<sup>1</sup> The large majority of our employees are located in Chatham, Ontario. Most of our ISP subscribers are in Ontario, but some are located in other provinces across Canada.

**2) *Requests for Customer Account Information Received by TekSavvy***

6. An Internet Protocol (“IP”) address is a unique identifier that is assigned to a device such as a computer, server or printer that is connected to the Internet. It provides necessary information to data to be transferred to and from the device using the Internet Protocol.

7. IP addresses are not assigned to a single device on a permanent basis. For technical reasons, IP addresses may be associated with different devices at different times. For clarity, an IP address is not directly associated with customers themselves,

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<sup>1</sup> TekSavvy has worked hard to continue to succeed and grow, continuing a general trend of growth over the past number of years, such that TekSavvy currently has somewhat under 300,000 subscribers and approximately 450 employees.

nor with any particular user, but rather with a device. The only personal contact information that TekSavvy has is with respect to the person who subscribes to TekSavvy's service, and who thus "pays the bills" on the customer account for Internet access service associated with the device.

8. TekSavvy maintains, for a short period of time, logs that indicate what IP addresses are associated with particular customer accounts at what times. Therefore, given a particular IP address and a specific time, TekSavvy may be able to identify the customer account with which that IP address was associated at that time.

9. TekSavvy does not receive a large number of requests for disclosure of subscriber information associated with IP addresses. For example, in 2012 and 2013, other than the request from Voltage, we received a total of 52 requests seeking to correlate IP addresses to subscriber names and information. All of these requests were received from law enforcement agencies in the context of a criminal investigation. In each case, both the requests and the disclosures related to single IP addresses and correlated customer information.<sup>2</sup> In response to the 52 requests that we received, TekSavvy made 17 disclosures and denied the remaining 35 requests.

10. Prior to the request by Voltage and the order of Prothonotary Aalto, TekSavvy has never been asked for, nor provided, subscriber information correlated to IP addresses by a private party or in the context of a civil proceeding. Nor has TekSavvy received any subsequent request for such information by a private party or in the context of a civil proceeding. Voltage's request to TekSavvy was therefore unique in TekSavvy's experience, as well as being unique in Canada to my understanding given the number of IP addresses at issue.

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<sup>2</sup> In this time period, it was TekSavvy's practice, based on s. 7(3)(c.1)(ii) of the *Personal Information Protection and Electronic Documents Act*, to produce information restricted to basic subscriber information where the request was made pursuant to a lawful authority in the context of a law enforcement investigation. Since that time, however, and even prior to the Supreme Court of Canada's recent decision in *R. v. Spencer*, we made the policy choice to only disclose such personal subscriber information in response to a warrant or order, or where the conditions for such a warrant or order are present but exigent circumstances prevent one from being obtained.

**B. Voltage’s Motion for Production of Subscriber Information**

**1) Brief Procedural Summary and Timeline**

11. An overview timeline of the major procedural and other steps in this case is set out below for ease of reference. Further detail regarding certain matters is then provided in following paragraphs:

<b>Date</b>	<b>Event</b>
November 1, 2012	TekSavvy first receives draft motion materials from Voltage. They propose return date of November 17, 2012.
November 14, 2012	Voltage agrees to adjourn to December 10, 2012 (later further agrees to adjourn to December 17, 2012).
November 14- December 4, 2012	TekSavvy undertakes IP address correlation.
November 28, 2012	Voltage provides shortened list of IP addresses.
December 10, 2012	TekSavvy provides notice to affected subscribers.
December 11, 2012	Voltage serves motion record.
December 17, 2012	First attendance. Adjourned by Mr. Justice O’Keefe to a date in January 14, 2013.
December 21, 2013	CIPPIC files motion for leave to intervene.
January 14, 2013	Second attendance. Adjourned by Mr. Justice Mandamin to permit determination of motion for leave to intervene by CIPPIC.
February 13, 2013	CIPPIC granted leave to intervene by Madam Prothonotary Tabib.
February-June, 2013	Affidavits, cross-examinations and records.
June 25, 2013	Hearing before Prothonotary Aalto.
February 20, 2014	Decision of Prothonotary Aalto.

2) *Initial Request for Subscriber Information*

12. On approximately October 10, 2012, TekSavvy was contacted through an online information request by Barry Logan of Canipre (who swore the affidavit in support of Voltage's motion, as referenced by Prothonotary Aalto in his decision), seeking to discuss serving materials for a court order to deliver subscriber information. The information was distributed internally at TekSavvy and ultimately referred to our corporate counsel, Christian S. Tacit of Tacit Law, who communicated with Mr. Logan to get further information. On November 1, 2012, Voltage provided Mr. Tacit with draft motion materials for an order requiring disclosure of subscriber information associated with over 4,500 IP addresses, and proposing a return date of November 19, 2012.

13. TekSavvy has throughout taken the position that it should not disclose any customer account information associated with IP addresses unless a Court order required the disclosure, and that no disclosure should occur without appropriate privacy safeguards for persons affected by such disclosures. A true copy of an e-mail sent by TekSavvy's counsel, Christian S. Tacit early in the process on November 13, 2012, expressing this position is attached hereto as **Exhibit "A"**.

14. In light of the motion that Voltage indicated it would be bringing, TekSavvy retained Stikeman Elliott LLP on November 14, 2012, to provide advice and represent TekSavvy in the matter. In particular, Nicholas McHaffie of Stikeman Elliott was retained to act as litigation counsel, and David Elder of Stikeman Elliott was retained to provide advice on privacy issues. Mr. Tacit also continued to act as TekSavvy's regular counsel.

15. TekSavvy decided very early in the process that it was both appropriate and important that its subscribers whose information might be ordered produced should be given notice of the proceeding with sufficient time to take steps to obtain legal advice, both so that they could have awareness of the activities that could affect their interest and so that they could choose whether they wanted to be represented before the Court.

16. Mr. McHaffie advised counsel for Voltage of this on November 14, 2012, and Voltage responded that they felt that the position that potential defendants should have notice was “without a proper basis”. However, Voltage ultimately agreed to postpone its motion to December 10, 2012 to allow TekSavvy to notify customers, provided that the notice included language proposed by Voltage regarding preservation of data. A true copy of an e-mail exchange between John Philpott, counsel for Voltage, and Mr. McHaffie dated November 14-21, 2012 reflecting the foregoing is attached hereto as **Exhibit “B”**.

2) *Initial Lookup*

17. Given the short timing insisted on by Voltage, TekSavvy immediately began work on planning and implementing the translation of the IP addresses provided by Voltage, based on the original list of 4,500 IP addresses.

18. On November 28, 2012, Voltage provided TekSavvy with a revised, shortened list of 2,114 IP addresses, and advised that Voltage would be “proceeding on December 17th and would not be amen[a]ble to any further delays”. A true copy of a series of e-mails from Mr. Philpott to Mr. McHaffie dated November 28, 2012 that covered this list (without a copy of the attached list itself) is attached as **Exhibit “C”**.

19. By December 4, 2012, TekSavvy had completed its initial conversion of the file data provided by Voltage so as to identify those subscribers it was able to associate with the given IP addresses. This was not a simple process, nor one that TekSavvy was accustomed to undertaking. Our information systems are not set up to generate historic IP address information, especially in batches. Doing so required the involvement of senior officers of TekSavvy, including myself and Pascal Tellier, our Chief Information Officer; and of senior operations and IT staff who report to us, particularly: Patrick Misur, Director of Corporate Systems; Rick Glassford, System Administrator; Chris Sologuk, Systems Support Technician; and Pascal Gagnon, Desktop Support.

20. The process our team undertook to identify those subscribers TekSavvy was able to associate with the given IP addresses included the following steps:

- (a) Initial analysis of the request.
- (b) Project management and operational planning.
- (c) Locating, transferring, and decompressing raw daily RADIUS log files from TekSavvy's servers. The RADIUS protocol is a means for generating large, constantly-updated text file logs of Internet access user log-ins.
- (d) Setting up, designing, and programming a new SQL server to be used to automate and run the searches; and then setting up, programming, and constantly running an import script to import these data files into the SQL server. SQL is a special-purpose programming language designed for managing large amounts of data, such as the RADIUS data we were now being asked to analyze.
- (e) Loading the data ported to the SQL server into the SQL database and reporting structures that we had established.
- (f) Cloning the current Customer Relationship Management ("CRM") database and attaching it to the new SQL server, in order to allow the new SQL server to match the user login information imported from the RADIUS files with customer account information, without causing the searching activities involved in this matching to affect normal daily activities.
- (g) Designing, programming, and optimizing SQL queries to conduct the matching and other data manipulation required to determine which user log-in was associated with which IP address and with which service order, which in turn is associated with a customer account, at which time. Building indexes to make the results of these queries retrievable.
- (h) Running the queries against each IP address and timestamp provided by Voltage. Because of differences in how the data was provided and how

it is stored by TekSavvy, this required a manual correlation of the timestamps, which we were not able to automate.

21. Given the importance of the issue and the volume of IP addresses requested, the search and correlation work was divided between three people. The correlation was then run a second time and the two generated lists were correlated to look for differences. Those differences were then verified for production of a final list. This search process yielded subscriber information with respect to a total of approximately 1,130 subscribers.

2) *Notice and Error Correction*

22. As indicated above, TekSavvy felt that it was appropriate and necessary that affected subscribers be given notice of the proceeding being brought by Voltage. TekSavvy therefore undertook the correlation and lookup process prior to the Court issuing an order for the production of the information to Voltage. In addition to protecting subscribers' privacy rights in their personal information and their legal right to choose whether they wanted to be represented before the Court, notifying subscribers was also an important quality control check on information generated as a result of correlating large-scale lookups.

23. Notice was sent to these affected subscribers on December 10, 2012. A true copy of the notice sent to affected TekSavvy subscribers is attached hereto as **Exhibit "D"**.

24. Over the course of the days following this notice, we received a number of reports back from recipients indicating, for example, that they were not TekSavvy customers at the time, or other indications that there may have been errors in the correlation and compilation of the list notwithstanding the care, failsafes and double-checking that had been undertaken.

25. As a result, TekSavvy undertook further confirmation and checks and discovered on the night of Sunday, December 16, 2012 that TekSavvy had incorrectly notified 42 subscribers who should not have been notified, and had failed to notify 92

subscribers who should have been notified. As noted, this confirmed that the notification process was itself an important quality control check, particularly in the context of such a massive request for information, as it resulted in the identification of errors and the further correction of the list. Had this not been performed, for example, and had TekSavvy simply provided the list of correlated subscribers that it had initially generated, the personal information of 42 subscribers whose IP addresses were not in fact identified by Voltage could have ended up being provided to Voltage in the future, and, conversely, the information provided to Voltage would fail to include 92 subscribers that should have been included.

26. Mr. McHaffie advised counsel for Voltage and CIPPIC of the identification of these errors at the earliest opportunity, early on the morning of December 17, 2012. A true copy of Mr. McHaffie's e-mail dated December 17, 2012 is attached hereto as **Exhibit "E"**.

3) *Procedural Steps*

27. At the hearing dated December 17, 2012, TekSavvy requested an adjournment to allow for both correction of the identified errors and the opportunity for CIPPIC, which had indicated its intention to seek leave to intervene, to do so. Voltage opposed this adjournment. Mr. Justice O'Keefe granted an adjournment to January 14, 2013.

28. On December 21, 2012, CIPPIC filed its motion for leave to intervene. CIPPIC sought adjournment of the motion scheduled for January 14, 2013 in order for that motion to be determined. Voltage opposed this adjournment. On January 14, 2013 Mr. Justice Mandamin granted the requested adjournment on grounds that included TekSavvy's undertaking to forward a letter from Voltage to affected subscribers demanding that they refrain from infringement of copyright in works by Voltage (TekSavvy never received such a letter from Voltage with a request that it be distributed).

29. On February 13, 2013, CIPPIC was granted leave to intervene. Subsequently, CIPPIC filed affidavit material, Voltage filed responding material and cross-

examinations were conducted, at which Mr. McHaffie was present to represent the interests of TekSavvy. The hearing of the motion was ultimately scheduled for June 25, 2013 and was heard on that day before Prothonotary Aalto in Toronto.

3) *Work Relating to Operational and Reputational Impact on TekSavvy*

30. After the December 10 notice, TekSavvy received a high volume of inquiries by e-mail and telephone, both from customers that had received the notice and from other subscribers who had concerns about Voltage's motion and whether their personal information might be affected. This high volume of inquiries created significant administrative work. It was necessary for us to undertake this work in order to ensure that customers were properly informed about the nature and impact of the motion on them, and in order to avoid reputational change and other business impact on TekSavvy arising directly from Voltage's apparent focus on subscribers of TekSavvy (which has never been explained to us by Voltage). This work consisted of the following:

- (a) We created an online portal tool available to TekSavvy subscribers whereby they could confirm whether they had been identified as associated with one of the IP addresses on Voltage's list.
- (b) On December 13, 2012, we sent an e-mail notice to all of our customers advising of the existence of the online tool and providing information about the motion by Voltage.

31. In the days before the December 17, 2012 return date of the motion, TekSavvy continued to receive a high volume of calls and e-mails from customers that required response by TekSavvy. At various times, the customer portal became overloaded, as we had over a thousand concurrent visitors to our website, and as many as 200 telephone calls in queue for response.

32. Further, on the evening of December 15, 2012, shortly before the first hearing was scheduled, TekSavvy came under a the first of a number of distributed denial-of-service (DDoS) attack. This is a type of attack used by hackers to bring an Internet

host down, such as the Internet hosts that serve our websites to the public, by manipulating a huge number of computers (typically infected by a virus) to send a flood of communication requests to the targeted host. The attacks suffered by TekSavvy were targeted directly at our website and critical infrastructure. As a result of the attacks, we had disruption of our website and resulting increase of call volume. The attacks were large enough to disrupt our office connectivity which resulted in lost calls and lost employee hours.

33. Based on information received at the time and our assessment of the DDoS attack, I believe that the DDoS attacks were instigated by the hacker group “Anonymous” and were directly related to the motion brought by Voltage. To my understanding both Voltage and Canipre (the company that undertook forensic investigation and filed evidence with the Court on the motion) also suffered DDoS attacks at around the same time.

34. Prior to the Voltage motion, TekSavvy had never been subject to such a large targeted attack. Its systems were not able to respond to the attacks that took place immediately prior to the first hearing and as a direct result of Voltage’s motion. As discussed further below, TekSavvy was therefore forced to spend time finding a proper solution to the problem and implement a solution from a third-party provider to defend against such attacks.

35. Separately, TekSavvy has also had to ensure that it received appropriate legal advice regarding (a) its rights and obligations and those of its customers in connection with the motion; and (b) the appropriate and legally correct response to inquiries and complaints from customers and the public. That is because, in view of the unprecedented nature of the request by Voltage, there was a significant amount of attention given to the proceedings by members of the public, including both TekSavvy customers and potential customers, as well as members of the technical community. Throughout the course of this proceeding, from December 2012 through the hearing in June 2013 and up to the date of the decision in February 2014, TekSavvy has been subject to comment, praise and criticism on a variety of issues, both well-informed and

ill-informed, solely as a result of being identified by Voltage as the responding party on its motion.

36. I personally dedicated countless hours to responding to comments, complaints and inquiries, and on a number of issues required legal advice during the course of this. This need was the direct consequence of the motion brought by Voltage, including its nature and scope. It was also in my view absolutely essential to protect the interests of both TekSavvy and its subscribers – in such unique circumstances, communication with affected parties is critical. Had this not been undertaken, I believe that a considerable change in TekSavvy's reputation would have taken place, and TekSavvy would have stood to lose a significant number of customers in consequence.

37. I note that based on my experience in the telecommunications and ISP industry, and my experience and knowledge of what occurred in this case, these impacts would certainly have occurred regardless of when information regarding the Voltage request became known to subscribers and the public, whether in response to a notice provided by TekSavvy in advance of the motion (as occurred in this case); as a result of the motion hearing itself; or as a result of notice to subscribers after the motion. Indeed, had the information come to the attention of subscribers and the public only after TekSavvy had been ordered to provide customer account information to Voltage, I expect that the impacts would have been considerably greater.

**5) *TekSavvy's Position and Submissions on the Motion***

38. As noted above, TekSavvy took the position from the outset that any order providing for the disclosure of personal information of its subscribers should include terms that limited the disclosure and protected the privacy and personal information of those subscribers.

39. In order to try to address these issues on consent, TekSavvy asked Voltage on a number of occasions to provide the form of the order that they would be seeking from the Court. In this regard, I attach true copies of e-mails from Mr. McHaffie to counsel

for Voltage dated December 11, 2012 and January 11, 2013 as **Exhibits “F” and “G”**. Voltage did not provide a draft form of order prior to the hearing that was ultimately held before Prothonotary Aalto on June 25, 2013. Mr. McHaffie therefore made submissions on behalf of TekSavvy at the hearing with respect to the protections in any Order issued (a) to protect the personal information of TekSavvy’s subscribers, as well as (b) protecting them from potential abuses often associated with mass copyright cases. Many of those submissions representing TekSavvy’s position are reflected in the Order issued by Prothonotary Aalto.

**C. Reasonable Legal Costs, Administrative Costs and Disbursements**

**1) Legal Costs**

40. TekSavvy has been represented by Mr. Christian S. Tacit of Tacit Law and by Stikeman Elliott LLP with respect to these proceedings. Mr. Tacit acted as TekSavvy’s general corporate and telecommunications counsel. Stikeman Elliott LLP was retained as special counsel to advise and represent TekSavvy in respect of the Voltage motion in particular.

**(a) Legal advice required and received**

41. During the course of this proceeding, TekSavvy has received legal advice from Mr. Tacit and from Stikeman Elliott LLP with respect to (a) its rights, obligations and options in response to the motion brought by Voltage, including issues regarding copyright, privacy, Norwich orders, litigation, procedure and evidence; (b) TekSavvy’s communications with customers and the public in respect of the motion; and (c) representation of TekSavvy in preparation for and attending the three hearings in the matter.

42. All of these were matters that TekSavvy required legal advice on solely because of the motion brought by Voltage, and all were matters that TekSavvy had to receive legal advice on in the context in order to make informed decisions regarding the motion and TekSavvy’s response to it.

43. As the CEO of TekSavvy, I consider the legal fees incurred by TekSavvy as described below to have been reasonable in the circumstances of the unique and difficult situation that TekSavvy found itself in faced with the unprecedented motion by Voltage. While I understand that the Court will ultimately be making this determination, I note that I also consider these legal costs to have been costs incurred by TekSavvy as a third-party intermediary in providing the information requested by Voltage and thus in abiding by the Order issued by Prothonotary Aalto.

(b) Christian Tacit

44. Mr. Tacit's retainer by TekSavvy in the relevant period was on the basis of a regular monthly retainer in respect of all services provided for TekSavvy, and not on an hourly fee basis. In particular, Mr. Tacit was paid \$25,000 per month by TekSavvy in respect of this retainer, less a credit of \$5,000 for TekSavvy's membership in the Canadian Network Operators' Consortium.

45. As Mr. Tacit did not bill TekSavvy on an hourly basis, he did not render invoices that provide hourly dockets of work performed. I am advised by Mr. Tacit and believe that he also did not record the specific time spent on each matter for TekSavvy. However, Mr. Tacit has advised TekSavvy and I believe that his best estimate of costs in providing advice in respect of Voltage's motion, including representing Voltage in the litigation as co-counsel, and providing related advice with respect to customer communications, IT issues, call-centre issues and privacy matters is the following:

<u>Month of</u>	<u>Amount</u>
November, 2012	\$ 6,500.00
December, 2012	\$13,000.00
January, 2013	\$ 6,500.00
February, 2013	\$ 4,000.00
March, 2013	\$ 1,000.00
April, 2013	\$ 500.00
May, 2013	\$ 2,000.00
June, 2013	\$ 5,000.00
July, 2013	\$ 4,000.00
February, 2014	\$ 4,000.00

March, 2014	<u>\$ 1,500.00</u>
<b>SUB-TOTAL</b>	\$48,000.00
HST@13%	<u>\$ 6,240.00</u>
<b>TOTAL</b>	<b>\$54,240.00</b>

46. A true copy of an e-mail from Mr. Tacit to me, confirming his earlier information with respect to the foregoing, is attached hereto as **Exhibit “H”**. Based on my knowledge of the work performed by Mr. Tacit during the period from November 2012 to March 2014, the estimates provided by Mr. Tacit appear to me to be fair and reasonable. I confirm that TekSavvy has been invoiced by Mr. Tacit in respect of these amounts and that TekSavvy has paid these amounts to Mr. Tacit. True copies of Mr. Tacit’s invoices for the above-noted months are attached hereto as **Exhibit “T”**.

(c) Stikeman Elliott LLP

47. I understand that the Bill of Costs being presented to the Court on behalf of TekSavvy will include itemized ledgers of time spent in respect of the Voltage matter.

48. I confirm that TekSavvy has been invoiced by Stikeman Elliott LLP in respect of these amounts (save for the most recent amounts) and that TekSavvy has paid, or in the case of recent amounts, will soon be paying these amounts to Stikeman Elliott LLP.

2) *Administrative Costs*

49. As described above, in order to be able to comply with the Court’s Order to produce information to Voltage, TekSavvy had to incur costs associated with the initial identification of customer account information based on data provided by Voltage; the secondary verification of such information through a second data check and communication with affected customers; and the need to respond to massive increases in telephone and online inquiries to TekSavvy from affected customers, non-affected customers and the general public. All of these are matters that would not have been required had it not been for the motion brought by Voltage.

50. In addition, as described above, these costs would have been incurred at some point regardless of when the Voltage request became known to subscribers and the public and regardless of whether notice was provided by TekSavvy in advance of the motion. As noted, if TekSavvy customers had only become aware after TekSavvy had been ordered to provide customer account information to Voltage, the costs would have been much greater as subscribers and potential subscribers would have had greater concerns about release of personal information without notice having been given, as well as concerns about the potential release of personal information from customer accounts erroneously associated with the IP addresses because of the size of the correlation project.

51. These administrative costs can be placed in two main categories: information technology and operations, which are broken out further below. I note that the costs described below do not by any means capture all of the personnel and administrative costs incurred by TekSavvy in connection with the motion by Voltage. It is no exaggeration to say that at times during this proceeding, effectively everyone in the company was occupied with responding to and addressing the motion brought by Voltage.

52. I asked team members to keep track of and record their time dedicated to the process. This time tracking was then reported to Pascal Tellier and Pierre Aube, who recorded and compiled the time spent. This information is summarized in Appendix "A" and "B" to this affidavit. I am advised by Mr. Tellier and Mr. Aube and believe that the information in these appendices is correct, and based on my own knowledge of the amount of time TekSavvy employees dedicated to this project, I believe that the information set out in the appendices and described below is reasonable and, indeed, conservative compared to the actual time spent. In some cases, explained further below, the information with respect to operations is necessarily based on estimates of increased time based on inquiry volumes rather than direct time tracking by individuals.

(a) Information Technology

53. The administrative costs associated with information technology relate primarily to conducting the correlation and lookup process, including verification, notification, communications with subscribers and the public, and associated preparation of information for the Court (namely, extraction of the compilation of the lookup results and creating a Microsoft file for disclosure). I have described these steps above at paragraphs 19 to 25.

54. Set out in Appendix A is a table setting out the hours worked in connection with these tasks by:

(a) Senior staff at TekSavvy, namely Pascal Tellier, our Chief Information Officer. Mr. Tellier is a salaried employee. A fair approximation of his hourly cost to TekSavvy based on his salary and hours worked, that we have used for the purpose of estimating costs to TekSavvy of the motion brought by Voltage, is \$125.00 per hour.

(b) Four key employees in the information technology area, namely Patrick Misur, Director of Corporate Systems; Rick Glassford, System Administrator; Chris Sologuk, Systems Support Technician; and Pascal Gagnon, Desktop Support. These employees are also salaried employees. A fair approximation of their average hourly cost to TekSavvy based on their salary and hours worked, that we have used for the purpose of estimating costs to TekSavvy of the motion brought by Voltage, is \$47.50/hr.

55. These hours were all incurred in the period prior to January 11, 2013.

(b) Operations

56. As noted above at paragraphs 30 to 36, TekSavvy incurred significant additional operational costs associated with the Voltage motion and complying with the request for IP addresses. This included significant increases in volume to respond to email inquiries (“E-services”), and in our telephone contact centre.

57. In order to assess the administrative costs associated with our operations group, we analyzed the increase in third party call and electronic inquiry volume in response to the Voltage motion. This was calculated on the basis of the difference between typical call and inquiry volumes and operational hours, and the volumes and hours in the period surrounding the Voltage motion.

58. Appendix "B" sets out the incremental hours and costs (based on hourly costs for these employees) associated with this increase in operational administrative costs arising with compliance with Voltage's request for IP addresses.

59. By way of further explanation of Appendix "B", the five line items set out in that appendix represent the following:

- (a) "Senior Operations Management" refers to time spent by our Chief Operating Officer, Pierre Aube, together with three of his group, André Cl  roux, Director of Online & Operations Intelligence; Olga Lusher, Director, Agent Development and Analytics; and Olivier Cantin, Director, Operations (Sales, Service and Technical Support). These individuals were responsible for and directly involved in the operational side of TekSavvy's response to Voltage's request for information, including oversight of information requests and communications from customers (telephone and electronic); rebuilding TekSavvy's telephony interactive voice response (IVR) (the interactive telephone menus heard when a customer calls a company), in order to address and handle the massive increase in call volumes directed to this issue; forecasting and shifting workloads among teams to handle the increase in volume; and training of associates regarding responding to customer and public inquiries. The hourly cost set out in Appendix B for these salaried employees reflects a reasonable average of their cost to TekSavvy based on their salaries and hours worked.
- (b) "Marketing" refers to time spent by two TekSavvy employees in our marketing group, Tina Furlan, Director, Marketing and

Communications, and Marvin Handsor, Product Marketing Manager. These individuals were responsible for developing and preparing communications and notifications to customers and potential customers; internal communications to TekSavvy staff; developing and preparing responses to customer and public inquiries; working with and providing input to training teams that were training associates regarding responses to customer and public inquiries; and responding to media requests arising from public interest in the matter. The hourly cost set out in Appendix B for these salaried employees reflects a reasonable average of their cost to TekSavvy based on their salaries and hours worked.

- (c) “E-Services” refers to electronic responses to inquiries from customers and potential customers, whether by email, online chat tools, or social media. TekSavvy has employees who are tasked with responding to such inquiries, which are generally at a fairly steady and predictable level. As a result of Voltage’s request to provide personal information regarding customers, the level of inquiries rose dramatically for a period of time in December 2012, as described above. By comparing the inquiry volume and time spent during this period, the vast majority of which was directly related to the Voltage motion, to the usual baseline level of inquiries, we were able to estimate the number of incremental hours spent by E-Services staff to respond to these inquiries, and thus the cost to TekSavvy based on an average hourly wage of \$16.82 per hour for these employees.
- (d) “Associates (Contact Centre)” refers to telephone responses to inquiries from customers and potential customers. These hours were estimated in the same manner as described above for E-Services, based on the observed significant increase in inquiries over the baseline, and an average hourly wage of \$14.42 per hour for these employees.

- (e) "Associates (Contact Centre) – OT Hours" refers to overtime hours paid out by TekSavvy to associates in our telephone contact centre, paid at time-and-a-half, or \$21.63 per hour.

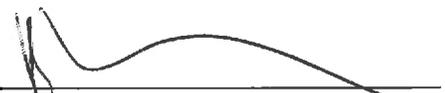
3) *Disbursements*

60. The Bill of Costs prepared for TekSavvy sets out the disbursements incurred on TekSavvy's behalf by Stikeman Elliott LLP.

61. In addition to these costs, TekSavvy incurred significant disbursements paid to Arbor Networks in order to implement system upgrades and hardening in respect of its customer-facing systems such as its support centre, in order to respond to the significantly increase inquiry volume that we received, as well as to sustain DDoS attacks such as those described above. These expenses would not have been required and would not have been incurred had it not been for the motion brought by Voltage. Rather, they were incurred as a direct result of Voltage's motion and the position that TekSavvy was put in as a result in having to respond to the motion and ultimately to the Court's order to produce subscriber information.

62. A true copy of the invoice received from Arbor Networks and paid by TekSavvy for the purchase of hardware, support and installation in relation to the above is attached hereto as **Exhibit "J"**.

SWORN BEFORE ME at the City of  
Chatham, in the Province of Ontario on  
June 27, 2014.

  
\_\_\_\_\_  
Commissioner for taking affidavits

R JOHN MCFARLANE

  
\_\_\_\_\_  
MARC GAUDRAULT

**APPENDIX "A"**

**ADMINISTRATIVE COSTS – INFORMATION TECHNOLOGY**

<b>Task</b>	<b>Senior Staff</b>	<b>Pat</b>	<b>Rick</b>	<b>Pascal</b>	<b>Chris</b>
Analysis of request	4	8			
Project Management	8	4			
Operational planning	4	2	1	1	1
Download of files		2			
Setup new SQL server		2	3		
Load Data		14			
Clone production CRM		2			
Optimize searches and building indexes		4			
Initial Lookup		45	47	44	46
Second check/QA verification		42	45	48	47
Communication to customers affected	8	7			
Sending communication	8	4			
Public Relations	16				
Preparation of information for court	8	4			
<b>Total Hours</b>	<b>56</b>	<b>140</b>	<b>96</b>	<b>93</b>	<b>94</b>

	<b><u>Hours</u></b>	<b><u>Cost</u></b>
Senior Staff (@\$125.00/hr)	56	\$ 7,000.00
IT Staff (@47.50/hr)	423	<u>\$ 20,092.50</u>
<b>Total Cost</b>		<b>\$ 27,092.50</b>

**APPENDIX "B"**

**ADMINISTRATIVE COSTS – OPERATIONS**

<b>Task/Group</b>	<b>Hours</b>	<b>Hourly Cost</b>	<b>Total Cost</b>
Senior Operations Management	180	\$ 217.30	\$ 39,114.00
Marketing	192	\$ 96.15	\$ 18,460.80
E-Services	672	\$ 16.82	\$ 11,303.04
Associates (Contact Center)	817	\$ 14.42	\$ 11,781.14
Associates (Contact Center) – OT Hours	40	\$ 21.63	\$ 865.20
<b>Total</b>			<b>\$ 81,524.18</b>



1 live logs. So now I'm not sure anymore what you  
 2 mean by "live logs".  
 3 73 Q. All right, so --  
 4 A. I guess there are no live  
 5 logs, they're all existing -- you know, there's  
 6 logs for today, logs for yesterday.  
 7 74 Q. So if I was to ask you  
 8 about information this minute, in other words,  
 9 "What is my IP address this minute, not yesterday,  
 10 and not last week, not last month", is there any  
 11 difference to how that information is stored by  
 12 TekSavvy or accessed by TekSavvy, versus, "Oh, I'm  
 13 James, can you tell me what my IP address was a  
 14 month ago, on this day, at this time, exact time?"  
 15 A. At this time, like I'd  
 16 have to -- I'd have to go through all the  
 17 different servers to see where that log may  
 18 actually be, to see. And if -- you know, another  
 19 way to do it would be to login to the multiple  
 20 routers to try to get a sense of, "Where is this  
 21 user name, and what IP does he currently have  
 22 assigned?"  
 23 75 Q. Okay, and you have -- you  
 24 -- I mean, there's -- obviously you're a newer  
 25 ISP, you're -- compared to Rogers and Bell you're

1 data. So it's a different thing. In one way I'm  
 2 searching all of our customers' information.  
 3 81 Q. Yeah.  
 4 A. Like all of the raw logs  
 5 for the entire customer base, right, and have to  
 6 find in there -- right? You'd have to point me to  
 7 the IP and the time, and then through that I'd  
 8 have to search through all these raw logs, right?  
 9 And so like it's actually -- it takes actually a  
 10 significant amount of time.  
 11 82 Q. Okay. Well, tell me how  
 12 you do that, how do you search through the raw  
 13 logs? You don't -- it's not a manual process,  
 14 it's a software that helps you. Right?  
 15 A. Well, none of that is  
 16 automated. It wasn't automated then, and still  
 17 now it's not automated. So, yes, it's very much a  
 18 manual process.  
 19 83 Q. All right. Well, tell me  
 20 how it's --  
 21 A. So, for example, when --  
 22 let's say a law enforcement request comes in, our  
 23 director of IT would generally login to these  
 24 servers, these routers -- sorry, where the logs  
 25 are, and then they would have to get an IP and a

1 a far younger ISP. Right?  
 2 A. So we were incorporated  
 3 in January '98.  
 4 76 Q. Okay.  
 5 A. I'm not sure when -- I  
 6 mean, Bell is obviously a very old company, so,  
 7 yes, I think that's a fair statement.  
 8 77 Q. Your name, TekSavvy, I  
 9 trust reflects your technology acuity?  
 10 A. Sure.  
 11 78 Q. Your systems are set up  
 12 that everything is searchable?  
 13 A. In general, yes.  
 14 79 Q. Okay. And, in fact, in  
 15 terms of, as I've said, the need to correlate user  
 16 names to IP addresses, it's a -- we've already  
 17 discussed that it's a constant process because you  
 18 track everyone's usage data?  
 19 A. When I know the username  
 20 it's much easier to find what -- IP address.  
 21 80 Q. Okay. But it's the same  
 22 side of the -- it's two sides of the same coin,  
 23 you can go either way? From an IP address you can  
 24 easily determine username. Right?  
 25 A. Once I've located the

1 timestamp, and then he would go through and sort  
 2 through all this data, and figure out what's what,  
 3 and so on. And so generally that takes roughly  
 4 two hours, when we get one of those requests, for  
 5 one IP.  
 6 84 Q. All right. So you told  
 7 me though you get an IP address and a timestamp.  
 8 Okay?  
 9 A. Mm-hmm.  
 10 85 Q. So with a timestamp it  
 11 should be pretty easy to identify which log you're  
 12 in.  
 13 A. Yeah, but there's  
 14 millions of rows in there. Every file every day  
 15 has literally millions of rows in there.  
 16 86 Q. All right. But so once  
 17 you've got the log, then you -- you said there's  
 18 one log per day. Right?  
 19 A. Per server.  
 20 87 Q. So then you're just  
 21 searching the one log?  
 22 A. Across multiple -- so  
 23 multiple times for every server.  
 24 88 Q. Five?  
 25 A. Yeah. So then you got to

1 people would be worried, you know, "What is this,  
2 does it affect me?" Right? And so we needed a  
3 place, an easy place, where they could go and  
4 know. And so what we did there was to provide a  
5 place where we said, "Look, you know, you can  
6 login and it'll tell you if you specifically have  
7 been affected."

8 205 Q. All right. So how does  
9 that work? So say I'm a TekSavvy customer, all  
10 right, I login, what information do I put in?

11 A. You would've -- to  
12 login --

13 206 Q. Yeah.

14 A. Right, you would have --  
15 it's associated to a specific customer. And so by  
16 logging in, right, as soon as you logged in it  
17 would have showed you in red either you were  
18 affected; and if you were not affected, it would  
19 not -- it wouldn't be there, it would be the  
20 normal --

21 207 Q. So when I login, I put in  
22 my name and my password?

23 A. Your customer portal  
24 username and password.

25 208 Q. My username and password.

1 errors or not, like I think I recall that we may  
2 have had to update that and clear that up, so  
3 there was -- that definitely created confusion  
4 there in that.

5 213 Q. So you basically had a  
6 portal that if someone signed in and -- you knew  
7 who the -- who the identified people were already,  
8 because you'd already sent notices out, so I'm  
9 just trying to understand why you needed a portal,  
10 because you had already sent notices to everyone  
11 that was affected, so wouldn't it have been  
12 simpler to say --

13 A. Well, so this is the very  
14 thing we had anticipated from the beginning, is  
15 that, you know, there had been other similar court  
16 motions, not involving TekSavvy, prior to, and it  
17 had been in the press and whatnot. So it was our  
18 view that whether we gave notice or not, people  
19 would really be interested in this.

20 And so we -- and our existing  
21 customers were -- so there were those affected  
22 clearly that were, you know, affected, and then  
23 there were our existing customers that were not  
24 affected that, you know, "Jeez, am I affected?"  
25 Right?

1 The portal you created does what? It takes that  
2 information and what does it do with it? It first  
3 identifies my IP address?

4 A. So by this point --  
5 right, so by this point we've identified the list.

6 209 Q. Right.

7 A. Right. And so there's  
8 two different stages there: one, right, because  
9 there was -- we found, through the process of  
10 giving notice, that there were errors.

11 210 Q. Sure.

12 A. Anyways, so in both  
13 scenarios though you login, and it would show you  
14 whether or not you were affected. But how that  
15 happens in the background is that we would have  
16 modified the customer portal in order to say this,  
17 "If this user logs in, display it for him."

18 211 Q. Okay.

19 A. Right? So we would --  
20 that stuff didn't exist --

21 212 Q. So because you had a list  
22 of -- by this time it would be the reduced list,  
23 there was like 2,100 or something?

24 A. I would have to check the  
25 exact time, but whether it was the ones that had

1 214 Q. Right.

2 A. And so it created this --  
3 and then there's, you know, potential, you know,  
4 people in general that are, you know, kind of  
5 curious, that may be -- they want to know what's  
6 going on, and what are we doing, and whatever.  
7 All of this together is the environment, right?  
8 And so this is where we had -- you know, we had to  
9 manage that, you know, all of this stuff going on.

10 And so the idea with this was  
11 to get on top of it, you know, early, to make sure  
12 that it doesn't spiral out of control.

13 215 Q. Okay.

14 A. And so this is -- that's  
15 part also why the notice was necessary, right?  
16 And so it would have happened regardless, and so  
17 we needed to get on top of it early, and deal with  
18 this.

19 And so the customer portal was  
20 necessary, was part of that, to really defuse,  
21 "Okay, this is a definitive yes or no, I'm  
22 affected or not", right? And so it really -- you  
23 know, it was nice for -- you know, comforting for  
24 them to know that either you were affected or you  
25 were not.

1 216 Q. Okay.  
 2 A. So, otherwise, we were  
 3 getting additional phone calls into the contact  
 4 centre, and all sorts of stuff like that.  
 5 217 Q. All right. But just to  
 6 be clear though, the people that were affected got  
 7 notice, so they should have known anyway; and the  
 8 people that didn't get notice, should have known  
 9 that they weren't affected?  
 10 A. Well, so I would say  
 11 largely yes, except for the fact that some were  
 12 notified who were, in fact, not.  
 13 218 Q. There were some errors?  
 14 A. Right, there were some  
 15 errors, right?  
 16 219 Q. Okay.  
 17 A. And so that needed -- so  
 18 that, right, we needed to deal with that.  
 19 220 Q. Okay. One other thing  
 20 while we have 30(b), you say on December 13, 2012  
 21 you sent an e-mail notice to all of your  
 22 customers, like 200,000 people.  
 23 A. Yeah.  
 24 221 Q. Right? Advising of the  
 25 existence of the online tool, and providing

1 understand that, but I'm just saying --  
 2 MR. MCHAFFIE: No, no, there's  
 3 no question. I don't want to answer for the  
 4 witness, but I think you already dealt with that,  
 5 and the Court will be well aware, that that was  
 6 when the motion was ultimately heard, and will be  
 7 well aware that the December 17 date was  
 8 adjourned. So there's certainly no --  
 9 MR. ZIBARRAS: Okay.  
 10 225 Q. So certainly you must  
 11 have expected that when you notify 200,000 people  
 12 about a motion, that there's going to be a lot of  
 13 activity?  
 14 A. I would expect that when  
 15 a motion is brought, to take potentially thousands  
 16 of people to court, that it creates this, this  
 17 frenzy. And so I -- we were expecting there to be  
 18 a whole lot of -- you know, we needed to get on  
 19 top of this. So this was going to happen  
 20 regardless --  
 21 226 Q. Okay, but --  
 22 A. -- from our perspective.  
 23 227 Q. Let's just break that  
 24 down. You posted all the motion materials on your  
 25 website when you got them. Right?

1 information about the motion by Voltage. So now  
 2 you didn't just notify affected people based on  
 3 the spreadsheet, you actually notified probably  
 4 over 200,000 people of the motion?  
 5 A. We had to.  
 6 222 Q. Right. That resulted, at  
 7 paragraph 31, of an incredibly high volume of  
 8 calls and e-mails, right? Everyone freaked out, I  
 9 guess. Is that fair to say?  
 10 A. No, we were -- we were  
 11 under -- we were getting a huge amount, that was  
 12 already happening. That e-mail was sent out to  
 13 quell it.  
 14 223 Q. Right.  
 15 A. It's the opposite.  
 16 224 Q. You send this e-mail on  
 17 December 13. You say that:  
 18 "In the days before the  
 19 December 17 return date"  
 20 -- so, by the way, the motion  
 21 wasn't actually heard on December 17. Right? It  
 22 was heard in June, I think, of the next year?  
 23 MR. MCHAFFIE: But this was  
 24 the return date.  
 25 MR. ZIBARRAS: No, no, I

1 A. Yes.  
 2 228 Q. You told me earlier you  
 3 insisted on notifying the affected customers?  
 4 A. Yes.  
 5 229 Q. And you've told us here  
 6 that you also sent actual e-mail notices to not  
 7 just --  
 8 A. So when you send a notice  
 9 to a thousand people --  
 10 230 Q. 200,000.  
 11 A. No, to a thousand people,  
 12 right, so we send a notice to a thousand people --  
 13 231 Q. Yeah.  
 14 A. -- they're worried, they  
 15 start --  
 16 232 Q. Right.  
 17 A. Right? And so it creates  
 18 this whole thing.  
 19 233 Q. Okay.  
 20 A. Right? And so then we're  
 21 getting calls and calls and calls, and then the  
 22 more people hear about it the more they're calling  
 23 in, and --  
 24 234 Q. Right.  
 25 A. And then so we needed to



1 lookup would have involved that set of names.  
 2 Right?  
 3 A. It involved 4,500 names.  
 4 I haven't correlated the two to see if all the  
 5 names were included as part of the -- in the  
 6 second list, were in the first list.  
 7 55 Q. Right.  
 8 A. If that's what your  
 9 question -- you're asking.  
 10 56 Q. No, that's exactly what  
 11 I'm asking. What you had initially was a list of  
 12 about 4,500 names, and you were working with that  
 13 list?  
 14 A. We worked a little bit  
 15 with that list to -- basically as part of the  
 16 analysis of the request, to identify how we would  
 17 go about it. We probably looked at about 100  
 18 values or so to -- and reported that there are  
 19 problems with the list, with the inconsistency of  
 20 the data, the date format, the missing timestamp,  
 21 the time zone, all of that. That was basically  
 22 all that was done with the initial list.  
 23 57 Q. Okay. But you don't have  
 24 -- other than what you told me -- you don't have  
 25 any -- you don't have any records that show the

1 A. And, sorry, that's their  
 2 base salary, they also have a variable component.  
 3 65 Q. Okay. So when you say at  
 4 paragraph 4, you say at the very last sentence, it  
 5 says:  
 6 "I believe that the hours  
 7 set out in Appendix A are  
 8 a fair representation of  
 9 the time spent." (As  
 10 read)  
 11 Your belief is based primarily  
 12 on what those individuals told you, because they  
 13 were the ones that were actually doing the work.  
 14 Right?  
 15 A. Yes, but I was also  
 16 directly involved and interfacing with them on a  
 17 daily basis.  
 18 66 Q. Okay. But you have no --  
 19 again, you have no documents that you can point to  
 20 that allow you to check exactly the number of  
 21 hours. Right? It's an estimation that you guys  
 22 came up with?  
 23 A. Pretty much. Pat was  
 24 asked to record hours on a daily basis, and  
 25 updating the spreadsheet.

1 dates of when this work was done?  
 2 A. Not precisely.  
 3 58 Q. Okay. There have been  
 4 previous times when there has been a request for  
 5 this type of correlation to be completed for a  
 6 third party. Right?  
 7 A. From law enforcement.  
 8 59 Q. From law enforcement,  
 9 that's correct.  
 10 A. Yes.  
 11 60 Q. And has there been one  
 12 individual that responded to those in the past?  
 13 A. Yes, Patrick Misur.  
 14 61 Q. Okay.  
 15 A. Patrick Misur is --  
 16 62 Q. So Patrick. When those  
 17 would come in, you would give it to Patrick, he  
 18 would deal with it?  
 19 A. Yes.  
 20 63 Q. Okay. Do you know what  
 21 the salaries of Mr. Glassford, Sologuk, and Gagnon  
 22 are?  
 23 A. Don't know exactly.  
 24 They're just over \$50,000.  
 25 64 Q. Okay.

1 67 Q. Okay. But you said "I  
 2 believe that these are the hours" is because you  
 3 have no way of checking exactly?  
 4 A. I have no way of  
 5 checking.  
 6 68 Q. Okay.  
 7 A. I have also no reason to  
 8 doubt the values.  
 9 69 Q. Have you ever been  
 10 involved in this correlation process before, or is  
 11 it the first time you got involved in that?  
 12 A. It was the first time I  
 13 got involved in that.  
 14 70 Q. Okay. And it looks to me  
 15 as if the majority of your time, Mr. Tellier, was  
 16 actually recorded as communicating to customers  
 17 affected, sending communication, and public  
 18 relations. Right?  
 19 A. There was a lot of time  
 20 spent there, as well as the analysis of -- the  
 21 request in project management, figuring out how we  
 22 were going to process so many records in so little  
 23 time.  
 24 71 Q. You didn't actually  
 25 correlate any of the IP addresses personally?

1 A. I went through the  
2 process based on the initial request. The 4,000  
3 that we received, I went through the process,  
4 working in hand with Pat on how we were going to  
5 process that many requests, because the manual  
6 process that we had was taking between an hour and  
7 two hours.

8 72 Q. Right.

9 A. In terms of -- if you  
10 want I can explain what that looked like.

11 73 Q. Well, let me ask you  
12 this: You didn't write the SQL program?

13 A. I did not write the SQL  
14 program.

15 74 Q. You weren't involved in  
16 transferring the data into the SQL server?

17 A. I was involved in the  
18 scripts, in the SSIS scripts, that looked at the  
19 logs, and the decision of using SSIS to take the  
20 RADIUS logs and import them in the SQL database.

21 75 Q. Okay. You didn't --

22 A. I did not do the manual  
23 work of configuration, configuring those scripts.

24 76 Q. Okay. And then you --  
25 and then because the process was then automated,

1 A. The manual process to go  
2 and look at an IP address, to answer your  
3 question, you know, Pat Misur in the case of law  
4 enforcement, he basically goes in, logs in to the  
5 server, finds the file for that date, transfers it  
6 over, unzips it, does a manual search, creates a  
7 new file, takes that information, correlates it to  
8 our CRM, making sure that the account was active  
9 at the time, that there weren't multiple accounts  
10 with similar -- with the same login during that  
11 time frame. All that process takes usually  
12 between one and two hours to do manually. We  
13 couldn't use this process given the amount of  
14 names that we had.

15 82 Q. Right.

16 A. So instead what we  
17 decided to do was use SQL Server, import all the  
18 data so that queries could be done against SQL  
19 Server.

20 83 Q. Right.

21 A. Now when the queries  
22 returned, it returned a number of records.  
23 Basically what we're doing is looking in our --  
24 before the timestamp, and an hour after, making  
25 sure that there was a session, that there weren't

1 you weren't involved in that process, once there  
2 was an automated process, putting information and  
3 then getting the results --

4 A. So the process was not --  
5 but it was by no means fully automated. The only  
6 thing that was automated was basic -- let me  
7 explain to you, just so it helps.

8 77 Q. Yeah.

9 A. We have three RADIUS  
10 servers that have records every time a customer,  
11 you know, logs in, and every X number of minutes  
12 after ten minutes or so.

13 78 Q. So you have a total of  
14 three servers?

15 A. Of three RADIUS servers  
16 for Ontario.

17 79 Q. All right.

18 A. Every -- we're looking on  
19 average probably between 8 and 10 million records.

20 80 Q. Okay.

21 A. The size of a log file is  
22 probably between 1 and 1.5 gigs per server per  
23 day. In order to reassemble that, you're talking  
24 about, you know, 3 to 4.5 gigs of data per day.

25 81 Q. Right.

1 multiple sessions, looking at which record  
2 actually correlated, then going into the Intranet,  
3 which is our CRM, looking at the account that was  
4 active at that time, making sure that, you know,  
5 there was only one, and therefore being able to  
6 identify the customer. So all of that, you know  
7 from running this SQL query to visually looking,  
8 to looking in the CRM, was a manual process, and  
9 was not automated.

10 84 Q. Now can you explain the  
11 SSIS script?

12 A. Yes, SSIS is SQL Server  
13 Integration Services. It is pretty much a script  
14 that allows you to do data transformation and  
15 export. The RADIUS logs are -- they're not a good  
16 format or an easy format to work with. They're  
17 comma separated, they have apostrophes between  
18 value, it's not an easy format to work in. And  
19 basically because we tried to get them as compact  
20 as possible, they're basically just a -- imagine  
21 opening a 1.5 gig text file. So in order to be  
22 able to make sense of that, that's why SIS was  
23 used to take values and import them inside of the  
24 SQL database, in a defined schema, so that lookups  
25 could be performed much more -- much more quickly.

Court File No. T-2058-12

**FEDERAL COURT**

**BETWEEN:**

**VOLTAGE PICTURES LLC**

Plaintiff

**and**

**JOHN DOE and JANE DOE**

Defendants

**AFFIDAVIT OF BARRY LOGAN**

(Sworn on July<sup>3</sup>, 2014)

I, **BARRY LOGAN**, of the City of Stratford, in the province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the owner and principal forensic consultant of Canipre Inc. ("Canipre"), an Ontario based corporation that provides forensic investigation services to copyright owners. Canipre was retained by Voltage Pictures LLC ("Voltage") to track the illegal downloading and uploading of Voltage's copyrighted works through the use of Internet Service Providers ("ISPs") such as TekSavvy Solutions Inc. ("TekSavvy").

***Background – The Widespread Prevalence of Internet Piracy in Canada***

2. The International Intellectual Property Alliance ("IIPA") is an American coalition of trade associations affected by intellectual property laws worldwide. They file annual reports to the U.S. Trade Representative ("USTR") on international developments in intellectual property law. These reports are considered when the USTR files its "Special 301 Report", a report that

44. Gaudrault also made several posts on TekSavvy's online blog about the motion. Gaudraults December 10, 2012 post critiques Voltage's motion stating "we are frankly puzzled by the approach that Voltage has taken. It seems contrary to the government's intent with copyright reform, which was to discourage file sharing lawsuits against individuals, while still protecting copyright holders' rights". He continues on to write:

Teksavvy wants to protect its customers' privacy rights and rights to be notified of lawsuits that could affect them. At the same time, we must abide by the legal process. Through all of this you can be sure of our commitment to our customers. We will: 1) Continue to be as transparent as possible, and inform you when developments happen. 2) Notify you as soon as possible should we receive a request for customer personal information. 3) We will not provide your personal information to any third parties unless required by a court order.

The comments section of the blog posts contains numerous examples of customers praising TekSavvy for its efforts. For example one user named Ryan wrote:

What a crazy situation..Every time I read an article like this, I am glad I made the switch to TekSavvy, a company that actually cares about its customers, not just their money.

Another user named Chris Bogdon wrote:

Thanks for keeping us in the loop. Much appreciated.

A user named Mike Empey wrote:

Love the transparency and openness. Thanks for keeping us updated and informed. Such a stark contrast to Rogers/Bell.

A copy of this blog post and the comments section is attached hereto as **Exhibit "AA"**.

45. In a blog post on February 21, 2014 Gaudrault once again commented on the Voltage motion. Gaudrault wrote,

We are very proud to have played a role in increasing the protection of consumers, their privacy and discouraging copyright trolling. We will continue to have a role in the Court proceedings in order to ensure our customer's rights are protected and that the laws are followed as per the Court Order. You can be confident that we won't release any customer information until all the conditions of the Court are met.

In the comment section a user named Charles Smith wrote:

We all thank you for the time and money you have spent on this, This is why you are the best ISP to deal with, you care about your customers!

Another user named Jo, wrote:

And ANOTHER reason for me to keep referring and push my friend to become your customer. Thx for your time and money invested in this fight for us. It's a good deed that will pay for itself over time as it won't go unnoticed!

A copy of this blog post and the comment section is attached hereto as **Exhibit "BB"**.

46. In a May 2014 thread on the DSLReport forum a user named MaynardKrebs addressed a post to TSIMarc which is Gaudrault's account on the forum. MaynardKrebs wrote:

@TSIMarc Congrats on the honour of being named the most transparent & forthright ISP in the land. Teksavvy truly is a beacon of light in the dark world we find ourselves plunging into these days.

A copy of this thread is attached hereto as **Exhibit "CC"**.

47. On December 11, 2012, in a DSLReport Forum discussion about TekSavvy's log retention policy Gaudrault wrote "prior to this, we were planning on extending the retention to 6 months. Obviously that won't happen now or at least not without further contemplating these events". Gaudrault in this post is referring to limitations Teksavvy will place on its retention policies to frustrate rightsholders seeking the identity of Teksavvy customers who engage in illegal downloading. A copy of this post is attached hereto as **Exhibit "DD"**.

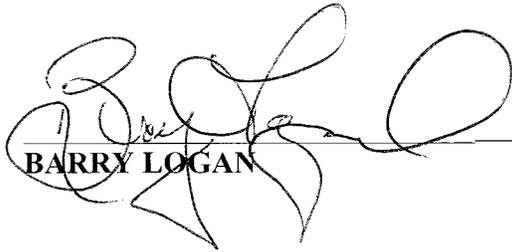
48. On December 14, 2012 Gaudrault started a thread on the DSLReport Forums titled "Discussion about log retention". In this thread Gaudrault sought feedback on what customers thought about TekSavvy's IP address log retention policy. Gaudrault wrote,

Currently it is our policy to keep log files for 90 days. After that they are deleted. Leading up to this, we were planning on extending that to 6 months. Now, though, we are asking ourselves, what is the right length of time to retain logs? This request for information by Voltage has us carefully considering all aspects of this question and I think it's a good discussion to have

A copy of this post is attached hereto as **Exhibit "EE"**.

49. I have sworn this affidavit in support of Voltage's motion and for no improper purpose.

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario,  
this 30<sup>th</sup> day of July, 2014  
  
\_\_\_\_\_  
A Commissioner of Oaths, etc.

  
\_\_\_\_\_  
**BARRY LOGAN**

Court File No. T-2058-12  
FEDERAL COURT

BETWEEN:

VOLTAGE PICTURES LLC  
Plaintiff

- and -

JOHN DOE AND JANE DOE  
Defendants

- and -

TEKSAVVY SOLUTIONS INC.  
Responding Party

- and -

SAMUELSON-GLUSHKO CANADIAN INTERNET POLICY AND  
PUBLIC INTEREST CLINIC  
Intervener

CROSS-EXAMINATION OF BARRY LOGAN  
held at the offices of ASAP Reporting Services Inc.,  
333 Bay Street, Suite 900, Toronto, Ontario,  
on Thursday, October 9, 2014, at 1:15 p.m.

CONDENSED TRANSCRIPT WITH INDEX

APPEARANCES:

James Zibarras for Voltage Pictures LLC  
Adam Weissman

Nicholas McHaffie for TekSavvy Solutions Inc.

Also Present:

Bram Abramson  
Marc Gaudrault  
Pascal Tellier  
Pierre Aube

A.S.A.P. Reporting Services Inc. (c) 2014  
1105-200 Elgin Street, 900-333 Bay Street,  
Ottawa, Ontario K2P 1L5 Toronto, Ontario M5H  
(613) 564-2727 (416) 861-8720

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1 looked at users, they fit the profile.  
 2 141 Q. But why are you saying  
 3 "we picked"? What do you mean "we picked" --  
 4 A. Well, at some point --  
 5 142 Q. -- "TekSavvy"?  
 6 A. At some point somebody  
 7 has to go, "Okay, enough discussion, that's the  
 8 company."  
 9 143 Q. Right.  
 10 A. Or "That's the company."  
 11 Well, in this case it was TekSavvy.  
 12 144 Q. Right. And so when you  
 13 say "We picked TekSavvy", you are talking about --  
 14 A. Selected.  
 15 145 Q. -- the picking of  
 16 TekSavvy to be the Respondent in the motion?  
 17 A. No, I'm not suggesting  
 18 that at all.  
 19 146 Q. Sorry --  
 20 A. We picked the file  
 21 sharers using the TekSavvy service.  
 22 147 Q. But, again -- sorry, the  
 23 file sharers using the TekSavvy service are not  
 24 Respondents in the motion. And I'm just trying to  
 25 get to what you say, when you said "We picked

Page 44

1 TekSavvy", you mean "We picked TekSavvy for this  
 2 proceeding", is what you're talking about?  
 3 A. No, I mean, they were a  
 4 top 25 Canadian ISP at the time, that certainly  
 5 qualified, I mean --  
 6 148 Q. Sorry, you're talking --  
 7 you said, "We picked TekSavvy." You meant, "We  
 8 picked TekSavvy" --  
 9 A. Okay.  
 10 149 Q. -- "for the purposes of  
 11 the -- this proceeding"?  
 12 A. We have --  
 13 150 Q. As opposed to Bell or  
 14 Rogers or Nick McHaffie ISP Inc.?  
 15 A. Yeah, we had 417 ISPs to  
 16 choose from, I mean, at some point you got to go,  
 17 "Okay, where do you begin? Where do we focus our  
 18 study on?" You have to have a starting point.  
 19 151 Q. And when you say "We  
 20 picked", who is "we"?  
 21 A. I don't know "we picked"  
 22 is the best words. I mean, it's how -- I guess  
 23 it's a matter of selecting the words you use. So  
 24 say, "Okay, I'm going to pick the colour black",  
 25 and study black today, then I'm going to study

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1 green.  
 2 152 Q. I'm sorry if you don't  
 3 like the words you used, that's fine. I'm trying  
 4 to get to the words that you used --  
 5 A. Yes.  
 6 153 Q. -- which was "We picked  
 7 TekSavvy."  
 8 A. Okay, I don't like the  
 9 words that I used.  
 10 154 Q. Okay, what would you have  
 11 said?  
 12 A. Because it sounds  
 13 targeted, and it's not targeted at all. There's  
 14 no discrimination in the monitoring.  
 15 155 Q. Okay. So in what way --  
 16 I thought you said "We picked TekSavvy because of  
 17 the marketing, the volume", so that was targeted  
 18 on that basis?  
 19 A. Bell, too expensive.  
 20 Rogers, too expensive. Telus, too expensive. I'm  
 21 here in Ontario, I wasn't going to fly out there  
 22 and spend my days and months sitting out in  
 23 Alberta.  
 24 156 Q. All right. So the "we"  
 25 is you, you and your company, you and Voltage, you

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1 and Mr. Zibarras?  
 2 A. No, I -- no, I tendered a  
 3 report and that's where it went. I mean, you  
 4 know, they wanted to know numbers, like, you know,  
 5 what types of file shares we're talking about,  
 6 what's the volume.  
 7 157 Q. When you did your -- when  
 8 you did your monitoring, was it monitoring of only  
 9 TekSavvy IP addresses?  
 10 A. No.  
 11 158 Q. So there were other IP  
 12 addresses in there, and they returned -- the  
 13 information that returned also captured IP  
 14 addresses for other ISP providers?  
 15 A. Every ISP.  
 16 159 Q. But "we picked", you  
 17 picked the --  
 18 A. Okay, well, you're  
 19 labelling me as --  
 20 160 Q. Well, I'm labelling you  
 21 as "we" because I still haven't --  
 22 A. Okay, I recommended, I  
 23 recommended that we look at TekSavvy based on  
 24 certain criteria.  
 25 161 Q. Okay.

1 A. The size of the company,  
 2 the volume of its customers, the volume of file  
 3 sharers, the fact that it was not a  
 4 publicly-traded company, it was a privately held  
 5 company.  
 6 162 Q. Why did that matter?  
 7 A. Subscriber base.  
 8 TekSavvy, Bell.  
 9 163 Q. So size? So the fact  
 10 that they were smaller was one of the reasons --  
 11 A. No, no, the size of the  
 12 subscriber base, not the size of the pockets.  
 13 164 Q. No, no, no, but the size  
 14 -- okay, it was a smaller ISP, they had  
 15 200,000-odd subscribers as opposed to a million,  
 16 so there we're going to -- we're going to -- that  
 17 was part of your recommendation to Voltage, that  
 18 they go and name TekSavvy as opposed to others?  
 19 A. Did you want to go in at  
 20 the smallest ISP, did you want to go in at the  
 21 biggest ISP? Let's pick one that's -- you know,  
 22 like here's the criteria. I mean, I could give  
 23 you criteria on 50 of them. That just happened to  
 24 be the one.  
 25 165 Q. That you recommended?

1 168 Q. So we've dealt with  
 2 Exhibit J.  
 3 A. Yes, that was the thread  
 4 that discussed unlimited downloading after hours,  
 5 and use of BitTorrent, and downloading a terabyte,  
 6 and, yes, we did talk about that.  
 7 169 Q. And then if you look at  
 8 Exhibit K -- and that's in the context of your  
 9 paragraph 17 -- and you refer to throttling. You  
 10 say:  
 11 "Throttling is a process  
 12 put in place by some ISPs  
 13 to reduce the speed of  
 14 file sharing traffic."  
 15 (As read)  
 16 Throttling is not directed  
 17 entirely or exclusively at file sharing traffic.  
 18 That's fair to say?  
 19 A. Yes, that's fair to say,  
 20 although most references are made to file sharing  
 21 because of the congestion, traffic congestion  
 22 uses, yeah.  
 23 170 Q. Okay. And you note that:  
 24 "TekSavvy is opposed to  
 25 throttling and does not

1 A. That I recommended.  
 2 166 Q. And the result of that  
 3 recommendation was that Voltage named TekSavvy as  
 4 the responding party in this proceeding?  
 5 A. I don't know what the  
 6 result was. I don't think we named TekSavvy. I  
 7 think we asked for a production order. I don't  
 8 think we're suing TekSavvy, or Voltage is suing --  
 9 167 Q. But you named them as the  
 10 responding party.  
 11 MR. ZIBARRAS: Well, I don't  
 12 know if he knows --  
 13 MR. MCHAFFIE: I don't want to  
 14 get into --  
 15 MR. ZIBARRAS: -- the  
 16 legalities of it. I don't know where this is  
 17 going, Mr. McHaffie. You're having a field day on  
 18 completely irrelevant stuff to the motion.  
 19 Anyway.  
 20 MR. MCHAFFIE: He's the one  
 21 who's putting the information forward, and I'm  
 22 cross-examining on where it goes, so.  
 23 MR. ZIBARRAS: All right. But  
 24 let's get back to something that's relevant.  
 25 MR. MCHAFFIE:

1 throttle file sharing  
 2 traffic." (As read)  
 3 Are you saying that -- you're  
 4 not saying that that's a bad position, are you?  
 5 Or are you saying that we should support  
 6 throttling of file sharing? Or are you making a  
 7 comment one way or the other on it?  
 8 A. No, I'm not making a  
 9 comment on it whatsoever. I think what's being  
 10 said there is that TekSavvy advertises that it  
 11 doesn't throttle.  
 12 171 Q. Okay.  
 13 A. Whereas at the time, I  
 14 think this was a CRTC issue, throttling?  
 15 172 Q. Do you know?  
 16 A. It was.  
 17 173 Q. Okay.  
 18 A. And a consumer issue.  
 19 174 Q. And so -- so throttling  
 20 affects the access speed of a user?  
 21 A. Yes.  
 22 175 Q. And so someone who  
 23 advertises that "We don't throttle" is advertising  
 24 "You will have better access speed"?  
 25 A. In effect, that's what

1 A. A press release or just  
 2 posted on the website as a link. We have  
 3 different views on that.  
 4 577 Q. Well, companies  
 5 communicate with --  
 6 A. Sure.  
 7 578 Q. -- their customers, their  
 8 potential customers, and the interested public via  
 9 their websites. Yes?  
 10 A. Mm-hmm.  
 11 579 Q. You've got to answer yes.  
 12 A. Yes, they do.  
 13 580 Q. Via press releases?  
 14 A. Yeah, they get into the  
 15 forums and they discuss it directly with them too,  
 16 and pose questions.  
 17 581 Q. So there are a number of  
 18 different ways in which they convey information?  
 19 A. There's lots of them,  
 20 going on TV shows is just another.  
 21 582 Q. If you can -- sorry, is  
 22 that directed at anybody in particular, or that's  
 23 just an example?  
 24 A. No, it's just an example.  
 25 583 Q. Okay. If you look --

1 attach ones and highlight for the Court ones that  
 2 were positive?  
 3 A. Yeah. Because I think  
 4 what the point here is is that all these positive  
 5 voices are clapping for TekSavvy for taking that  
 6 stand, that very first one that "We're not going  
 7 to allow this stuff to come up here to Canada."  
 8 In fact, I think I could probably produce records  
 9 from TekSavvy making those kinds of statements.  
 10 588 Q. And so the positive  
 11 voices are clapping, the negative voices are  
 12 booing?  
 13 A. The negative voices are  
 14 -- yeah, I mean, we were DDosed for four days in  
 15 the end of December.  
 16 589 Q. As was TekSavvy?  
 17 A. Well, it sucks for  
 18 TekSavvy because it sucked for us.  
 19 590 Q. Right. When you say --  
 20 exactly.  
 21 A. Communications are  
 22 interrupted.  
 23 591 Q. Right.  
 24 A. For them, their services  
 25 are interrupted.

1 okay, you talk -- and you've attached some -- a  
 2 blog post and threads, and some of them are  
 3 longer, and some of them are not, some -- you read  
 4 a fair number of threads, I think you said, with  
 5 respect to TekSavvy and Voltage?  
 6 A. Too much.  
 7 584 Q. All right. You quote  
 8 some of them here, in which people are supportive  
 9 of TekSavvy. That's fair to say?  
 10 A. Yeah, mm-hmm.  
 11 585 Q. And you will agree that  
 12 there were also a large number of voices that were  
 13 not supportive of TekSavvy?  
 14 A. Far less than the ones  
 15 that were because of the vocal nature of TekSavvy,  
 16 and being seen to do something about what the  
 17 anti-voice had labelled a "trolling activity", as  
 18 opposed to "improper enforcement" or "IP  
 19 protection regime", in which every rights holder  
 20 has the rights too, built in right into the law.  
 21 586 Q. Okay. So some of the  
 22 voices were positive, some of the voices were  
 23 negative?  
 24 A. Correct.  
 25 587 Q. Right. You only chose to

1 592 Q. Right.  
 2 A. Their hosted business  
 3 services are all disrupted.  
 4 593 Q. Right.  
 5 A. So the servers that my  
 6 site is sitting on, that server boxes other  
 7 neighbours.  
 8 594 Q. And that happened --  
 9 A. As a result of this. So  
 10 those anti-voices took Canipre off the air for a  
 11 couple of days. We had to hop ISPs.  
 12 595 Q. And attacked TekSavvy in  
 13 that same way?  
 14 A. I don't know. I haven't  
 15 -- the only knowledge I actually have of that is  
 16 Marc Gaudrault's statements. I haven't seen or  
 17 heard anything else about -- I'm not saying it's  
 18 true or not true. That's the only information I  
 19 have.  
 20 Well, I just want to address  
 21 your laughing partner, your client here. These  
 22 types of things are reported on so heavily,  
 23 frequently, and consistently, that you can't go  
 24 online without tripping over this stuff. And the  
 25 extent that we're online, we would be aware of it.

**From:** John Philpott [mailto:jphilpott@btzlaw.ca]  
**Sent:** Wednesday, November 21, 2012 8:01 PM  
**To:** Nicholas McHaffie; ctacit@tacitlaw.com  
**Cc:** James Zibarras  
**Subject:** RE: Federal Court Motion

Nicholas,

We are prepared to agree to the December 10<sup>th</sup> return date, provided that it is firm date and that TekSavvy undertakes not to oppose the motion. I am surprised by questioning on "future motions". At this stage, we do not know whether our client will seek future motions or if they will involve TekSavvy. However, they certainly have the right to do so if there is evidence that individuals who happen to be TekSavvy customers are infringing their rights. We trust that TekSavvy is not taking the position that our client should be barred from protecting its rights. Regarding TekSavvy's "level of engagement", the steps that TekSavvy is contemplating taking are entirely on its own volition and, as you know, our position is that this is unnecessary.

I can confirm that the time-zone for the data is UTC. Column C was redundant and we have removed it. Column B referred to local time solely because it was using a pre-existing template.

We support TekSavvy's use of automation as it largely eliminates the potential for human error. To that end, we have also universalized the dates as requested.

I should be a position to provide the new spreadsheet tomorrow. For this motion, we may be pursuing less titles to ensure that TekSavvy is able to process the information in a timely fashion.

Let me know if you have a few minutes tomorrow to discuss.

Best,

John Philpott  
**Brauti Thorning Zibarras LLP**  
151 Yonge Street, Suite 1800  
Toronto, Ontario, Canada M5C 2W7  
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Fax: 416.362.8410  
[www.btzlaw.ca](http://www.btzlaw.ca)

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**From:** Nicholas McHaffie [mailto:NMcHaffie@stikeman.com]  
**Sent:** Monday, November 19, 2012 6:32 PM  
**To:** John Philpott; [ctacit@tacitlaw.com](mailto:ctacit@tacitlaw.com)  
**Cc:** James Zibarras  
**Subject:** RE: Federal Court Motion

John;

Thanks for your e-mail.

Unfortunately, a December 3 return date doesn't allow enough time to both get the necessary information together and give TekSavvy's customers enough notice of the date to make the exercise worthwhile. However, if you are prepared to move the return date to December 10, then TekSavvy is prepared to make efforts to get the notice out in time for its customers to have a meaningful opportunity to respond. It strikes me that this extra week should not be a sticking point and should allow the parties to move forward.

This timing is dependent on clarity on the time-zone information, however. You indicate below that the time-zone for the data is UTC. However, in the spreadsheet that was previously provided to TekSavvy (attached), Column B indicates that the Date Time is "local", while Column C ("Time Zone") has a note indicating that "This is the local time zone of the country in which the infringement was captured. Possible answers are UTC+1 and UTC+2." In much of Ontario, of course, Eastern Standard Time is UTC-5, while Eastern Daylight Time (which was in effect in September/October) is UTC-4. To take the first example (Row 2 of the spreadsheet), the time given is "11:34:00 PM". If this time is "local" for the user at the time of the data capture, then it was 11:34:00 PM EDT, assuming the "Toronto" indication for city is correct. If this time is UTC, the time would have been 7:34:00 PM EDT (local), again if the Toronto indication is correct. If the 11:34:00 was UTC+1 or UTC+2 as suggested in Column C, then it would have been a different time (5:34 or 6:34 EDT local). To make sure that TekSavvy is seeking the correct information, can you please double check and confirm?

It has also been pointed out to me that the same Column B in the spreadsheet appears to have the date in two different formats, such that the data in at least the beginning of the spreadsheet is incorrect. For example, the dates in cells B2 to B25 appear to actually be coded as January 9, 2012 rather than September 1, 2012, which is apparently the intention. This becomes clear if one changes the date presentation format of the cells. (Compare also B445 and B446 where the date switches from "12/9/12" to "9/13/12" - similarly, cells B1515 and B1516.) In addition to making the automation of searches more difficult, for some dates one cannot be sure how the date is supposed to be read. Can a corrected spreadsheet be prepared with correct dates in a uniform format?

Finally, you refer to "future motions" - TekSavvy requires clarification. If it is going to undertake this level of engagement on searching in advance of the motion and so forth, it needs to be sure that it will not be facing multiple motions throughout the year. Is Voltage prepared to give an undertaking that it will not be seeking another disclosure motion of this nature from TekSavvy within at least the next 12 months?

Regards,  
Nick

Nicholas McHaffie  
Tel : (613) 566-0546  
[nmchaffie@stikeman.com](mailto:nmchaffie@stikeman.com)

**From:** John Philpott [<mailto:jphilpott@btzlaw.ca>]  
**Sent:** Friday, November 16, 2012 2:35 PM  
**To:** Nicholas McHaffie; [ctacil@tacitiaw.com](mailto:ctacil@tacitiaw.com)  
**Cc:** James Zibarras  
**Subject:** RE: Federal Court Motion

Nick,

The specific time-zone for the data given is Coordinated Universal Time ("UTC"), the successor to Greenwich Mean Time ("GMT").

We do not agree that TekSavvy's customers are entitled to notice of this motion and it remains unclear exactly what providing notice will achieve, given that individuals who appear at the motion will have fulfilled the purpose of the motion by identifying themselves. That said, it also remains our position that we would like to work cooperatively with TekSavvy, provided that it does not delay or otherwise prejudice our client.

We are agreeable to postponing the motion to no later than December 3, 2012, which will allow TekSavvy 16 days (or 10 business days) to notify its customers. In exchange for this indulgence, we require TekSavvy to inform us by November 26, 2012 as to whether it will be opposing the motion and to provide notice to its customers that they may not destroy or otherwise dispose of evidence. To that end, we require the following language be inserted into your notices:

"The lawyers for Voltage Pictures LLC have required us to inform you that, until this matter is resolved, you are on notice to preserve any and all hard drives or other means of electronic storage associated with your above referenced IP address and to take no steps whatsoever to remove, erase, discard, conceal, destroy or delete from any means of electronic storage any evidence of piracy and/or other illegal downloading and distribution of Voltage Picture LLC's intellectual property. In the event that it is determined, through computer forensic evidence or otherwise, that steps were taken to delete or in any way alter or destroy evidence of piracy activities, you are on notice that said actions will be brought to the court's attention and further associated remedies will be sought against you."

While we are open to granting this indulgence on the conditions outlined above, we reserve the right to take a different position in regards to future motions.

John Philpott  
**Brauti Thorning Zibarras LLP**  
151 Yonge Street, Suite 1800  
Toronto, Ontario, Canada M5C 2W7  
Tel.: 416.304.7011  
Fax: 416.362.8410  
[www.btzlaw.ca](http://www.btzlaw.ca)

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**From:** Nicholas McHaffie [<mailto:NMchaffie@stikeman.com>]  
**Sent:** Thursday, November 15, 2012 3:32 PM  
**To:** John Philpott; [ctacit@tacitlaw.com](mailto:ctacit@tacitlaw.com)  
**Cc:** James Zibarras  
**Subject:** RE: Federal Court Motion

John;

By way of jurisprudential supplement to my e-mail below, I also draw your attention to *York University v. Bell Canada Enterprises* (2009), 99 O.R. (3d) 695 (SCJ) at para. 38, and to the terms of the order granted in *Pierce v. Canjex Publishing Ltd*, 2011 BCSC 1503 at para. 32.

Regards,

Nick McHaffie

Nicholas McHaffie  
Tel : (613) 566-0546  
[nmchaffie@stikeman.com](mailto:nmchaffie@stikeman.com)

**From:** Nicholas McHaffie  
**Sent:** Thursday, November 15, 2012 2:13 PM  
**To:** 'John Philpott'; [ctacit@tacitlaw.com](mailto:ctacit@tacitlaw.com)  
**Cc:** James Zibarras  
**Subject:** RE: Federal Court Motion

John;

Thank you for your e-mail and the confirmation that the motion will not proceed for Monday.

With respect to the issue of service, I would take it as trite law that the general rule is that any party directly affected by the relief sought on a motion ought to be given notice of it, and that this is implicit in Rule 362, but support for the general proposition can be found in *Shotclose v. Stoney First Nation*, 2011 FCA 232, at paras. 9-10 and *Barlow v. Canada*, [2000] F.C.J. No. 282 at 62-63. Evidently where such service is impractical or indeed impossible, a motion may be brought without such notice, and in past cases seeking equitable bills of relief, such as *BMG*, this appears to have been the approach taken (or at least the issue was not addressed). However, I do not read such cases as standing for the proposition that notice is neither necessary nor desirable where it can reasonably be effected.

In terms of timing – which affects the notice issue as well as TekSavvy's ability to respond to and address your motion – TekSavvy has been and will continue to work toward retrieving information based on the information provided even prior to having been served with your motion materials. In this regard, however, it appears that a critical piece of information for that purpose – the specific time zone for the date/time data given – is necessary, and that the city and date given are not sufficiently reliable enough indicators of this. Once this information is confirmed, I understand that TekSavvy expects to be in a position of having completed the data compilation within 10 to 15 business days. In this regard, you will appreciate that given the mass of information that is being sought and the size of TekSavvy, it is a substantial undertaking for TekSavvy and one to which it will have to dedicate significant resources away from the operations of its business. Once TekSavvy has this information in hand, it will be better able to advise as to the number of IP addresses that it is unable to correlate and the reasons for them, any other technical concerns regarding the data provided, and whether it intends to oppose the motion proper.

We recognize that your client wishes and needs to move expeditiously, but we note that given the broader time frames involved – including the fact that we are already talking about information from September and October, and that the time scale of copyright infringement litigation may be measured in years and not weeks – the time frame above does not seem to prejudice your client. We would propose that TekSavvy continue to work toward the goal and advise when the work is complete as to its position in respect of the motion. At that time, the issue of service can similarly be addressed and co-ordinated.

We note that one advantage of proceeding in the foregoing manner is that if and when an order to disclose is obtained, there will not need to be a significant lag time for production of the information, as it will already be in the possession of TekSavvy. In other words, seeking an earlier return date of the motion will not ultimately speed up your client's access to the information, and may simply cause additional procedural delay and cost.

We look forward to hearing from you.

Regards,  
Nick McHaffie

**Nicholas McHaffie**  
Tel : (613) 566-0546  
[nmchaffie@stikeman.com](mailto:nmchaffie@stikeman.com)

**From:** John Philpott [<mailto:jphilpott@btzlaw.ca>]  
**Sent:** Wednesday, November 14, 2012 5:19 PM  
**To:** Nicholas McHaffie; [ctacit@facitlaw.com](mailto:ctacit@facitlaw.com)  
**Cc:** James Zibarras  
**Subject:** Re: Federal Court Motion

Nicholas,

Further to our conversation, we find your position that the potential defendants should have notice that their contact information may be disclosed to be without a proper basis. Please send us any authority you have for this position so that we may consider it. Please also let us know how long this process will take. As discussed, we would still like to work cooperatively on this, so long as it doesn't prejudice our clients' right to move expeditiously.

We did not discuss the issue raised by Chris that TekSavvy would be unable to correlate a number of IP addresses. We were looking forward to Chris's response regarding the precise reason for this and the amount of IP addresses this relates to. Finally, we need to know whether TekSavvy actually plans to oppose the motion.

Given the potential of working cooperatively and your late retention on the file, we have decided that we will not file for Monday's date. Please provide a response to the inquiries above and hopefully we can reach a solution that works for everyone.

Best regards,

John Philpott  
**Brauti Thorning Zibarras LLP**  
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Toronto, Ontario, Canada M5C 2W7  
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Fax: 416.362.8410  
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**From:** Nicholas McHaffie [<mailto:NMchaffie@stikeman.com>]  
**Sent:** Wednesday, November 14, 2012 2:15 PM  
**To:** [ctacit@tacitlaw.com](mailto:ctacit@tacitlaw.com); John Philpott  
**Cc:** James Zibarras  
**Subject:** RE: Motion Materials

Hi, John;

Service by e-mail, with a hard copy of your materials by courier, is fine. We are also authorized to accept service on behalf of TekSavvy.

Regards,  
Nick McHaffie

Nicholas McHaffie  
Tel : (613) 566-0546  
[nmchaffie@stikeman.com](mailto:nmchaffie@stikeman.com)

**From:** Christian Tacit [<mailto:ctacit@tacitlaw.com>]  
**Sent:** Wednesday, November 14, 2012 12:40 PM  
**To:** John Philpott  
**Cc:** James Zibarras; Nicholas McHaffie  
**Subject:** Re: Motion Materials

John,

Nicholas McHaffie of Stikeman Elliott has been retained by TekSavvy Solutions Inc. with respect to the litigation aspect of this file. He is copied on this email. Mr. McHaffie will respond to your request after consulting with the client.

Regards,

Chris

Christian S. Tacit,  
Barrister & Solicitor

P.O. Box 24210 RPO Hazeldean  
Kanata, Ontario  
K2M 2C3 Canada

Tel: +1 613 599 5345  
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On 14/11/2012 12:32 PM, John Philpott wrote:  
Christian,

You'll have the materials shortly. Will your client agree to accept service via email? The materials are basically the same as the materials which were emailed to you by James back on November 1, 2012.

Best,

John Philpott  
**Brauti Thorning Zibarras LLP**  
151 Yonge Street, Suite 1800  
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**From:** Christian Tacit [<mailto:ctacit@tacitlaw.com>]  
**Sent:** Wednesday, November 14, 2012 9:30 AM  
**To:** John Philpott  
**Cc:** James Zibarras  
**Subject:** Re: Motion Materials

John,

I will get back to you regarding your questions. In the mean time, can you please also send me a scan of the materials you plan to file as I requested last night?

Thanks.

Chris

Christian S. Tacit,  
Barrister & Solicitor

P.O. Box 24210 RPO Hazeldean  
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On 14/11/2012 9:06 AM, John Philpott wrote:

Christian,

Thanks for your email. The materials will be served on TSI today.

Please let us know what types of privacy safeguards you are looking for. We can most certainly work with you on that. Regarding the IP addresses which you state cannot be correlated, please provide us with the amount of IP addresses and the specific reason for this.

John Philpott  
**Brauti Thorning Zibarras LLP**  
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Toronto, Ontario, Canada M5C 2W7  
Tel.: 416.304.7011  
Fax: 416.362.8410  
[www.btzlaw.ca](http://www.btzlaw.ca)

---

**From:** Christian Tacit [<mailto:ctacit@tacitlaw.com>]  
**Sent:** Tuesday, November 13, 2012 9:07 PM  
**To:** John Philpott  
**Cc:** James Zibarras  
**Subject:** Re: Motion Materials

Please send the originals to TekSavvy Solutions Inc., 800 Richmond Street, Chatham, Ontario N7M 5J5. Although I will not be the solicitor of record, as a courtesy, please also send me PDF scans of your motion materials.

TSI will take the position that no disclosure of end user data should occur without appropriate privacy safeguards for the end users affected. TSI will also for the exclusion of a large number of IP addresses that it can simply not correlate to end users as a technical matter.

Thank you.

Regards,

--

Christian S. Tacit,  
Barrister & Solicitor

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**From:** "John Philpott" <[jphilpott@btzlaw.ca](mailto:jphilpott@btzlaw.ca)>  
**Date:** Tue, 13 Nov 2012 20:32:42 -0500  
**To:** <[ctacit@tacitlaw.com](mailto:ctacit@tacitlaw.com)>  
**Cc:** James Zibarras <[jzibarras@btzlaw.ca](mailto:jzibarras@btzlaw.ca)>  
**Subject:** Motion Materials

Christian,

I work with James Zibarras. I understand you would like to be served with our motion materials. Please provide us with the address of where to serve the materials. Please also let us know if you will be opposing the motion.

Best,

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# United Kingdom House of Lords Decisions

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URL: <http://www.bailii.org/uk/cases/UKHL/1973/6.html>

Cite as: [1973] 3 WLR 164, [1974] RPC 101, [1973] UKHL 6, [1974] AC 133, [1973] FSR 365, [1973] 2 All ER 943

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BAILII Citation Number: [1973] UKHL 6

## HOUSE OF LORDS

Date: 26 June 1973

	NORWICH PHARMACAL COMPANY AND OTHERS	
	- v -	
	COMMISSIONERS OF CUSTOMS AND EXCISE	

Anthony Walton, Q.C. , Robin Jacob , and Peter Prescott (instructed by Allen & Overy)  
appeared for the appellants (plaintiffs).

Peter Oliver, Q.C. , P.L. Gibson and Bruce Spalding (instructed by The Solicitor,  
Commissioners of Customs & Excise)  
appeared for the respondents (defendants).

Lord Reid  
Lord Morris of Borth-y-Gest  
Viscount Dilhorne  
Lord Cross of Chelsea  
Lord Kilbrandon

### Lord Reid:

My Lords,

1. The Appellants own Patent No. 735,136 which cover:, a chemical compound called furazolidone. The validity of the patent is not in dispute. This substance is widely used and matter published by the Respondents shows that some 30 consignments of it were imported into the United Kingdom between 1960 and 1970. None of these were licensed by the Appellants. Each of these consignments therefore involved a tortious infringement of their right. The Appellants have tried, but with little success, to discover the identity of the importers.

identity of the importers may be driven to giving false information. An argument that one should not try to stop one form of wrongdoing out of fear that some of the wrongdoers may take to committing yet further offences in order to be able to maintain their original course of wrongdoing is not very attractive. But in any case I think that Sir Louis' fears on this head are exaggerated. On the question of public interest I agree with Graham J. and disagree with the Court of Appeal. I would therefore allow the appeal and I agree that the costs should be dealt with in the manner proposed by my noble and learned friend, Lord Reid.

100. In the course of the argument fears were exposed that to order disclosure of names in circumstances such as exist in this case might be the " thin end of the wedge ", that we might be opening the door to " fishing requests " by would-be plaintiffs who want to collect evidence or to requests for names made to persons who had no relevant connection with the person to be sued or with the events giving rise to the alleged cause of action but just happened to know the name. I think that these fears are groundless. In the first place, there is a clear distinction between simply asking for the name of a person whom you wish to make a defendant and asking for evidence. This case has nothing to do with the collection of evidence. Secondly, although in any case which was on all fours with this case or any subsequent case which may be decided the Commissioners or any other person who was asked for a name would no doubt give it without putting the applicant to the expense of obtaining an order of the Court; in any case in which there was the least doubt as to whether disclosure should be made the person to whom the request was made would be fully justified in saying that he would only make it under an order of the Court. Then the Court would have to decide whether in all the circumstances it was right to make an order. In so deciding it would no doubt consider such matters as the strength of the applicant's case against the unknown alleged wrongdoer, the relation subsisting between the alleged wrongdoer and the respondent, whether the information could be obtained from another source, and whether the giving of the information would put the respondent to trouble which could not be compensated by the payment of all expenses by the applicant. The full costs of the respondent of the application and any expense incurred in providing the information would have to be borne by the applicant.

**Lord Kilbrandon**

My Lords,

101. The facts which are basic to the question of law arising in this appeal lie in very narrow compass. Between May, 1967, and February, 1970, there were in six individual months importations into the United Kingdom of furazolidone, a chemical substance of which the first Appellants are patentees in U.S.A., and the second Appellants (whom I shall refer to as " the Appellants"), are exclusive licensees in the United Kingdom. While it is possible, it is commercially very improbable, that some of these importations may have included importations or re-importations of the patented article manufactured by or under licence from the Appellants. In spite of some unhappy ambiguities in the Appellants' pleadings, it is right that the appeal should be decided on the footing that the importers of these parcels of furazolidone are by their use of the substance infringers in the United Kingdom of the Appellants' patent right, could be restrained by law from future infringement, and are liable in law for the pecuniary consequences of their past infringements.
102. The Appellants have come to know of these infringements through the publication by the Respondents, the Commissioners of Customs and Excise, of monthly Special Chemical Returns prepared by them and made available by them to the Chemical industry. The name of the

2005 FCA 193  
Federal Court of Appeal

**BMG Canada Inc. v. John Doe**

2005 CarswellNat 1300, 2005 CarswellNat 4969, 2005 FCA 193, [2005] 4 F.C.R. 81, [2005] F.C.J. No. 858, 139 A.C.W.S. (3d) 549, 252 D.L.R. (4th) 342, 334 N.R. 268, 39 C.P.R. (4th) 97

**BMG Canada Inc., EMI Music Canada, A Division of EMI Group Canada Inc., Sony Music Entertainment (Canada) Inc., Universal Music Canada Inc., Warner Music Canada Ltd., BMG Music, Arista Records Inc., Zomba Recording Corporation, EMI Music Sweden AB, Capitol Records, Inc., Chrysalis Records Limited, Virgin Records Limited, Sony Music Entertainment Inc., Sony Music Entertainment (UK) Inc., UMG Recordings, Inc., Mercury Records Limited and WEA International Inc., Appellants - Plaintiffs and John Doe, Jane Doe and All those Persons who are Infringing Copyright in the Plaintiffs' Sound Recordings, Defendants and Shaw Communications Inc., Roger Cable Communications Inc., Bell Canada, Telus Inc. and Videotron Ltee., Respondents / Third Party Respondents and The Canadian Internet Policy and Public Interest Clinic, Intervener**

Noël J.A., Richard C.J., Sexton J.A.

Heard: April 20-21, 2005

Judgment: May 19, 2005

Docket: A-203-04

Proceedings: affirming *BMG Canada Inc. v. John Doe* (2004), [2004] 3 F.C.R. 241, 239 D.L.R. (4th) 726, 2004 CF 488, 32 C.P.R. (4th) 64, 2004 CarswellNat 2774, 250 F.T.R. 267, 2004 CarswellNat 835, 2004 FC 488 (F.C.)

Counsel: Mr. Harry Radomski, Mr. Richard Naiberg, Mr. Peter Ruby, for Appellants  
Mr. James Hodgson, Mr. Jeffrey Percival, for Respondent, Bell Canada  
Ms Wendy Matheson, Ms Amanda Kemshaw, for Respondent, Rogers Cable  
Mr. Charles Scott, Mr. Rocco Di Pucchio, for Respondent, Shaw Communications  
Mr. Joel Watson, for Respondent, Telus Communications  
Mr. J. Serge Sasseville, for Respondent, Videotron  
Mr. Howard Knopf, Mr. Alex Cameron, for Intervener, The Canadian Internet Policy and Public Interest Clinic, CIPPIC

Subject: Civil Practice and Procedure; Intellectual Property; Corporate and Commercial

**Table of Authorities**

**Cases considered by *Sexton J.A.*:**

*British Steel Corp. v. Granada Television Ltd.* (1981), [1981] 1 All E.R. 417, [1981] A.C. 1096 (Eng. Ch. Div.) — considered

claimed they did not know the identity of persons they wished to sue.

34 In my view, it would make little sense to require proof of a *prima facie* case at the stage of the present proceeding. The plaintiffs do not know the identity of the persons they wish to sue, let alone the details of precisely what was done by each of them such as to actually prove infringement. Such facts would only be established after examination for discovery and trial. The plaintiffs would be effectively stripped of a remedy if the Courts were to impose upon them, at this stage, the burden of showing a *prima facie* case. It is sufficient if they show a *bona fide* claim, i.e. that they really do intend to bring an action for infringement of copyright based upon the information they obtain, and that there is no other improper purpose for seeking the identity of these persons.

### **Other Criteria relating to Equitable Bills of Discovery**

35 As to the other criteria for granting an equitable bill of discovery, I agree with the conclusions of the Motions Judge. There should be clear evidence to the effect that the information cannot be obtained from another source such as the operators of the named websites (KaZaA, *et al*). Also if an order for disclosure were granted, consideration would have to be given to the costs incurred by the respondents in assembling the information.

### **Privacy Issues**

36 I agree with the Motions Judge's characterization of the 5th criteria - that is - the public interest in favour of disclosure must outweigh the legitimate privacy concerns of the person sought to be identified if a disclosure order is made.

37 All respondents raise the privacy issue. It is an important consideration. Pursuant to PIPEDA, ISPs are not entitled to "voluntarily" disclose personal information such as the identities requested except with the customer's consent or pursuant to a court order. Indeed, pursuant to subsections 7(3)(c), 8(8) and 28 of PIPEDA, any organization that receives a request for the release of personal information must "retain the information for as long as is necessary to allow the individual to exhaust any recourse" under PIPEDA. Failure to comply could result in the organization being found guilty of an offence punishable on summary conviction or an indictable offence.

7. (3) For the purpose of clause 4.3 of Schedule 1, and despite the note that accompanies that clause, an organization may disclose personal information without the knowledge or consent of the individual only if the disclosure is

...

(c) required to comply with a subpoena or warrant issued or an order made by a court, person or body with jurisdiction to compel the production of information, or to comply

7. (3) Pour l'application de l'article 4.3 de l'annexe 1 et malgré la note afférente, l'organisation ne peut communiquer de renseignements personnels à l'insu de l'intéressé et sans son consentement que dans les cas suivants :

...

c) elle est exigée par assignation, mandat ou ordonnance d'un tribunal, d'une personne ou d'un organisme ayant le pouvoir de contraindre à la production de

2004 FC 488, 2004 CF 488  
Federal Court

## **BMG Canada Inc. v. John Doe**

2004 CarswellNat 2774, 2004 CarswellNat 835, 2004 FC 488, 2004 CF 488, [2004] 3 F.C.R. 241, [2004] F.C.J. No. 525, 130 A.C.W.S. (3d) 586, 239 D.L.R. (4th) 726, 250 F.T.R. 267, 32 C.P.R. (4th) 64, REJB 2004-60025

**BMG Canada Inc., EMI Music Canada, a Division of EMI Group Canada Inc., Sony Music Entertainment (Canada) Inc., Universal Music Canada Inc., Warner Music Canada Ltd., BMG Music, Arista Records, Inc., Zomba Recording Corporation, EMI Music Sweden AB, Capitol Records, Inc., Chrysalis Records Limited, Virgin Records Limited, Sony Music Entertainment Inc., Sony Music Entertainment (UK) Inc., UMG Recordings, Inc., Mercury Records Limited and WEA International Inc., Plaintiffs and John Doe, Jane Doe and All Those Persons Who are Infringing Copyright in the Plaintiffs' Sound Recordings, Defendants**

von Finckenstein J.

Heard: March 12, 2004

Heard: March 15, 2004

Judgment: March 31, 2004

Docket: T-292-04

Counsel: Ronald Dimock, Dennis Sloan, Bruce Stratton, for Plaintiff  
David van der Woerd, for Intervener, Electronic Frontier Canada  
Howard Knopf, Philippa Lawson, Alex Cameron, for Intervener, Canadian Internet Policy and Public Interest Clinic  
James Hodgson, Kathryn Podrebarac, for Non-Party Respondent, Bell Canada  
Pat Flaherty, Laura Malloni, for Non-Party Respondent, Rogers Cable  
Charles Scott, Rocco Di Pucchio, for Non-Party Respondent, Shaw Communications  
Joel Watson, for Non-Party Respondent, Telus Communications

Subject: Intellectual Property; Property; Civil Practice and Procedure; Public

### **Table of Authorities**

#### **Cases considered by *von Finckenstein J.*:**

*CCH Canadian Ltd. v. Law Society of Upper Canada* (2004), 2004 SCC 13, 2004 CarswellNat 446, 2004 CarswellNat 447 (S.C.C.) — followed

*Compo Co. v. Blue Crest Music Inc.* (1979), [1980] 1 S.C.R. 357, 45 C.P.R. (2d) 1, 105 D.L.R. (3d) 249, (sub nom. *Blue Crest Music Inc. v. Compo Co.*) 29 N.R. 296, 1979 CarswellNat 640, 1979 CarswellNat 640F (S.C.C.) — considered

In my opinion, accordingly, the respondents, in consequence of the relationship in which they stand, arising out of their statutory functions, [to the appellants and their rights of property], can properly be ordered by the court to disclose to the appellants the names of persons whom the appellants bona fide believe to be infringing these rights, this being their only practicable source of information as to whom they should sue, subject to any special right of exception which the respondents may qualify in respect of their position as a department of state.

It seems to me that the requirement that the appellants have a bona fide claim against the alleged wrongdoers is intended to ensure that actions for a bill of discovery are not brought frivolously or without any justification. Likewise, the criterion that the appellants must share some sort of relationship with the respondents may be conceptualized as an alternative formulation of the principle that a bill of discovery may not be issued against a mere witness or disinterested bystander to the alleged misconduct. I would therefore characterize these two considerations as threshold requirements for obtaining an equitable bill of discovery.

The above-quoted passages from the reasons of Lord Cross of Chelsea and Lord Kilbrandon also signal that a basic condition for granting a bill of discovery is that the person from whom discovery is sought must be the only practical source of information available to the appellants. Lord Reid underscored the importance of this criterion at page 174, where he made the following finding:

Here if the information in the possession of the respondents cannot be made available by discovery now, no action can ever be begun because the appellants do not know who are the wrongdoers who have infringed their patent. So the appellants can never get the information.

Last, the House of Lords took into account the public interests both in favour and against disclosure. Lord Reid maintained at page 175 that his task was to “weigh the requirements of justice to the appellants against the considerations put forward by the respondents as justifying non-disclosure”. In his view, the Commissioners were obliged to disclose the names of the importers “unless there is some consideration of public policy which prevents that”. The House of Lords approached this balancing exercise from a variety of perspectives. The Law Lords recognized that because of the statutory bar on disclosure of the importers’ names, there may be an overriding public interest in preserving the confidentiality of the information. They acknowledged that the importers may accordingly have an expectation that their names would remain confidential. The public interest in non-disclosure was also examined from the standpoint of the state and its stake in ensuring the effective administration and enforcement of the legislative scheme at issue. At the same time, the Law Lords appreciated that disclosure of the names of the importers may very well serve the public interest in the fair and efficient administration of justice. As Viscount Dilhorne stated at page 188:

Subject to the public interest in protecting the confidentiality of information given to Customs, in my opinion it is clearly in the public interest and right for the protection of patent holders, where the validity of the patent is accepted and the infringement of it not disputed, that they should be able to obtain by discovery the names and addresses of the wrongdoers from someone involved but not a party to the wrongdoing.

10 I read the *Norwich* and *Glaxo Wellcome* cases as establishing that the test for granting an equitable bill of discovery involves the following five criteria:

- a) the applicant must establish a *prima facie* case against the unknown alleged wrongdoer;
- b) the person from whom discovery is sought must be in some way involved in the matter under dispute, he must be more than an innocent bystander;
- c) the person from whom discovery is sought must be the only practical source of information available to the applicants;
- d) *the person from whom discovery is sought must be reasonably compensated for his expenses arising out of compliance with the discovery order in addition to his legal costs;*
- e) the public interests in favour of disclosure must outweigh the legitimate privacy concerns.

11 I can think of no reason why the same principles should not also apply to an application brought under Rule 238 in a John Doe action. The requirement for service under subsection 2 of Rule 238 can and, of course, would be waived by a court in such an action pursuant to Rule 55.

12 The plaintiffs have also brought this motion under Rule 233, however this Rule presupposes the existence of specified documents. The definition of a document contained in Rule 222, in my view, is not broad enough to cover the creation of documents not normally held by a party nor retrievable through computer systems used by a party in its ordinary business. In this case, documents do not pre-exist which link an IP address to the customer of an ISP. Documents would, of course, be generated should an ISP be compelled to make this connection; however, this is not something contemplated by Rule 233. In short, the purpose of Rule 233 is to compel the disclosure, but not the very creation of documents.

**Criterion a: the applicant must establish a prima facie case against the unknown alleged wrongdoer**

13 There are three deficiencies in the *prima facie* case advanced by the plaintiffs:

***I) The affidavit is deficient as to content.***

14 The affidavits of Gary Millin on which the plaintiffs rely state that he was, at material times, the President of MediaSentry Inc., a company which provides online anti-piracy protection. This company was hired by the Canadian Recording Industry Association to investigate file-sharing of songs over which the plaintiffs have copyrights. In his affidavit, Mr. Millin described MediaSentry's findings with regard to the file-sharing activities of the 29 unnamed defendants. The major portions of these affidavits are based upon information which Mr. Millin gained from his employees. Accordingly, they consist largely of hearsay. Pursuant to Rule 81(1), hearsay and other forms of information gained on belief may be admissible provided that the grounds for the belief are stated. Beyond stating in cross-examination that, as President of MediaSentry "a company of 20 to 25 employees", he had "general oversight for the business and particular strategy" (*Cross-examination of Millin, pp.6 and 8, lines 16 and 18 respectively*), Mr. Millin gives no reason for his beliefs. This is insufficient. As stated by Heald J.A. in

account. Instead as a customer accesses the Internet, the hardware connection, to which the person's PC is connected, "calls" for an IP address and one is "assigned" to it temporarily by the system. Accordingly, an IP address may not be associated with any account for very long. An IP address can be reallocated to several users in the space of a few hours. Because the frequency of visits and duration of time spent online differs from user to user, the IP addresses are not assigned to the MAC addresses sequentially. As a result of this functionality, IP addresses are not associated with any one account holder nor are they allocated in any predetermined pattern (the use of the term "IP address" is perhaps confusing in the conventional sense because it is not an address, as one understands a house to have an address). It is therefore not possible to directly identify an account holder merely from an IP address. Moreover, searching for the IP address is not straightforward.

20. To complicate matters, the PC does not itself have an address, but rather the hardware connection, *i.e.*, the router or network adaptor, through which the PC gains access to the Internet had an embedded address that was assigned to it when it accessed the Internet for the first time. This is called the MAC address and it is an address associated with the hardware connection not the PC. This distinction is important, particularly when the hardware connection provides access to multiple PCs through the use of a Local Area Network ("LAN"), as discussed below.

21. Accordingly, for TELUS to determine the account holder, we would first have to determine which MAC address was assigned the IP address in question at the particular point in time.

22. Please note that TELUS can never identify the "user", *i.e.*, the person actually using the computer at the time of the alleged infringement. TELUS can only identify the person who opened up the TELUS account associated with the MAC address. As will be discussed below, the account holder and the user are not always the same, or even known to each other. With respect to the account holder, if the request is made within 30 days of when the Internet was accessed for the peer-to-peer sharing activity, TELUS has a good chance of identifying the account (depending on the particular TELUS Internet system the customer was using). However, for requests concerning customer activity 30 days or more before the request, the information becomes less reliable to the point of being non-existent.

31 Without going into the technical details furnished by each ISP, one can draw the following overall conclusions from the evidence tendered by the ISPs with regard to such information:

- this is not information routinely kept by the ISPs but information that must be specifically retrieved from their data banks;
- the older the information is, the more difficult it will be to retrieve it. The data may be on back-up tapes or may no longer be kept depending upon the age of the information;
- the older the information, the more unreliable the result that will be produced by trying to retrieve the data;
- it may be impossible, due to the passage of time, to link some IP addresses to account holders;
- at best the ISPs will generate the name of the account holders; however, they can never generate the name of the actual computer users. An IP address, for instance, can lead to the name of an account holder, but that account holder could be an institution and/or may be linked to a local area network of many users.

32 Clearly the process that is sought to be imposed on the ISPs would be costly and would divert their resources from other tasks. Given that the ISPs are in no way involved in any alleged infringement, they would need to be reimbursed for their reasonable costs for furnishing the names of account holders, as well as the legal costs of responding to this motion.

**Criterion e: the public interests in favour of disclosure must outweigh the legitimate privacy concerns**

33 It is unquestionable but that the protection of privacy is of utmost importance to Canadian society. In the words of La Forest J. in *R. v. Dyment*, [1988] 2 S.C.R. 417 (S.C.C.):

Grounded in man's physical and moral autonomy, privacy is essential for the well-being of the individual. For this reason alone, it is worthy of constitutional protection, but it also has profound significance for the public order.

34 In respect of the internet specifically, Wilkins J. in *Irwin Toy Ltd. v. Joe Doe* (2000), 12 C.P.C. (5th) 103 (Ont. S.C.J.) stated at paras. 10-11:

Implicit in the passage of information through the internet by utilization of an alias or pseudonym is the mutual understanding that, to some degree, the identity of the source will be concealed. Some internet service providers inform the users of their services that they will safeguard their privacy and/or conceal their identity and, apparently, they even go so far as to have their privacy policies reviewed and audited for compliance. Generally speaking, it is understood that a person's internet protocol address will not be disclosed. Apparently, some internet service providers require their customers to agree that they will not transmit messages that are defamatory or libellous in exchange for the internet service to take reasonable measures to protect the privacy of the originator of the information.

In keeping with the protocol or etiquette developed in the usage of the internet, some degree of privacy or confidentiality with respect to the identity of the internet protocol address of the originator of a message has significant safety value and is in keeping with what should be perceived as being good public policy. As far as I am aware, there is no duty or obligation upon the internet service provider to voluntarily disclose the identity of an internet protocol address, or to provide that information upon request.

35 Parliament has also recognized the need to protect privacy by enacting PIPEDA, which has as one of its primary purposes the protection of an individual's right to control the collection, use and disclosure of personal information by private organizations (section 3).

COURT OF APPEAL FOR ONTARIO

CITATION: 1654776 Ontario Limited v. Stewart, 2013 ONCA 184  
DATE: 20130327  
DOCKET: C55493

Laskin, Juriensz and Tulloch JJ.A.

BETWEEN

1654776 Ontario Limited

Applicant (Appellant)

and

Sinclair Stewart and The Globe and Mail Inc.

Respondents (Respondents)

Paul Bates, A. Dimitri Lascaris, Douglas M. Worndl and Robert L. Gain for the appellant

Peter M. Jacobsen, Paul LeVay, Tae Mee Park, and Justin Safayeni for the respondents

Heard: September 17, 2012

On appeal from the judgment of Justice Edward P. Belobaba of the Superior Court of Justice, dated April 20, 2012, with reasons reported at 2012 ONSC 1991.

**Juriensz J.A.:**

**A. INTRODUCTION**

[1] This appeal is from the judgment of Justice Edward P. Belobaba dismissing the appellant's application for an order that the respondents disclose

the failure to make timely disclosure of material changes required to be disclosed under the Act.

[22] As provided by s. 138.8(1), actions under s. 138.3 cannot be commenced without leave of the court “granted upon motion with notice to each defendant.” Since the appellant is unable to give notice to John or Jane Doe, the statement of claim filed indicates the appellant intends to bring a motion for leave under s. 138.8(1).

[23] The appellant in his action also claims damages for “negligent misrepresentation”. It claims that the applicable standard of care required the defendants to not make misleading or untrue statements that violated s. 126.2 of the Ontario *Securities Act*, and to not engage in illegal tipping contrary to s. 76(2).

[24] The action also claims oppression and indicates an intention to seek certification as a class action.

### **C. THE DECISION OF THE APPLICATION JUDGE**

[25] The application judge declined to grant the *Norwich* order. He noted that the *Norwich* and Wigmore analyses intersect when an applicant is seeking disclosure of confidential journalist sources. In order to obtain a *Norwich* order, the application judge stated that the applicant must show that:

- (i) it has a valid, *bona fide*, or reasonable claim; or in cases such as this one where freedom of expression<sup>2</sup> interests are engaged, that it has a *prima facie* case;
- (ii) the respondents are somehow involved in the acts complained of;
- (iii) the respondents are the only practical source of the information;
- (iv) the respondents can be indemnified for any costs of disclosure; and
- (v) the interests of justice favour the obtaining of the disclosure.

[26] I explain later that the first requirement is not correctly stated.

[27] The Wigmore framework for establishing journalist-source privilege requires that the party asserting the privilege show that:

- (i) the communication originated in a confidence that the source's identity will not be disclosed;
- (ii) anonymity is essential to the relationship in which the communication arises;
- (iii) the relationship is one which should be sedulously fostered in the public interest;

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<sup>2</sup> Section 2(b) of the Charter guarantees the fundamental freedom of expression "including freedom of the press and other media of communication".

argument. I simply note that the Chief Justice has appointed a five judge panel to reconsider the court's interpretation of these sections in *Sharma v. Timminco Ltd.*, 2012 ONCA 107, 109 O.R. (3d) 569.

[74] Issues such as causation and damages are also best left for later in the litigation process.

[75] In short, like Morden J.A. in *Straka*, I would not apply a narrow approach at this stage of the analysis. The appellant is not engaged in "mere fishing". It is not seeking evidence but only the names of the alleged wrongdoers. Its proposed action is not frivolous. I would conclude that sufficient *bona fides* has been shown to justify consideration of the case as a whole. The apparent strength of the appellant's case can be revisited in the final weighing of all the relevant factors together.

**(b) The second, third and fourth *Norwich* factors**

[76] Little discussion is required of the second, third and fourth *Norwich* factors. As noted above, Stewart and the Globe and Mail are "somehow involved in the acts complained of", they are the only practical sources of the information, and they can be indemnified for any costs of making disclosure.

**(c) The fifth *Norwich* factor**

[77] The fifth *Norwich* factor is whether the interests of justice favour the obtaining of disclosure. This factor is broad and encompasses the interests of the

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

ALBERTA TREASURY BRANCHES

Plaintiff

- and -

ELMER LEAHY

Defendant

- and -

NADER GHERMEZIAN, RAPHAEL GHERMEZIAN, BAHMAN GHERMEZIAN,  
ESKANDER GHERMEZIAN, 273905 ALBERTA LTD., HOWARD ANSON, MAVIS  
HALLIDAY, 218703 ALBERTA LTD., 579511 ALBERTA LTD., 298936 ALBERTA  
LTD., WEST EDMONTON MALL PROPERTY INC., WEM HOLDINGS INC., WEM  
MANAGEMENT INC., AVISTA FINANCIAL CORPORATION, 298926 ALBERTA LTD.,  
ABNR EQUITIES CORP., AND DEVCOR INVESTMENT CORPORATION

Defendants by Order

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REASONS FOR DECISION  
of the  
HONOURABLE MR. JUSTICE D.B. MASON

---

this process, the plaintiffs traced and froze funds at the Bank of Nova Scotia and traced and froze the bulk of the US \$15 million which had been transferred to Barclays Bank PLC in the Cayman Islands by an action in that jurisdiction. This case will be referred to later in these reasons, but the important aspect here is that the Master speaks to the use of the *Norwich* principles by Sharpe J. granting the discovery order. After reviewing the *Glaxo* case the Master stated as follows, at 98:

I conclude that a *Norwich Pharmacal* action is thus a distinct legal proceeding which calls into play the inherent equitable discretion of the Court. The judges of this Court carry that inherent jurisdiction as a matter of law since they have all of the jurisdiction of the old courts of Chancery (sic).

[102] In the more recent case of *Kenney v. Loewen* (1999), 28 C.P.C. (4<sup>th</sup>) 179 (B.C.S.C), Saunders J. carefully examined both the English and Canadian authorities and concluded that the procedural remedy of a bill of discovery was available prior to the receipt of the English laws in British Columbia in 1858 and that the Chancery practice in 1860 and that the later English cases built on the same foundation of discovery that came into British Columbia in 1860.

[103] English laws, including the law of equity, were received in Alberta on July 15, 1870: The *Alberta Act* (Can.) 4-5 ed. 7 c.3 s.16 ( see J.E. Cote, “*The Reception of English Law*” (1977) 15 Alta. Law Review 29 at 57-59 ). The equitable remedy of discovery described in *Norwich* as having its origins as early as 1785 were included in the received law and the later English cases build upon the same foundation of discovery that was received in Alberta in 1870. The judges of the Court of Queen’s Bench of Alberta have, *inter alia*, all the powers enjoyed by English judges of the Superior courts of Equity as at July 15, 1870 (s. 4, *Judicature Act*, c. J-1) and possess, *inter alia*, the jurisdiction vested in the High Court of Chancery as a Court of Equity for the purposes of administering the law (s.5, *Judicature Act*).

[104] Saunders J. was also faced in *Kenney* with an argument that since the British Columbia *Rules of Court* already had rules covering the discovery process, the field was occupied and left no room for the equitable remedy. She rejected that argument. She found that the British Columbia *Rules of Court* were silent on the issue and concluded that the court was entitled to implement modern developments in practice based on ancient principles where there was no inconsistency with the legislated rules of practice. ( p. 189)

[105] The remedy is not precluded by the *Alberta Rules of Court*. As WEM recognized in its submissions on these applications, while the Rules do provide for limited pre-trial examination and production of documents from non-parties, they do not contemplate the particular remedies at issue here. In any event, I agree with the reasoning of Saunders J. and am persuaded that Alberta judges can reach behind the *Alberta Rules of Court* and exercise fully the broader procedural remedies of the equitable bill of discovery.

[106] The foregoing review demonstrates that:

- a. *Norwich*-type relief has been granted in varied situations:
- (i) where the information sought is necessary to identify wrongdoers;
  - (ii) to find and preserve evidence that may substantiate or support an action against either known or unknown wrongdoers, or even determine whether an action exists; and
  - (iii) to trace and preserve assets.
- b. The court will consider the following factors on an application for *Norwich* relief:
- (i) Whether the applicant has provided evidence sufficient to raise a valid, bona fide or reasonable claim;
  - (ii) Whether the applicant has established a relationship with the third party from whom the information is sought such that it establishes that the third party is somehow involved in the acts complained of;
  - (iii) Whether the third party is the only practicable source of the information available;
  - (iv) Whether the third party can be indemnified for costs to which the third party may be exposed because of the disclosure, some refer to the associated expenses of complying with the orders, while others speak of damages; and
  - (v) Whether the interests of justice favour the obtaining of the disclosure.

[107] I now turn to exercise of the jurisdiction in this case.

#### **Analysis of the case at bar**

##### ***Circumstances in which Norwich relief has been granted***

[108] As the variety of cases in which *Norwich* type relief has been granted demonstrates, equity is elastic. C.F. Spry notes at page 1 of *The Principles of Equitable Remedies*, 5<sup>th</sup> ed., (Agincourt, ON: Carswell Co., 1997):

It is . . . of importance that the principles of equity should be widely understood and that they should not ossify, but, as in the past, should be fruitful and receive new applications where appropriate.

Equitable principles have above all a distinctive ethical quality, reflecting as they

indirectly from ATB customers was granted on May 12, 1998. At this time ATB also applied for and received an Anton Piller order to search Mr. Leahy's home. As noted, all material seized under that order has been returned.

**(ii) relationship with third party to wrongdoing**

[156] This factor is directed at ensuring that the third party is not just a disinterested bystander to the alleged wrongdoing. In this case we have a classic example of a third party innocently "mixed up" in the alleged bribery - the four financial institutions from whom disclosure was sought were the caretakers of alleged bribe funds which form the subject matter of ATB's action against Mr. Leahy.

**(iii) third party only practicable source of information**

[157] I emphasize the term "practicable" in this factor because in my view, if other sources of information exist but would not be an efficacious method of obtaining the information and documents, justice is not served in requiring those sources be tapped prior to coming to the court for assistance. This is particularly so in cases involving fraud and bribery schemes involving fiduciaries where it may be essential to act without the knowledge of the alleged fraudsters.

[158] This approach was approved by the Federal Court of Appeal in *Glaxo Wellcome*. Stone J.A. held that even though the applicant could have pursued the information through an *Access to Information Act* complaint and judicial review process or through the use of a private investigator, the efficacy of these methods was doubtful. He held that the only reasonable means to get the information and preserve the plaintiff's proprietary interest was to have the Minister of National Revenue produce the information.

**(iv) indemnifying the third party**

[159] Each Ex Parte Order that directed disclosure from the financial institutions provided that ATB's counsel or the Plaintiff would pay the reasonable fees incurred in complying with the order and there is no evidence before me to suggest ATB would not be in a position to indemnify the financial institutions for any associated costs. In any event, the four financial institutions that were directed by my Ex Parte Orders to disclose documents to ATB have never objected in this court to the orders on the basis of any actual or potential cost or damage.

**(v) the interests of justice**

[160] The circumstances of alleged bribery of a high ranking fiduciary particularly influenced my consideration of whether it was in the interests of justice to grant the Ex Parte Orders.

[161] I weighed the public interest of account holders that their banking records will be kept confidential against the public interest in the proper administration of justice and in ensuring that beneficiaries of fiduciaries such as ATB are able to ascertain the extent of alleged bribery, locate, trace and recover bribe funds and pursue alleged bribers. This is not unlike the weighing exercise described by Stone J.A. in *Glaxo*.

[162] I am not persuaded that the expectation of confidentiality in bank records is a sufficient

York University v. Bell Canada Enterprises et al.

[Indexed as: York University v. Bell Canada Enterprises]

99 O.R. (3d) 695

Ontario Superior Court of Justice,  
Strathy J.  
September 9, 2009

Civil procedure -- Disclosure -- Pre-action disclosure -- Norwich order -- Applicant intending to bring libel action against author of anonymous e-mails and website posting -- Applicants applying for Norwich order requiring Internet service providers to disclose information necessary to obtain identity of author -- Application granted -- Applicant establishing prima facie case of defamation and requiring information sought in order to bring action.

The applicant applied for a Norwich order requiring the respondent Internet service providers to disclose information necessary to obtain the identity of the anonymous author(s) of allegedly defamatory e-mails and a website posting. The applicant submitted that it needed the information to identify the proper defendant(s) in a libel action.

Held, the application should be allowed.

The applicant had established a prima facie case of defamation and the claim appeared to be reasonable and made in good faith. The respondents, although innocent of any wrongdoing, were implicated in the alleged defamation because their services were used for publication. Reasonable efforts had been made, with no success, to obtain the information from the only known potential source. The costs of compliance were

relief sought.

[18] In George S. Takach, *Computer Law*, 2nd ed. (Toronto: Irwin Law, 2003), there is reference to an unreported decision dated June 24, 1998 in *Philip Services Corp. v. John Doe* (Action #4592/98, Gen. Div.) in which a service provider was ordered to disclose the names and addresses of the posters of allegedly defamatory messages posted in an online discussion group.

[19] There is also authority for ordering a publisher of an allegedly libelous statement to disclose the identity of the author of that statement. In *Hogan v. Great Central Publishing Ltd.* (1994), 16 O.R. (3d) 808, [1994] O.J. No. 135 (Gen. Div.), the publisher of a magazine was ordered to disclose the name of the author of articles that were alleged to be defamatory. E. Macdonald J., at para. 15, suggested that the following should be "guidelines" for such motions:

1. the order should not be granted if the motion was brought in order to conduct a "fishing expedition or premature discovery"; . . .
2. the identities sought must be specified as well as possible and they must be relevant; . . .
3. the plaintiff must have tried many different routes before seeking the court's assistance in obtaining the identities; . . . [page702]
4. it should be a situation where the person or corporation's name is very difficult to obtain because of their own desire to remain anonymous; . . .
5. the names will inevitably be revealed and the order to disclose will likely eliminate another motion on the same point; [and]
6. there must be no prejudice to the responding party.

[20] In the United Kingdom, Norwich orders have been made

# IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: ***Pierce v. Canjex Publishing Ltd.***,  
2011 BCSC 1503

Date: 20111107  
Docket: S114291  
Registry: Vancouver

Between:

**Brent Pierce**

Petitioner

And

**Canjex Publishing Ltd.**

Respondent

Corrected Judgment: The text of this judgment was corrected  
on the first page on December 21, 2011.

Before: The Honourable Mr. Justice Cole

## **Reasons for Judgment**

Counsel for the Petitioner:

B.G. Baynham, Q.C.  
D. Reid

Counsel for the Respondent:

D.W. Burnett  
P. Sheppard

Place and Date of Hearing:

Vancouver, B.C.  
September 28, 2011

Place and Date of Judgment:

Vancouver, B.C.  
November 7, 2011

behind them the screen of anonymity made possible by the use of web sites on the internet.

**Trivial Comments**

[30] The respondent argues that in cases where comments made are barely defamatory, little more than abusive, or likely to be understood as jokes, disclosure would be disproportionate and unjustifiable intrusive and cites *Sheffield Wednesday Football Club Ltd. v. Hargreaves*, [2007] EWHC 2375 at para. 17 for this proposition.

[31] I am satisfied that the Defamatory Comment made by “halcrow” about the petitioner was not trivial, barely defamatory, merely abusive or likely to be understood as a joke. I therefore reject the respondent’s argument with respect to that matter.

[32] After considering the nature of the information sought, the degree of confidentiality that should be accorded to the party against whom the order is sought and the degree to which the requested order curtails the use to which the information can be put, I am satisfied that the petitioner is entitled to his order. I also order that the petitioner pay to the respondent all reasonable costs incurred by the respondent for the retrieval, production and delivery of identifying information forthwith in any amount agreed upon between the parties or upon taxation. I also order that this order be served on the account holders identified by Canjex and those person or persons affected by this order may apply on two days notice to vary or vacate this order.

The Honourable Mr. Justice F.W. Cole

**CITATION:** Fontaine v. The Attorney General of Canada, 2012 ONSC 3552  
**Court File No.:** 00-CV-192059CP  
Date:20120611

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**B E T W E E N:**

LARRY PHILIP FONTAINE et al	)	<b>Susan Vella</b> for the Moving Parties,
	)	Windigo First Nations and Nishnawbe
	)	Aski Nation
	)	
Plaintiffs	)	
	)	
- and -	)	
	)	
THE ATTORNEY GENERAL OF CANADA et	)	<b>Catherine Coughlan</b> and <b>Teresa</b>
al.	)	<b>Crotty-Wong</b> for the Attorney General
	)	of Canada
	)	
Defendants	)	
	)	
Motion heard in writing	)	

Proceeding under the *Class Proceedings Act, 1992*

**Motion for costs pursuant to Article 12 of the  
Residential School Settlement Agreement**

**Reasons for Decision**

**Winkler C.J.O.:**

**Overview**

[1] In March 2007, orders were issued by nine provincial and territorial superior courts approving a national settlement (the “Settlement Agreement”) with respect to Indian Residential

guided by reference to national standards for costs awards, as the Settlement Agreement is a national settlement agreement approved by the Courts of nine jurisdictions.

### **Preliminary Issues**

[5] Canada's submits that Section 12.01(6) provides the basis upon which the costs of successful Article 12 applications should be determined. It reads as follows:

Where Canada adds an institution to Schedule "F" under Section 12.01(4), Canada may provide the Requestor with reasonable legal costs and disbursements.

[6] I accept the submission of Canada that the Moving Parties are entitled to their "reasonable legal costs".

[7] In my view, the term "reasonable legal costs" is not synonymous with the full, substantial or partial indemnity regimes used to fix costs in court proceedings. In other words, it does not reference a costs regime under the civil rules of court of any province. It does however mean that a party will be reimbursed in full for its legal costs, subject to one qualification: those costs must have been reasonably necessary.

### **Application of the 'Reasonableness' Standard**

[8] I have reviewed the accounts of the Moving Parties. I accept those accounts as reasonable, with the following exceptions.

[9] As noted in Canada's submissions, substantial time was required to prepare and test the evidence of Richard Morris, Rebecca Maki, James Cutfeet, Jeanette Beardy and Paul Johnup. I

2002 CAF 431, 2002 FCA 431  
Federal Court of Appeal

Wedow v. Canada (Solicitor General)

2002 CarswellNat 3162, 2002 CarswellNat 6009, 2002 CAF  
431, 2002 FCA 431, 118 A.C.W.S. (3d) 624, 55 W.C.B. (2d) 659

**LLOYD GRANT WEDOW (Appellant) and THE SOLICITOR GENERAL  
OF CANADA, THE ATTORNEY GENERAL OF CANADA (Respondents)**

Linden J.A., Noël J.A. and Sharlow J.A.

Heard: November 5, 2002  
Judgment: November 5, 2002  
Oral reasons: November 5, 2002  
Docket: A-533-01

Counsel: Mr. Lloyd Grant Wedow, for himself  
*Mr. Ron Nichwolodoff*, for Respondent

Subject: Civil Practice and Procedure

**Related Abridgment Classifications**

For all relevant Canadian Abridgment Classifications refer to highest level of case via History.

**Headnote**

**Practice --- Costs — Appeals as to costs — General**

APPEAL of reconsideration by motions judge which was silent as to costs.

***Linden J.A.:***

1 A decision to grant or deny an extension of time is a discretionary one. We note that in the judicial review in the court below, the appellant was successful but the reasons and the order were silent as to costs, although costs were sought. Counsel for the respondent was unable to suggest any persuasive reason why costs should not have been awarded.

2 In the order on the reconsideration motion, costs were again not alluded to, although they were the basis of the motion.

3 Having regard to the silence of the Motions Judge on the issue of costs, we are unable to determine whether he turned his mind to that issue. We think it appropriate to return this matter to the Motions Judge so that he may determine whether there were reasons for denying costs in the application for judicial review.

4 This appeal will be allowed, the order of the Motions Judge will be set aside, an order will be made granting the extension of time and referring the matter back to the Motions Judge for reconsideration in accordance with these reasons. The appellant is entitled to his costs of this appeal and his costs of the motion for reconsideration in the Trial Division.

*Appeal allowed; order set aside and referred back to motions judge.*

Federal Court



Cour fédérale

**Date: 20150611**

**Docket: T-1399-09**

**Citation: 2015 FC 743**

**BETWEEN:**

**RED LABEL VACATIONS INC., CARRYING  
ON BUSINESS AS REDTAG.CA OR  
REDTAG.CA VACATIONS OR BOTH**

**Plaintiff**

**and**

**411 TRAVEL BUYS LIMITED CARRYING  
ON BUSINESS AS 411TRAVELBUYS.CA,  
CARLOS MANUEL LOURENCO**

**Defendants**

**REASONS FOR ASSESSMENT OF COSTS**

**[Bruce Preston – Assessment Officer]**

[1] By way of Judgment dated January 7, 2015, the Court dismissed the Plaintiff's Action, dismissed the Defendants' Counterclaim and awarded costs to the Defendants under Tariff B Column III.

charged to the Defendants at \$0.25 per page until March 2010 and then \$0.30 per page was charged. When asked, counsel submitted that there is no evidence concerning to what the photocopies relate. Having regard to the disbursements for facsimiles, counsel submitted that facsimiles were charged at \$0.30 per page for those facsimiles which were sent. When asked if the charge related to time, counsel submitted that the charge was page based. Concerning expert fees, counsel submitted that the invoice dated November 10, 2014, found at Tab B to the Affidavit of Evan Tingley, related to the Expert's Report. Referring to *Merck & Co. v Canada (Minister of Health)*, 2007 FC 312, at paragraph 51, counsel argued that the expert's evidence was not found to be inadmissible or useless and that the Court did not address the witness' evidence because it was not needed to in order to reach a decision.

[42] The first issue which must be addressed when considering the disbursements claimed is the sufficiency of the evidence. The Plaintiff has submitted that many of the disbursements should be disallowed due to an absence of evidence. At paragraph 7 of *Taylor Made (supra)*, the Assessment Officer held:

Disbursements are claimed as well for telecopier charges, photocopying and binding. However, I have decided to disallow those items for the following reason. Charges for photocopies and telecopy appear among a plethora of other items in the solicitors' disbursement ledger, a copy of which is exhibited to the Knobel affidavit. It would appear then that they are in-house expenditures as opposed to out-of-pocket expenditures which would normally be supported by an invoice or a voucher. No detail is provided as to, for example, what was copied or telecopied, the number of copies that were made and the purpose, or the actual or estimated cost incurred by the law firm for making the calls or the copies. The ledger does not refer to binding at all.

[43] On the other hand, in *Abbott Laboratories v. Canada (Health)*, 2008 FC 693, at paragraph 71, the Assessment Officer held:

In *Almecon Industries Ltd. v. Anchortek Ltd.*, [2003] F.C.J. No. 1649 at para. 31 (A.O.), I found certain comments in the evidence, although self-serving, nonetheless to be pragmatic and sensible concerning the reality of a myriad of essential disbursements for which the costs of proof might or would exceed their amount. However, that is not to suggest that litigants can get by without any evidence by relying on the discretion and experience of the assessment officer. The proof here was less than absolute, but I think there is sufficient material in the respective records of the Federal Court and the Federal Court of Appeal for me to gauge the effort and associated costs required to reasonably and adequately litigate Apotex's position. A lack of details makes it difficult to confirm whether the most efficient approach was indeed used or that there were no errors in instructions, as for example occurred in *Halford*, requiring remedial work. A paucity of evidence for the circumstances underlying each expenditure make it difficult for the respondent on the assessment of costs and the assessment officer to be satisfied that each expenditure was incurred further to reasonable necessity. The less that evidence is available, the more that the assessing party is bound up in the assessment officer's discretion, the exercise of which should be conservative, with a view to the sense of austerity which should pervade costs, to preclude prejudice to the payer of costs. However, real expenditures are needed to advance litigation: a result of zero dollars at assessment would be absurd.

[44] When considering the approaches taken in these decisions, I find that the approach taken in *Abbott* balances the rights of the parties so that the claimant is not prejudiced by not being reimbursed for costs which were expended and the responding party is not prejudiced by being required to fully reimburse for costs which have not been adequately justified by the evidence presented. Also, I agree that an assessment which results in a zero dollar allowance would be absurd. Further, I find that facsimiles, postage and courier may be attributed to a specific file and the cost of justifying the individual expenditure may be greater than the amount claimed. Therefore, as the Defendants have proven that facsimiles, postage and courier disbursements

were charged to this specific matter, and having determined that the amounts claimed are reasonable, they are allowed as claimed.

[45] With regard to photocopying, counsel for the Plaintiff has submitted that the invoice in the amount of \$875.00 may be allowed but contests the remaining \$2,592.30 claimed. I have reviewed the Court file and note that there are numerous motions for which costs were not awarded and a Mediation Brief related to the Mediation hearing for which costs have not been allowed. Further, I have reviewed the Defendants' Submissions and note that there is no evidence concerning what was copied and no evidence that the copies for steps for which no costs were awarded have been removed. This being the situation, I find that it is reasonable to reduce the amount claimed for photocopies to account for the motions and Mediation. Under these circumstances I find that an allowance of \$2,000.00, inclusive of the \$875.00 the Plaintiff does not contest, is reasonable for the conduct of this litigation.

[46] The Defendants have claimed \$1,702.16 for printing and binding. In *Janssen Inc. v Teva Canada Ltd*, 2012 FC 48, beginning at paragraph 102, it was held that binding may be allowed but that absent evidence that the costs do not include a charge for labour, the assessment should be conservative with a view to a sense of austerity. Considering the above, I have reviewed the evidence presented and find that a reasonable amount for the printing and binding required for the litigation to proceed is \$250.00.

[47] Concerning the Defendants claim for Mr. Braggio, the Defendants' expert witness, at paragraph 82 of the Judgment and Reasons, the Court stated the following:

**Date: 20080627**

**Docket: T-1822-97**

**Citation: 2008 FC 817**

2008 FC 817 (CanLII)

**Ottawa, Ontario, June 27, 2008**

**PRESENT: The Honourable Madam Justice Layden-Stevenson**

**BETWEEN:**

**JOHNSON & JOHNSON INC.,  
EXPANDABLE GRAFTS PARTNERSHIP  
and CORDIS CORPORATION**

**Plaintiffs**

**and**

**BOSTON SCIENTIFIC LTD./  
BOSTON SCIENTIFIQUE LTÉE**

**Defendant**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] The reasons for judgment and judgment in this matter were issued to the parties on April 30, 2008. I retained jurisdiction in relation to the determination of costs. I have received and reviewed the written submissions and the responses of the parties in this regard. These reasons relate to my determination on costs.

[3] Costs should be neither punitive nor extravagant. It is a fundamental principle that an award of costs represents a compromise between compensating a successful party and not unduly burdening an unsuccessful party: *Apotex Inc. v. Wellcome Foundation Ltd.* (1998), 159 F.T.R. 233 (F.C.T.D.), aff'd. (2001), 199 F.T.R. 320 (F.C.A.). As a general rule, costs should follow the event. Absent an abuse of process, a successful party should not be penalized simply because not all the points advanced by that party have found favour with the court: *Sunrise Co. Ltd. v. The "Lake Winnipeg"* (1988), 96 N.R. 310 (F.C.A.) at para. 29. Regarding the importance and complexity of the issues, it is the legal significance and complexity, including the number of issues, that are to be considered and not the factual subject matter: *TRW Inc. v. Walbar of Canada Ltd.* (1992), 146 N.R. 57 (F.C.A.); *Unilever PLC v. Procter & Gamble Inc.* (1995), 184 N.R. 378 (F.C.A.); *Porto Seguro Companhia De Seguros Gerais v. Belcan S.A.* (2001), 214 F.T.R. 291 (F.C.T.D.).

[4] Although Boston Scientific (Boston) did not succeed in all respects, it was, for the most part, successful. It succeeded in defending against alleged infringement of the Palmaz patents. It also succeeded in having one of the two patents in suit declared invalid. I agree with Boston that the jurisprudence is to the effect that a defendant in a patent infringement case need not be successful in both its defence of non-infringement and invalidity in order to be entitled to its costs. If successful in defending the main action of patent infringement, such a defendant is entitled to costs: *Emmanuel Simard & Fils (1983) Inc. v. Raydan Manufacturing Ltd.* (2006), 53 C.P.R. (4<sup>th</sup>) 178 citing *Gorse v. Upwardor Corp.* (1992), 140 N.R. 295 (F.C.A.) and *Illinois Tool Works Inc. v. Cobra Anchors Co.*, (2003), 312 N.R. 184 (F.C.A.). Subject to the qualification that will be discussed later, Boston is entitled to its costs throughout against the plaintiffs.

Federal Court



Cour fédérale

Date: 20091106

Docket: T-1161-07

Citation: 2009 FC 1139

**BETWEEN:**

**SANOFI-AVENTIS CANADA INC.,  
SCHERING CORPORATION and  
SANOFI-AVENTIS DEUTSCHLAND GmbH**

**Plaintiffs**

**and**

**NOVOPHARM LIMITED**

**Defendant**

**AND BETWEEN:**

**NOVOPHARM LIMITED**

**Plaintiff by Counterclaim**

**and**

**SANOFI-AVENTIS CANADA INC.,  
SCHERING CORPORATION and  
SANOFI-AVENTIS DEUTSCHLAND GmbH**

**Defendants by Counterclaim**

**PUBLIC  
REASONS FOR JUDGMENT ON COSTS**

**SNIDER, J.**

[1] These reasons relate to the matter of costs arising from the patent infringement action, for which Reasons for Judgment and Judgment were released to the parties on June 29, 2009 (*Sanofi-Aventis Canada Inc. v. Apotex Inc.*, 2009 FC 676). The trial of this matter was held together with an

[5] In exercising my discretion, I have had regard to all of the written submissions, the pertinent jurisprudence and the factors set out in Rule 400(3). A number of matters warrant particular attention.

### **Lump Sum Award**

[6] In this case, Novopharm seeks a lump sum award in the amount of \$5.14 million. Novopharm submits that this Court has held that, as a matter of policy, lump sum orders should be favoured (*Barzelex v. EBN Al Waleed (The)*, 1999 F.C.J. No. 2002, 94 A.C.W.S. (3d) 434, at para. 11 (F.C.T.D.); *Conorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.*, 2002 FCA 417, [2003] 2 F.C. 451, at para. 12; *Abbott Laboratories v. Pharmscience*, 2007 FC 50, 154 A.C.W.S. (3d) 786, at paras. 9-10). There may well be cases where lump sums are warranted. This is not one of them. I simply do not have sufficient information on which to base a single lump sum award. Further, the practice of providing guiding directions to the parties has certainly been followed in many recent cases in the area of pharmaceutical litigation (see, for example, *ADIR v. Apotex*, 2008 FC 1070, 70 C.P.R. (4th) 347 (referred to as *ADIR Costs*); *Merck & Co. v. Apotex Inc.*, 2006 FC 631, 53 C.P.R. (4th) 69, at para. 3, varied on different matters 2006 FCA 324, 354 N.R. 355).

### **The Result of the Action**

[7] The Plaintiffs (Sanofi-Aventis Canada Inc. and Sanofi-Aventis Deutschland GmbH, referred to collectively as Sanofi, and Schering Corporation, referred to as Schering) were unsuccessful in this action. This Court declared that certain claims of Canadian Patent No. 1,341,206 ('206 Patent)

were invalid. Sanofi argues that success was divided and that I should reduce the award by 50% on the basis of the lack of success of Novopharm on some of the issues dealt with by the Court. I do not agree.

[8] The general rule is that the successful party should have its costs. I recognize that Novopharm was not successful in each and every argument it pursued. For example, Novopharm did not persuade the Court of the merits of its arguments of patent construction, and Example 20 or double patenting, all of which took up considerable time during the trial. There is no doubt that pursuit of these issues during the trial led to extra time and expense for all parties. Nevertheless, I would not characterize success as divided. The Plaintiffs commenced an action to validate its claims to the drug ramipril and to enjoin Novopharm from making and selling ramipril; they lost. In my view, success ought not to be measured in terms of how many issues were argued and won or lost. Rather, success ought to be assessed on the basis of the overall finding of the Court. Absent an abuse of process, “a successful plaintiff should not be penalised simply because not all the points he has taken have found favour with the court” (*Sunrise Co. Ltd. v. The "Lake Winnipeg"* (1988), 96 N.R. 310, 28 F.T.R. 78 (F.C.A.) at para. 29, rev'd on a different point, [1991] 1 S.C.R.); *Canada v. IPSCO*, 2004 FC 1083, 259 F.T.R. 204, at para. 36).

[9] The decision of this Court in *ADIR Costs* is an example of where success was truly divided. While the Plaintiffs succeeded in having their patent upheld and obtaining an injunction against the Defendants (see *Servier v. Apotex*, 2008 FC 825, 332 F.T.R. 193 aff'd by *Apotex v. ADIR*, 2009 FCA 222, 75 C.P.R. (4th) 443), they failed to obtain standing for two of the originally-named Plaintiffs. They were also unsuccessful in obtaining a finding of inducement. These two failures

**Jane Hamilton** *Appellant*

v.

**Open Window Bakery Limited** *Respondent***INDEXED AS: HAMILTON v. OPEN WINDOW BAKERY LTD.****Neutral citation: 2004 SCC 9.**

File No.: 29225.

Hearing and judgment: November 13, 2003.

Reasons delivered: February 19, 2004.

Present: McLachlin C.J. and Major, Bastarache, Binnie, Arbour, LeBel and Deschamps JJ.

ON APPEAL FROM THE COURT OF APPEAL FOR ONTARIO

*Contracts — Repudiation — Damages — Approach to assessing damages for breach of contract with alternative modes of performance.**Costs — Scale — Variation of scale by appellate court — Elements required for appellate court to set aside or vary award of costs.*

The parties had entered into a 36-month contract which provided for termination by the respondent: (1) for cause “without notice or other act if . . . the [appellant] acts in a manner . . . detrimental to [the respondent’s] reputation and well being”; or (2) by the exercise of an unconditional right to terminate the contract on three months’ notice “effective after the commencement of the [contract’s] 19th month”. The respondent repudiated the contract pursuant to the first clause and later pursuant to the second. The trial judge held that the respondent had wrongfully repudiated the contract and awarded damages reflecting the payments that would have been made under the full 36-month term of the contract, less an allowance of 25 per cent to reflect the possibility that the respondent might have validly exercised its right to terminate the contract with notice at some later time. He ordered the respondent to pay the appellant’s costs on a party-and-party scale to a certain date and on a solicitor-and-client scale from that date forward. A majority at the Court of Appeal held that the early termination clause with three months’ notice constituted both the minimum guaranteed benefits under the contract and the respondent’s maximum exposure for damages. The damages award was

**Jane Hamilton** *Appelante*

c.

**Open Window Bakery Limited** *Intimée***RÉPERTORIÉ : HAMILTON c. OPEN WINDOW BAKERY LTD.****Référence neutre : 2004 CSC 9.**

N° du greffe : 29225.

Audition et jugement: 13 novembre 2003.

Motifs déposés : 19 février 2004.

Présents : La juge en chef McLachlin et les juges Major, Bastarache, Binnie, Arbour, LeBel et Deschamps.

EN APPEL DE LA COUR D’APPEL DE L’ONTARIO

*Contrats — Résiliation — Dommages-intérêts — Méthode de calcul des dommages-intérêts pour inexécution d’un contrat prévoyant différents modes d’exécution.**Dépens — Base de calcul — Cour d’appel modifiant la base de calcul — Éléments requis pour qu’une cour d’appel annule ou modifie une attribution de dépens.*

Les parties avaient conclu un contrat d’une durée de 36 mois qui prévoyait que l’intimée pourrait le résilier : (1) « sans donner de préavis ni prendre aucune autre mesure si [. . .] [l’appelante] agi[ssait] d’une manière dommageable pour la réputation et la prospérité » de l’intimée, ou (2) grâce à un droit absolu de résiliation exercé en donnant un préavis de trois mois « à compter du 19<sup>e</sup> mois de la durée prévue du contrat ». L’intimée a résilié le contrat conformément à la première clause et, par la suite, conformément à la deuxième clause. Le juge de première instance a conclu à la résiliation fautive du contrat par l’intimée et a accordé des dommages-intérêts correspondant aux versements qui auraient été effectués pendant toute la durée de 36 mois du contrat, moins 25 pour 100 afin de refléter la possibilité que l’intimée aurait éventuellement eue d’exercer d’une manière valide son droit de résilier le contrat en donnant un préavis. Il a ordonné à l’intimée de payer les dépens de l’appelante sur la base partie-partie jusqu’à une certaine date, et sur la base avocat-client après cette date. Les juges majoritaires de la Cour d’appel ont statué que la clause autorisant la résiliation anticipée du contrat, moyennant un préavis de trois mois, constituait à la fois l’avantage minimum

instances does not undermine the general principle.

22 A factual investigation of this type is not necessary on the facts of this case. The case at bar raises only a question of the extent of time the contract will be performed which, with three months' notice given after the expiration of the 18th month, is entirely at the election of the defendant.

23 The analytical approach adopted by Simmons J.A. at the Court of Appeal in this case regarding the appropriate quantum of damages is one that comports with the long-standing and widely accepted general principle, is sound in policy, and is one that leads to predictable and justifiable results. For the foregoing reasons, the appeal with regard to damages is dismissed.

#### B. *Costs*

24 In overturning the costs award ordered by Wilkins J. at trial, Simmons J.A. for the majority of the Court of Appeal, at para. 57, stated:

The trial judge found that the appellant had not met the high standard of proof required to sustain allegations of fraud or dishonesty. He did not find the pleading to be without foundation. In these circumstances and in light of my disposition of the main ground of appeal, I would set aside the order for solicitor and client costs and substitute an award on the partial indemnity scale.

25 In this case, Wilkins J. assessed the tenability of the allegations of dishonesty and fraud, assisted by his observation of the demeanour of all the witnesses. He concluded that, while the allegations had, perhaps, some circumstantial plausibility, OWB relied only upon the narrow issue of dishonesty and persisted unduly in these allegations.

26 In *Young v. Young*, [1993] 4 S.C.R. 3, at p. 134, McLachlin J. (as she then was) for a majority of this Court held that solicitor-and-client costs "are generally awarded only where there has been

qu'un tel examen des faits soit nécessaire dans certains cas ne mine pas le principe général.

Les faits de la présente affaire ne commandent pas ce genre d'examen. Seule se pose en l'espèce la question de la durée du contrat qui, sous réserve du préavis de trois mois requis à l'expiration du 18<sup>e</sup> mois, est laissée à l'entière discrétion de la défendresse.

La méthode analytique que la juge Simmons de la Cour d'appel a adoptée, en l'espèce, pour calculer le montant approprié des dommages-intérêts est conforme au principe général de longue date et généralement accepté, est valable sur le plan de la politique générale et mène à des résultats prévisibles et justifiables. Pour les motifs qui précèdent, le pourvoi est rejeté en ce qui concerne les dommages-intérêts.

#### B. *Les dépens*

En écartant l'attribution de dépens ordonnée en première instance par le juge Wilkins, la juge Simmons s'est exprimée ainsi au nom des juges majoritaires de la Cour d'appel (par. 57) :

[TRADUCTION] Le juge de première instance a décidé que l'appelante n'avait pas satisfait à la norme de preuve élevée qui s'applique aux allégations de fraude et de malhonnêteté. Il n'a pas conclu que les allégations étaient non fondées. Dans ces circonstances et compte tenu de ma décision relative au principal moyen d'appel, je suis d'avis d'annuler l'ordonnance d'attribution de dépens avocat-client et d'y substituer des dépens sur la base d'une indemnisation partielle.

En l'espèce, le juge Wilkins a évalué la solidité des allégations de malhonnêteté et de fraude en observant notamment le comportement de tous les témoins. Il a conclu que, même si les allégations pouvaient avoir une certaine vraisemblance dans les circonstances, OWB n'avait soulevé que la question limitée de la malhonnêteté et avait maintenu indûment ces allégations.

Dans l'arrêt *Young c. Young*, [1993] 4 R.C.S. 3, p. 134, la juge McLachlin (maintenant Juge en chef) a statué, au nom des juges majoritaires de la Cour, que les dépens avocat-client « ne sont

reprehensible, scandalous or outrageous conduct on the part of one of the parties”. An unsuccessful attempt to prove fraud or dishonesty on a balance of probabilities does not lead inexorably to the conclusion that the unsuccessful party should be held liable for solicitor-and-client costs, since not all such attempts will be correctly considered to amount to “reprehensible, scandalous or outrageous conduct”. However, allegations of fraud and dishonesty are serious and potentially very damaging to those accused of deception. When, as here, a party makes such allegations unsuccessfully at trial and with access to information sufficient to conclude that the other party was merely negligent and neither dishonest nor fraudulent (as Wilkins J. found), costs on a solicitor-and-client scale are appropriate: see, generally, M. M. Orkin, *The Law of Costs* (2nd ed. (loose-leaf)), at para. 219.

A court should set aside a costs award on appeal only if the trial judge has made an error in principle or if the costs award is plainly wrong (*Duong v. NN Life Insurance Co. of Canada* (2001), 141 O.A.C. 307, at para. 14). In Wilkins J.’s costs order I find no such error of principle, nor can I conclude that the award is plainly wrong. In light of the privileged position of the trial judge to assess first-hand the credibility of witnesses, and given the highly fact-driven nature of the analysis that was required here, the costs order made by Wilkins J. must be restored.

### III. Conclusion

For the foregoing reasons, the appeal was dismissed from the bench with regard to damages and allowed only on the issue of costs. The trial judge’s award of solicitor-client costs at trial is restored. Each party is to bear its own costs in the Court of Appeal for Ontario and in this Court.

généralement accordés que s’il y a eu conduite répréhensible, scandaleuse ou outrageante d’une des parties ». La tentative infructueuse d’établir, selon la prépondérance des probabilités, l’existence de fraude ou de malhonnêteté n’amène pas forcément à conclure que la partie déboutée doit être tenue de verser des dépens avocat-client, étant donné que les tentatives de ce genre ne seront pas toutes considérées, à juste titre, comme une « conduite répréhensible, scandaleuse ou outrageante ». Toutefois, les allégations de fraude et de malhonnêteté sont graves et peuvent être fort dommageables pour ceux et celles qui sont accusés de supercherie. Lorsque, comme en l’espèce, une partie formule en vain de telles allégations au procès et qu’elle a accès à des renseignements qui lui permettent de conclure que l’autre partie a simplement fait montre de négligence et n’est coupable ni de malhonnêteté ni de fraude (comme l’a conclu le juge Wilkins), il convient d’accorder des dépens avocat-client : voir, d’une manière générale, M. M. Orkin, *The Law of Costs* (2<sup>e</sup> éd. (feuilles mobiles)), par. 219.

L’attribution de dépens ne doit être annulée en appel que si le juge de première instance a commis une erreur de principe ou si cette attribution est nettement erronée (*Duong c. NN Life Insurance Co. of Canada* (2001), 141 O.A.C. 307, par. 14). Je ne constate aucune erreur de principe de ce genre dans l’ordonnance du juge Wilkins et je suis incapable de conclure que l’attribution est nettement erronée. Vu la situation privilégiée dans laquelle le juge de première instance se trouve pour apprécier directement la crédibilité des témoins, et compte tenu de la nature éminemment factuelle de l’analyse requise en l’espèce, l’ordonnance du juge Wilkins relative aux dépens doit être rétablie.

### III. Conclusion

Pour les motifs qui précèdent, le pourvoi a été rejeté à l’audience relativement aux dommages-intérêts et accueilli uniquement en ce qui concerne la question des dépens. L’attribution de dépens avocat-client par le juge de première instance est rétablie. Chaque partie assumera ses propres dépens devant la Cour d’appel de l’Ontario et devant nous.

Federal Court of Appeal



Cour d'appel fédérale

Date: 20130430

Docket: A-92-13

Citation: 2013 FCA 117

Present: STRATAS J.A.

BETWEEN:

ATAUR RAHMAN

Applicant

and

PUBLIC SERVICE LABOUR RELATIONS BOARD and  
STEPHAN J. BERTRAND, ADJUDICATOR and  
ATTORNEY GENERAL OF CANADA

Respondents

**REASONS FOR ORDER**

**STRATAS J.A.**

[1] The respondents move to dismiss the applicant's application for judicial review for want of jurisdiction. Two bases are offered in support of this relief: the Federal Court has jurisdiction over this matter and the "main thrust in the application for judicial review relates to the decision of the adjudicator."

[2] This last-mentioned basis, by itself, is not a ground for striking an application for judicial review. In fact, almost all applications for judicial review relate to decisions. Only upon reading the written representations does it become clear what the basis is meant to be. The respondents submit that the application for judicial review is doomed to fail because reasonableness will be the standard of review and the applicant cannot possibly establish that the adjudicator's decision is outside of the range of acceptability and defensibility.

[3] Also apparent in the written representations is an alternate request for relief – the transfer of this matter to the Federal Court in the event that this Court does not have jurisdiction. This alternate request for relief should have appeared in the notice of motion.

[4] The purpose of a notice of motion is; (1) to provide the recipient with adequate notice of the order sought and the grounds for seeking the order; and (2) to tell the Court with exactitude what is being sought and why. In light of the foregoing, the notice of motion should have been drafted with more precision.

[5] It is open to this Court to dismiss the motion on the basis that a proper notice of motion is not before it, and to require the respondents to cure the deficiency and re-file the motion. Fortunately for the respondents, the applicant was able to file an adequate response, and so he has not suffered any prejudice. There is also an interest in dealing with this matter efficiently and promptly.

[6] The applicant is asking this Court to review a decision of an adjudicator acting under the *Public Service Relations Act*, S.C. 2003, c. 22. Such a decision may be reviewed only by the Federal Court, not this Court: *Beirnes v. Canada (Treasury Board)*, [1993] F.C.J. 970. This Court will exercise its discretion in favour of transferring this application for judicial review to the Federal Court under Rule 49.

[7] Since this Court has no jurisdiction over the matter, it does not have jurisdiction to deal with the respondents' submission that the application for judicial review should be quashed because it cannot succeed. That submission can be asserted by way of motion in the Federal Court. That Court will have to determine whether such a motion is the sort of "show stopper" or "knockout punch" of the exceptional sort that strikes at the root of this Court's power to entertain the appeal or the appellant's ability to prosecute the appeal any further, rather than something concerning the substantive merits of the appeal, akin to the sort of thing routinely advanced by respondents at the hearing of the appeal: see *David Bull Laboratories (Canada) Inc. v. Pharmacia Inc.*, [1995] 1 F.C. 588 (C.A.); *Donaldson v. Western Grain Storage By-Products*, 2012 FCA 286 at paragraph 6.

[8] In considering this motion, I disregarded the respondents' reply. The reply was improper in that it only repeated submissions made previously.

[9] Therefore, I shall order that the application for judicial review be transferred to the Federal Court. In the circumstances, the order will be without costs.

"David Stratas"

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J.A.

2002 FCT 150, 2002 CFPI 150  
Federal Court of Canada — Trial Division

Global Enterprises International Inc. v. "Aquarius" (The)

2002 CarswellNat 1726, 2002 CarswellNat 340, 2002 FCT 150, 2002 CFPI 150, 111 A.C.W.S. (3d) 1072

**GLOBAL ENTERPRISES INTERNATIONAL INC. (PLAINTIFF) AND THE OWNERS AND ALL OTHERS INTERESTED IN THE SHIPS AQUARIUS, SAGRAN AND ADMIRAL ARCISZEWSKI, THE SAID SHIPS AQUARIUS, SAGRAN AND ADMIRAL ARCISZEWSKI, THE SAID SISTERSHIPS AQUARIUS, SAGRAN AND ADMIRAL ARCISZEWSKI AND GRYF DEEP SEA FISHING COMPANY (DEFENDANTS) AND S.K. SHIPPING CO. LTD. (INTERVENOR)**

Nadon J.

Heard: October 22, 2001  
Judgment: February 8, 2002  
Docket: T-16-01

Counsel: *Mr. Peter Bernard*, for Plaintiff  
*Mr. Chris Giaschi*, for Intervenor  
*Mr. William Perrett*, for Caveator - Triton Marine

Subject: Civil Practice and Procedure; Public

MOTION by plaintiff for leave to amend claim and for payment of marshalling expenses from sale proceeds.

***Nadon J.:***

1 By Notice of Motion dated October 15, 2001, the plaintiff, Global Enterprises International Inc., seeks the following Orders:

[1]

(a) an Order granting the plaintiff leave to file a Supplemental Affidavit to correct the amount of its claim under the various headings contained in the Affidavit of Wayne Fallis filed July 11, 2001 ("Affidavit of Claim") and to include invoices for services provided to the defendant ships and/or their respective crew prior to April 24, 2001 but which were inadvertently excluded from the Affidavit of Claim and the Sheriff's Affidavit sworn September 20, 2001 ("Sheriff's Account").

(b) an Order for payment out from the sale proceeds of the vessels SAFRAN, AQUARIUS and ADMIRAL ARCISZEWSKI, presently held in trust, to the credit of the plaintiff for deemed marshall's expenses incurred during the period January 5, 2001 to April 23, 2001 in the following sums:

5. From my knowledge, this form of arrangement is typical for service providers in the Port of Vancouver. The port agent does not guarantee payment by its principals. It is the direct contracting party. When we entered into this agreement with CFI we had no funds on hand from Coltrane Trading Limited for the purpose of paying berth age [sic] nor a promise to send funds for berthage other than the understanding that they would pay berthage accounts which we rendered when they became due.

6. Now produced and shown to me and marked Exhibit "A" to this my affidavit is a copy of a typical statement of account received from CFI. It is addressed to Triton Ship Agency. We paid this account to CFI. We then invoiced Coltrane Trading Limited. Now produced and shown to me and marked as Exhibit "B" to this my affidavit is a copy of two of our invoices to Coltrane Trading Limited for the same period. The amount we invoiced our principal was \$250.00 per day for each vessel (i.e. the amount we were charged by CFI) and an addition 2.5 percent representing our handling and administrative charges. It is my understanding that this is a usual charge for port agents expending funds on their principal's behalf.

13 The arrangements made by Global Terminals with the wharf operator were obviously made prior to the arrest of the vessels. They were made in the normal course of the plaintiff's business activities, and were made at a time when the plaintiff fully believed that the shipowners were solvent and would meet their financial obligations.

14 It also appears that the aforesaid arrangements were not particular to these owners, but were arrangements which the plaintiff made with the majority of its clients. There is no doubt, in that context, that the plaintiff could make any arrangements acceptable to it and its clients. Consequently, the plaintiff could bill its clients according to the formula set out at paragraph 9 of Mr. Fallis' Affidavit of October 15, 2001.

15 However, the issue before me is not whether the plaintiff can claim its tariff rate from the owners of the vessels, but rather whether the amounts claimed are "reasonable costs and expenses" which will allow them to stand in priority as marshall's expenses. In my view, they are not.

16 It is not disputed that the costs and expenses incurred by the plaintiff in relation to berthage are costs and expenses made for the purpose of maintaining and preserving the vessels during their arrest. However, that does not settle the issue, as those costs and expenses must be "reasonable".

17 The plaintiff, in my view, is seeking to obtain not only the reimbursement of its "reasonable costs and expenses", but is seeking to obtain reimbursement of its profits. It is clear, and in fact it is not denied by the plaintiff, that the amounts that it is claiming include more than its actual costs and expenses. In my view, the "reasonable" cost of berthage is, on the evidence, the sum of \$250 per day per vessel charged by CFI to Global Terminals.

18 I note from the prothonotary's Order of March 26, 2001, that he refused to grant priority to the plaintiff in regard to its agency fees which, in his view, were in the interests of the plaintiff. The prothonotary then went on to state that the plaintiff could make arrangements for its agency fees with the person or entity appointed as ad hoc marshall at the time applications were made to sell the vessels. In his Affidavit of September 20, 2001, Mr. Jones, the acting sheriff, states that he retained Global Marine Services as agents for the vessels, for the sum of CDN \$5,000 per month, plus approved costs (to be shown by original invoices).

Court File No. T-2058-12

**FEDERAL COURT****BETWEEN:**

VOLTAGE PICTURES LLC

Plaintiff

- and -

JOHN DOE AND JANE DOE

Defendants

- and -

TEKSAVVY SOLUTIONS INC.

Appellant /  
Responding Party

- and -

SAMUELSON-GLUSHKO CANADIAN INTERNET POLICY  
AND PUBLIC INTEREST CLINIC

Intervener

**AFFIDAVIT OF ALEXANDER SARABURA**

(sworn July 17, 2015)

I, ALEXANDER SARABURA, of the City of Ottawa, in the Province of Ontario,  
MAKE OATH AND SAY:

1. I am an associate in the Ottawa office of Stikeman Elliott LLP, counsel for the Appellant/Responding Party, TekSavvy Solutions Inc. (TekSavvy).
2. I joined Stikeman Elliott in September 2014, and since that time have been involved in the carriage of this proceeding, working with Nicholas McHaffie, the partner at Stikeman Elliott who has overall carriage of the file. As such, I have knowledge of the matters hereinafter deposed to, except where such matters are stated to be based on information and belief, in which case I believe such information to be true.

### **Background to the Motion and Materials for the Motion**

3. TekSavvy brings this motion pursuant to Rule 351, seeking leave to file two documents for use on its motion appealing the Order of Prothonotary Aronovitch dated March 17, 2015 (the “Costs Order” and the “Costs Appeal”), namely the transcripts of two hearings before this Honourable Court (collectively, the “Transcripts”).

4. The first transcript that TekSavvy seeks leave to file (the “Costs Transcript”) is of the hearing before Prothonotary Aronovitch on December 8, 2014 (the “Costs Hearing”) that gave rise to the Costs Order under appeal.

5. The second transcript the TekSavvy seeks leave to file (the “*Norwich* Transcript”) is the transcript of the hearing of a Rule 238 motion brought by the plaintiff, Voltage Pictures LLC (Voltage) before Prothonotary Aalto on June 25, 2013 (the “*Norwich* Hearing”). The Order arising from the *Norwich* Hearing put in place the framework that lead to the Costs Hearing

6. The facts relevant to the within motion seeking leave to file the Transcripts are the same procedural facts that are raised on the Costs Appeal itself. These facts are set out in the documents filed in TekSavvy’s Motion Record on the Costs Appeal. As TekSavvy is requesting that the within motion be heard at the outset of the Costs Appeal, and to avoid unnecessary duplication and reproduction, TekSavvy has not reproduced those materials in its Motion Record for this motion, but rather has referenced the Costs Appeal Motion Record. Similarly, TekSavvy has not reproduced those cases cited in its Book of Authorities for the Costs Appeal in its Book of Authorities for the New Evidence Motion, but rather has referenced the Costs Appeal Book of Authorities. However, should the Court desire a separate and complete Motion Record and/or Book of Authorities from TekSavvy on this motion duplicating the relevant materials from the Costs Appeal Motion Record and/or Book of Authorities, TekSavvy would be pleased to prepare same.

### **The Motion is Unopposed**

7. Voltage, the party opposing TekSavvy on the Costs Appeal, does not oppose TekSavvy’s motion for leave to file the Transcripts. A copy of an email from Adam Weissman of Brauti Thorning Zibarras LLP, counsel for Voltage, to Nicholas McHaffie, dated July 7, 2015,

in which Mr. Weissman states “We won’t oppose your filing of the full official transcript” of the *Norwich* Hearing is attached hereto as **Exhibit A**.

8. Moreover, Voltage has cited the Costs Transcript as a document it intends to rely upon in its own appeal of the Costs Order. A copy of Voltage’s Notice of Motion for its appeal motion is attached hereto as **Exhibit B**.

9. The other parties to this proceeding are either unknown (in the case of the “Doe” Defendants) or are not involved in the Costs Appeal (in the case of the Intervener). Accordingly, the use of the Transcripts at the Costs Appeal is unopposed.

### **Provenance of the Transcripts**

10. With respect to both the *Norwich* Transcript and the Costs Transcript, counsel for TekSavvy obtained a copy of the Digital Audio Recordings (DARs) directly from the Court Registry. On or around July 8, 2015, counsel for TekSavvy instructed A.S.A.P. Reporting Services Inc. to prepare certified transcripts from the DARs. Electronic copies of the Transcripts were received on July 8, 2015 (in the case of the Costs Motion) and July 10, 2015 (in the case of the *Norwich* Hearing).

### **Availability of the *Norwich* Transcript**

11. An official transcript of the *Norwich* Hearing, which was held in June, 2013, could have been obtained prior to the Costs Motion. TekSavvy did obtain the DAR for the *Norwich* Hearing and created an “unofficial” transcript thereof in July 2013, and provided a copy of this unofficial transcript to counsel for Voltage. A copy of Mr. McHaffie’s e-mail to Mr. James Zibarras, counsel for Voltage, dated July 21, 2013, is attached hereto as **Exhibit C**.

12. Based on the contents of this unofficial transcript, Mr. McHaffie’s recollection of the submissions made at the *Norwich* Hearing (in particular Prothonotary Aalto’s indication that costs matters would be left for another day), the contents of the *Norwich* Order and Reasons for Order, and the parties’ written submissions for the Costs Motion, counsel for TekSavvy did not believe—and had no reason to believe—that the submissions made before Prothonotary Aalto at

- 4 -

the *Norwich* Hearing with respect to costs would be in issue on the Costs Motion. I am advised by Mr. McHaffie and believe that his understanding and recollection is the same.

13. In particular, given the nature of the discussion with Prothonotary Aalto at the *Norwich* Hearing, counsel for TekSavvy did not anticipate that whether costs of the *Norwich* Hearing itself had been requested at that hearing would be in issue at the Costs Motion. I am advised by Nicholas McHaffie, and believe, that he was therefore surprised when counsel for Voltage asserted at the hearing of the Costs Motion that TekSavvy had had an opportunity to request costs of the motion before Prothonotary Aalto, but had missed that opportunity.

14. Consequently, although a transcript of the *Norwich* Hearing could have been obtained and filed on the Costs Motion, there was no reasonably foreseeable necessity to do so.

SWORN BEFORE ME at the City of  
Ottawa in the Province of Ontario on  
July 17, 2015



Commissioner for taking oaths, etc.

*Ian Goodman*



ALEXANDER SARABURA

**From:** Adam Weissman <aweissman@btzlaw.ca>  
**Sent:** Tuesday, July 07, 2015 5:38 PM  
**To:** Nicholas McHaffie; James Zibarras; John Philpott  
**Cc:** dfewer@uottawa.ca; Alexander Sarabura  
**Subject:** RE: TekSavvy ats. Voltage

Nick,

Would you be able to forward us the official transcript?

We won't oppose your filing of the full official transcript but would like to see it prior to your materials being filed.

Yours Truly,

Adam N. Weissman  
Associate  
Brauti Thorning Zibarras LLP  
151 Yonge Street  
Suite 1800  
Toronto, ON M5C 2W7  
Dir: 416.306.5763 Cell: 647.501.6117 Fax: 416.362.8410

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**From:** Nicholas McHaffie [mailto:NMchaffie@stikeman.com]  
**Sent:** July-06-15 5:03 PM  
**To:** Adam Weissman; James Zibarras; John Philpott  
**Cc:** dfewer@uottawa.ca; Alexander Sarabura  
**Subject:** RE: TekSavvy ats. Voltage

Adam;

Following up on the below so that we can discuss any timing issues as necessary.

Regards,  
Nick McHaffie

**Nicholas McHaffie**  
Tel : (613) 566-0546  
[nmchaffie@stikeman.com](mailto:nmchaffie@stikeman.com)

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**From:** Nicholas McHaffie  
**Sent:** Thursday, June 25, 2015 12:30 PM  
**To:** 'Adam Weissman'; James Zibarras; John Philpott  
**Cc:** [dfewer@uottawa.ca](mailto:dfewer@uottawa.ca); Alexander Sarabura  
**Subject:** RE: TekSavvy ats. Voltage

Adam;

Federal Court  
of Appeal



CANADA

Cour d'appel  
fédérale

**Date: 20110112**

**Docket: A-390-10**

**Citation: 2011 FCA 10**

**Present: SHARLOW J.A.**

**BETWEEN:**

**SHIRE CANADA INC.**

**Appellant**

**and**

**APOTEX INC.**

**Respondent**

**REASONS FOR ORDER**

**SHARLOW J.A.**

[1] The parties do not agree on the contents of the appeal book. There are eleven contentious documents. Before me is a motion to determine the matter and, in the alternative, to grant the appellant Shire Canada Inc. (“Shire”) leave to present all but one of the contentious documents as new evidence on appeal.

**Procedural history**

[2] Cephalon Inc. (not a party to this case) claims to be the owner of Canadian patent number 2,201,967 relating to modafinil. Shire holds a notice of compliance permitting it to manufacture and sell in Canada a medicine named Alertec which contains modafinil as its medicinal ingredient.

Whether leave should be granted under Rule 351

[17] Generally, evidence will not be admitted on appeal unless it is credible, it is practically conclusive of an issue on appeal, and it could not with due diligence have been presented to the judge who made the order under appeal. It is rare that all three tests are satisfied.

[18] The Court has residual discretion, even if these three tests are not satisfied, to admit new evidence on appeal in the interest of justice, but that residual discretion is exercised only in the clearest of cases and with great care. In my view, there is nothing in this case that would warrant the exercise of that residual discretion.

[19] Shire is asking for leave to present, as new evidence on appeal, the 10 documents relating to the 2010 consolidation motion. Obviously, those documents did not exist before October of 2010 and therefore they could not have been placed before Justice Pinard.

[20] As I understand the position of Shire, it is that the consolidation motion materials comprise or contain credible evidence that addresses concerns expressed by Justice Pinard, and therefore they could have influenced the outcome. That is, according to Shire, factual statements have been made in support of the merits of the consolidation motion that would or could have led Justice Pinard to grant Shire's motion for leave to amend its statement of defence.

[21] I do not propose to try to explain exactly what facts are stated in the 2010 consolidation motion material that Shire argues should have been so compelling to Justice Pinard, because I find

2002 FCA 288  
Federal Court of Appeal

BC Tel v. Seabird Island Indian Band (Assessor of)

2002 CarswellNat 1697, 2002 CarswellNat 4555, 2002 FCA 288, [2002] 4 C.N.L.R. 1, [2002] F.C.J. No. 1032, [2003] 1 F.C. 475, 115 A.C.W.S. (3d) 915, 216 D.L.R. (4th) 70, 231 F.T.R. 159 (note), 292 N.R. 120

**Assessor for Seabird Island Indian Band, Appellant and BC Tel, Respondent**

Desjardins J.A., Linden J.A., Noël J.A.

Heard: May 29, 2002  
Judgment: July 9, 2002  
Docket: A-391-00

Proceedings: reversing (2000), [2000 CarswellNat 943](#), (sub nom. [BC Tel v. Seabird Island Indian Band](#)) [2000] 3 C.N.L.R. 16, (sub nom. [BC Tel v. Seabird Island Indian Band](#)) [2000] 4 F.C. 350, [2000 CarswellNat 3270](#), [192 F.T.R. 55](#) (Fed. T.D.)

Counsel: Gary Snarch, Fiona Anderson, for Appellant  
Ron Skolrood, J. Olynyk, for Respondent

Subject: Public; Property; Civil Practice and Procedure; Tax — Miscellaneous

**Related Abridgment Classifications**

For all relevant Canadian Abridgment Classifications refer to highest level of case via History.

**Headnote**

**Native law --- Reserves and real property — Transfer or disposition — Land surrendered to Crown**

Assessment of fibre optic cable system running across land in Indian reserve — Cable system is on land "in the reserve" within meaning of s. 83(1)(a) of Indian Act and is properly assessed by Indian band — There was no clear and plain intention to completely extinguish Aboriginal interest — Indian Act, R.S.C. 1985, c. I-5, ss. 35, 83(1)(a).

**Native law --- Practice and procedure — Evidence — General**

Assessment of fibre optic cable system running across land in Indian reserve — Interpretation of relevant order-in-council depended on contextual factors — New evidence admissible on appeal to avoid undue burden on scarce judicial resources and to permit complete record on appeal so as not to leave court in any doubt as to surrounding circumstances — Indian Act, R.S.C. 1985, c. I-5, s. 83(1)(a) — Federal Court Rules, 1998, SOR/98-106, R. 351.

The plaintiff corporation supplied telephone and telecommunication services. In 1994, the province of British Columbia granted the corporation a permit to construct, use and maintain poles and anchors along a highway. Using the permit, the corporation installed an aerial fibre optic cable system which was 8.4 kilometres long and strung on poles running alongside a highway. The highway cut across an island on an Indian reserve. The highway had been established pursuant to a 1956 order-in-council (the Seabird Order) by the Canadian Privy Council. The Seabird Order consented to the taking of the lands and the transfer of the administration and control of the lands to the province for road purposes. The telephone poles were present because of an easement granted in 1961. Pursuant to assessment and taxation by-laws enacted under s. 83(1)(a) of the Indian Act, the Indian band taxed the corporation in 1997 and 1998 for use of the reserve land. The corporation contended that the cable system was exempt because it was not on land "in the reserve" within the meaning of s. 83(1)(a) of the Act.

Highway corridor is no longer "in the reserve" within the meaning of s. 83(1)(a)? If so, did the land upon which the fibre optic cable system lies cease to be used for road purposes and, therefore, revert back to the Band and become, once again, "in the reserve" within the meaning of s. 83(1)(a)?

## VI. Analysis

### A. The Motion to Introduce New Evidence on Appeal

26 As mentioned above, the appellant made a motion at the hearing to introduce new factual evidence on appeal. Rule 351 of the *Federal Court Rules, 1998* reads:

351. New evidence on appeal - In special circumstances, the Court may grant leave to a party to present evidence on a question of fact.

Because this motion impacts directly upon the facts before this Court, it is appropriate to deal briefly with it at the outset of the analysis.

27 In its motion, the appellant sought to adduce new evidence that, despite the provisions of the B.C. *Highway Act, supra*, a part of the Lougheed Highway rests on lands that are leased, originally from Canadian Pacific Limited and now from Her Majesty the Queen in right of Canada. According to the appellant, the fact that the province of British Columbia constructed and now maintains the Lougheed Highway on leased lands conclusively rebuts the Appeals Judge's finding and respondent's argument that, under B.C. law, a fee simple was absolutely necessary to construct and maintain a major highway.

28 Generally, new factual evidence can be considered by an appellate court if it could not have been discovered earlier through reasonable diligence, is practically conclusive of an issue on appeal and, of course, is credible (*Amchem Products Inc. v. British Columbia (Workers' Compensation Board)*, [1992] S.C.J. No. 110 (S.C.C.) at para. 6 (Q.L.); *Frank Brunckhorst Co. v. Gainers Inc.*, [1993] F.C.J. No. 874 (Fed. C.A.) at para. 2 (C.A.) (Q.L.)). I have no reason to be suspicious of the credibility of this evidence, which the respondent has not made an issue. I am also persuaded that all parties were entirely unaware of this evidence at the time of the trial, and it could not have reasonably been discovered earlier than it was. The only question is whether the evidence is practically conclusive.

29 As Sharlow J.A. explained in *Chippewas of Nawash First Nation v. Canada (Minister of Fisheries & Oceans)*, 2002 FCA 22 (Fed. C.A.) at para. 20, one must enquire whether the evidence "could reasonably be expected to affect the result of the trial". I do not take this statement to mean that it is necessary for the evidence to have determined or changed the result of the trial, but rather that it likely would have influenced the decision. In this case, one of the central issues is whether or not a complete extinguishment of the aboriginal interest in the land was necessary to fulfill the public purpose of constructing and maintaining the Lougheed Highway. The evidence sought to be introduced would establish the fact that a leasehold interest, as opposed to full and absolute ownership of the land, was and is sufficient for that purpose. To me, it is clearly reasonable to expect that evidence of this fact would have affected the Appeal Judge's finding, at para. 30, that "[t]he Court is not convinced, however, that anything less than a fee simple interest, in 1956, could allow a province to build and maintain one of its major highways." It is impossible to say for certain whether this would have changed the outcome of the case, but I have no doubt that, on the correct legal analysis, this evidence would have been valuable and influential, and "could reasonably be expected to affect the result of the trial" (*Chippewas, supra* at para. 20).

30 Moreover, even if the appellant had failed to satisfy the three-prong test set out above, it is well settled that this Court retains an overriding discretion to admit new evidence nevertheless. This discretion may be exercised to avoid an undue burden on scarce judicial resources and "permit a complete record on the appeal so as not to leave the Court in any doubt as to the surrounding circumstances" (*Glaxo Wellcome plc v. Minister of National Revenue*, [1998] F.C.J. No. 358 (Fed. C.A.) at para. 12 (C.A.) (Q.L.); see also *Amchem, supra* at para. 7).

31 In my view, this is also a situation where this Court should exercise that discretion. The factual background in this appeal is somewhat deficient, and the interpretation of a nearly fifty-year-old document depends in large part upon the contextual

factors that may shed light on its enactment. In fact, the respondent itself argues that this case turns on the contextual factors that surround the grant of land in the Order. It would undoubtedly be valuable to have before this Court the fullest version of the facts, circumstances and events possible in order to facilitate our interpretive task.

32 Therefore, the appellants motion to adduce this evidence is granted, with costs in the cause.

### **B. The Interpretive Framework: Osoyoos**

33 I begin the legal analysis by setting out a framework with which to approach these issues. To that end, it is helpful to discuss in some detail the recent decision of the Supreme Court of Canada in *Osoyoos*, *supra*. In that case, Iacobucci J., writing for the majority, held that the Osoyoos Order, which contained terms virtually identical to the Seabird Order, granted less than a fee simple interest and, therefore, an irrigation canal was still "in the reserve". Iacobucci J. did not dispute that, if necessary, full ownership of land could be taken pursuant to s. 35 of the *Indian Act*, *supra*. However, the pith of the majority's judgment was that if either full ownership of the land or something less than that are equally capable of fulfilling the public purpose for which the land was taken, and the Order in Council is ambiguous, then the interpretation least intrusive to the Band's interest should be preferred. Gonthier J., writing for the minority, thought that s. 35 allowed for the expropriation of full ownership of land. Since full ownership was reasonably required for irrigation canal purposes and, in his view, the Osoyoos Order was unambiguous, full ownership was thereby granted.

34 At least two overarching themes that arise in the context of dealings with an aboriginal interest in reserve land influence the result of this appeal.

35 The first overarching principle, accepted by all Justices of the Supreme Court of Canada, is that the Crown owes a fiduciary duty to the band when it participates in removing land from a reserve. Therefore, in the context of s. 35 of the *Indian Act*, the Crown ought to reconcile the public's interest and the band's interest by consenting to transfer only the minimum land required to fulfill the public purpose (*Osoyoos*, *supra* at paras 47, 51-55). Gonthier J., for the minority, was of the view that the fiduciary obligation in *Osoyoos* did not include a duty to preserve the band's taxation jurisdiction because, as in this case, the power to tax came into effect after the enactment of the Osoyoos Order (*ibid.* at 135). However, I do not take this as detracting significantly from the Crown's duty to impair aboriginal interests in reserve land to the minimum extent possible.

36 Notably, both Iacobucci J. and Gonthier J. cited La Forest J. in *Mitchell v. Sandy Bay Indian Band*, [1990] 2 S.C.R. 85 (S.C.C.) at 143, where he said:

... it is clear that in the interpretation of any statutory enactment dealing with Indians, and particularly the Indian Act, it is appropriate to interpret in a broad manner provisions that are aimed at maintaining Indian rights, and to interpret narrowly provisions aimed at limiting or abrogating them....

At the same time, I do not accept that this salutary rule that statutory ambiguities must be resolved in favour of the Indians implies automatic acceptance of a given construction simply because it may be expected that the Indians would favour it over any other competing interpretation. It is also necessary to reconcile any given interpretation with the policies the Act seeks to promote.

Thus, enactments aimed at abrogating Indian rights should be interpreted as narrowly as possible, within the limits inferred from surrounding and underlying policy considerations. This seems to me to be an incontrovertible proposition and, not surprisingly, widely accepted.

37 The second theme to bear in mind is that an aboriginal interest in reserve land is *sui generis* in nature (*Osoyoos*, *supra* at paras. 41-47 per Iacobucci J.). It is fundamentally similar to aboriginal title, as both are inalienable except to the Crown, both are rights of use and occupation and both are held communally. Therefore, traditional common law principles related to real property may not be helpful to give effect to the true purpose of a dealing related to reserve land (*ibid.* at para. 43). It is also important to note that an Indian band cannot unilaterally add to or replace reserve lands (*ibid.* at para. 45), and that an aboriginal interest in land is more than just a fungible commodity because of important and unique cultural values (*ibid.* at para.

Federal Court  
of Appeal



Cour d'appel  
fédérale

**Date: 20100519**

**Docket: A-90-10**

**Citation: 2010 FCA 128**

**Present: SHARLOW J.A.**

**BETWEEN:**

**R. MAXINE COLLINS**

**Appellant**

**and**

**HER MAJESTY THE QUEEN**

**Respondent**

**REASONS FOR ORDER**

**SHARLOW J.A.**

[1] The appellant R. Maxine Collins is appealing a judgment of the Federal Court granting the Crown's motion to dismiss her action for damages on the basis that her pleadings do not disclose a reasonable cause of action (2010 FC 254). The preparation of the appeal for hearing has progressed to the point where the appeal book has been filed. However, Ms. Collins wishes to supplement the appeal book by filing a transcript of the proceedings in the Federal Court. She ordered and received a copy of a transcript but she has concluded that in certain respects the copy sent to her did not conform to the proceedings as she recalled them. She has moved for an order extending the time for filing the transcripts, requiring the court reporter to deliver to this Court a copy of the original recording of the hearing "for safekeeping", and for ancillary relief. She originally sought "listening

access” to the recording but has withdrawn that request for reasons stated in her letter to the Court dated May 18, 2010. For the reasons that follow, I have concluded that the motion must be dismissed except in relation to the extension of time.

[2] A motion to dismiss an action for failure to disclose a reasonable cause of action is based only on the pleadings. The Federal Court convened a hearing to consider the arguments for and against the motion, but the hearing was not a trial and no oral evidence was presented at the hearing. Although the hearing was recorded, a transcript of that recording would disclose only the legal submissions made by the parties and any discussion that might have occurred in the course of the hearing. Generally, information about the parties’ oral submissions or discussions between counsel and the judge at a hearing on a motion is irrelevant on appeal because it cannot assist this Court in determining whether the grounds of appeal are well founded.

[3] However, there is an exception to that general rule. If it is alleged on appeal that there was a breach of procedural fairness in a hearing and that the transcript of the legal submissions or discussions at the hearing provides evidence of that breach, the transcript may be relevant on appeal. In such a case, if there is also a credible allegation that the transcript is incorrect in the sense that it does not correctly represent what was said at the hearing, there may be a basis for requiring the original recording to be produced. The purpose of such an order would be to determine what was said at the hearing in relation to the issues that must be decided on appeal.

[4] Thus, the motion of Ms. Collins for production of the recording may be granted if two conditions are met. First, I must be satisfied that a correct representation of what was said at the hearing is necessary to support the validity of a ground of appeal. Second, I must be satisfied that the transcript provided to Ms. Collins does not correctly represent what was said at the hearing in relation to that ground of appeal.

[5] The notice of appeal states the following grounds of appeal:

- a. Failing to comply with the common law rules of procedural fairness in accepting the Defendant's Amended Amended Motion to Strike with content which was in direct violation of a court order restricting the amendments.
- b. Failing to comply with the principle of public accessibility as reaffirmed in Rule 29(1)(2) of the *Federal Courts Rules* in prohibiting the Plaintiff from making oral arguments on procedural fairness with respect to the Defendant's Amended Amended Motion to Strike.
- c. Issuing a decision in which the omissions and misstatements are of sufficient significance to constitute censorship in the public reporting of the hearing.
- d. Issuing a decision including a statement of fact that was not part of the Plaintiff's submissions which, given the stage of the proceedings, constituted further unauthorized disclosure by federal institutions of the Plaintiff's personal information.
- e. Failing to comply with the common law rules of procedural fairness by advising counsel for the Defendant of an argument with respect to jurisdiction and the Plaintiff's former status as an employee which argument was not included in the Defendant's motion to strike.
- f. Exhibiting a reasonable apprehension of bias against the Plaintiff.
- g. Wrongly construing the Plaintiff's action as grounded upon breach of a statute rather than the tort of negligence.
- h. Wrongly construing the arguments of the Plaintiff requesting consideration of the action as a novel negligence claim based solely on statute and being a progression of: [1] unauthorized access as a criminal offence under subsection 239(2.2) of the Income Tax Act [ITA], [2] a general and planned policy of failing to enforce a criminal offence provision enacted for the purpose of deterrence of the criminal offences referenced in [1], and [3] the lack of

2003 FC 1229, 2003 CF 1229  
Federal Court

Apotex Inc. v. Wellcome Foundation Ltd.

2003 CarswellNat 3299, 2003 CarswellNat 4174, 2003 FC 1229, 2003 CF 1229, [2003] A.C.F.  
No. 1551, [2003] F.C.J. No. 1551, 126 A.C.W.S. (3d) 691, 241 F.T.R. 174, 29 C.P.R. (4th) 489

**Apotex Inc., Plaintiff and The Wellcome Foundation  
Limited and Glaxosmithkline Inc., Defendants**

von Finckenstein J.

Heard: October 14, 2003  
Judgment: October 21, 2003  
Docket: T-1686-01

Counsel: *Mr. David E. Lederman*, for Plaintiff  
*Ms Allyson White Nowak*, for Defendants

Subject: Intellectual Property; Civil Practice and Procedure; Property

**Related Abridgment Classifications**

For all relevant Canadian Abridgment Classifications refer to highest level of case via History.

**Headnote**

**Judges and courts --- Other officers of court — Prothonotary (Quebec)**

Resultant of proceedings commenced by defendants under Patented Medicines (Notice of Compliance) Regulations, Minister was prohibited from issuing notice of compliance to plaintiff pharmaceutical company in respect of certain drug — Plaintiff was prohibited from marketing drug due to Minister's inability to issue notice of compliance — Defendants' motion was later dismissed and notice of compliance was issued to plaintiffs — Plaintiff commenced action pursuant to s. 8 of Regulations for damages incurred resultant of "patent hold" — Plaintiff moved unsuccessfully before prothonotary for order requiring defendants to produce further and better affidavit of documents — Plaintiff brought motion for appeal of order dismissing plaintiff's motion for further and better affidavit of documents — Appeal allowed in part — Order of case-management prothonotary familiar with proceedings should not be interfered with unless judicial discretion was misapplied — Prothonotary erred in concluding that plaintiff failed to produce compelling evidence that relevant documents existed and were not disclosed — Plaintiff had to show sufficient or persuasive evidence that documents existed but had not been disclosed — Although no new evidence could be admitted upon hearing appeal from prothonotary, documents constituting part of public record could be considered.

**Intellectual property --- Patents — Miscellaneous issues**

Resultant of proceedings commenced by defendants under Patented Medicines (Notice of Compliance) Regulations, Minister was prohibited from issuing notice of compliance to plaintiff pharmaceutical company in respect of certain drug — Plaintiff was prohibited from marketing drug due to Minister's inability to issue notice of compliance — Defendants' motion was later dismissed and notice was issued to plaintiffs — Plaintiff commenced action pursuant to s. 8 of Regulations for damages incurred resultant of "patent hold" — Plaintiff moved unsuccessfully before prothonotary for order requiring defendants to produce further and better affidavit of documents — Plaintiff brought motion for appeal of order dismissing plaintiff's motion for further and better affidavit of documents — Appeal allowed in part — Common business practice indicated that defendants failed to disclose existence of all documents regarding corporate relationship between predecessor and successor patent-holding companies relevant to proceedings — Plaintiff did not establish sufficient evidence to support

8 In this case, Prothonotary Lafrenière applied the wrong principle when he concluded that the plaintiff had failed to provide compelling evidence that relevant documents existed and had not been disclosed. The requirement of compelling evidence, in my view, raises the barrier too high. An order for further production will be warranted where the requesting party produces sufficient or persuasive evidence that documents exist and have not been disclosed (*Bow Helicopters v. Textron Canada Ltd.* (1981), 23 C.P.C. 212 (Ont. Master); *Liebmann v. Canada (Minister of National Defence)* (1994), 87 F.T.R. 154 (Fed. T.D.).)

### Issue 2

9 Reference was made by counsel in argument before Prothonotary Lafrenière to the decision of Prothonotary Aronovitch in *Apotex Inc. v. Merck & Co.*, T-411-01. However neither the notice of motion nor the affidavit was placed before the Court during the proceedings. Prothonotary Lafrenière made no reference to the *Merck* decision in his order.

10 It has been established that no new evidence should be admitted by the Court when hearing an appeal from a Prothonotary (*James River Corp. of Virginia v. Hallmark Cards Inc.*, [1997] F.C.J. No. 152 (Fed. T.D.) at paras. 31-32). However, I do not think that this prevents the Court from taking into consideration documents that are part of the public record. In this case both the pleadings and the affidavits are public documents. Consequently they can be taken into consideration by this Court.

### Issue 3

11 In *Merck*, discussed above, the plaintiff sought damages allegedly caused by unsuccessful prohibition proceedings brought against it by the defendants pursuant to the Regulations. The basis to the motion heard by Prothonotary Aronovitch was that the defendants, a foreign parent company and its Canadian subsidiary, had failed to disclose internal documentation related to their corporate relationship. In addition, it was alleged that the defendants had failed to disclose their communications with the government regarding the scope and applicability of the Regulations to the drug in question. Prothonotary Aronovitch ordered the defendants to produce further and better affidavits of documents which addressed these two deficiencies. No reasons were provided in her judgment.

12 The near identical nature of the *Merck* case and this case is striking. This case also involves an application for damages due to unsuccessful prohibition proceedings. The plaintiff has brought a motion for further disclosure of documents relating to the relationship of a parent and subsidiary company. In addition, there exists the possibility that the defendants have been in communication with the government regarding the applicability of the Regulations to the drug acyclovir. It is not surprising that the affidavits and notice of motion in this case and the *Merck* case are largely identical.

13 Prothonotary Aronovitch's order required the defendants in the *Merck* case to disclose the following documents in their possession, custody or control related to their corporate relationship for the years 1993-1998:

- a) SEC 10K filings
- b) an organizational chart outlining the reporting lines between the defendants with respect to sales, manufacturing and administration
- c) any documents exchanged by the defendants with respect to
  - an application for an NOC for the drug in question,
  - any arrangement to produce or acquire the drug in question,
  - the time when the subsidiary would be able to list the parent company's patents on a patent list submitted in respect of an NOC application for the drug in question,
  - whether the subsidiary would seek a prohibition order regarding the drug after having received the plaintiff's Notice of Allegation

1992 CarswellBC 363  
British Columbia Court of Appeal

Armstrong v. Armstrong

1992 CarswellBC 363, [1993] B.C.W.L.D. 314, [1993] W.D.F.L. 208, 21 B.C.A.C.  
133, 37 W.A.C. 133, 37 A.C.W.S. (3d) 703, 44 R.F.L. (3d) 141, 74 B.C.L.R. (2d) 273

**THOMAS CLARK ARMSTRONG v. PAMELA ELISE ARMSTRONG**

McEachern C.J.B.C, Seaton and Proudfoot JJ.A.

Heard: November 19, 1992  
Judgment: December 17, 1992  
Docket: Doc. Victoria V01559

Proceedings: reversed *Armstrong v. Armstrong* ([November 14, 1991](#)), [Doc. Victoria 5939/23389](#) (B.C. S.C.)

Counsel: *Dalmar F. Tracy*, for appellant.  
*Patricia M. Arthur*, for respondent.

Subject: Family; Property; Civil Practice and Procedure

**Related Abridgment Classifications**

For all relevant Canadian Abridgment Classifications refer to highest level of case via History.

**Headnote**

**Family Law --- Family property on marriage breakdown — Matrimonial home — Determination of share of ownership — Under matrimonial property legislation — British Columbia**

**Family Law --- Family property on marriage breakdown — Order for division of property — Order for payment — Order regarding pensions — General**

**Practice --- Practice on appeal — Powers and duties of appellate Court — Evidence on appeal — New evidence**

Family law — Matrimonial property — Valuation — Particular assets — Pensions — Trial judge ordering each spouse to retain his or her own pension without appropriate evidence as to value of pensions — Trial judge effectively ordering unequal division of assets without finding equal division unfair — Appeal court accepting fresh valuation evidence and dividing pensions according to "Rutherford" formula.

Family law — Matrimonial property — Orders for division — Compensation — Trial judge dividing family assets erring by awarding wife compensation for property taxes and utility payments made while wife occupied matrimonial home and husband rented other accommodation — Payments in question properly for wife's account.

Civil procedure — Appeals — Evidence on appeal — Test of due diligence not applying to introduction of fresh evidence made necessary by trial judge's approach to issue at trial and where justice and fairness requiring admission of evidence.

Family law — Matrimonial property — Orders for division — Means of effecting division — Trial judge ordering each spouse to retain his or her own pension without appropriate evidence as to value of pensions — Trial judge effectively

## Errors in Judgment

15 The appellant's factum sets these out as follows:

1. The learned trial Judge erred in ordering that Mr. Armstrong and Ms. Hope each keep their respective rights to the pension he or she had earned through employment; and
2. The learned trial Judge erred in ordering that Ms. Hope receive a credit totalling \$10,000 from the proceeds of sale of the Gladstone residence for reducing the principal owing on the mortgage and for paying property taxes and water charges during her exclusive occupancy.

## Fresh Evidence

16 At the opening of this appeal, counsel for the appellant applied to introduce fresh evidence. The fresh evidence related to the valuation of the pensions. The court followed the usual practice and heard argument on the application and then reserved its decision as to whether or not this fresh evidence would be admitted.

17 Rule 24 gives this court a broad discretion with respect to the granting or dismissal of an application to adduce fresh evidence. Mr. Justice Hinds in *Tataryn v. Tataryn Estate* (November 26, 1992), Docs. Vancouver CA014075, CA014079 (B.C.C.A.), said at p. 13 with reference to an application of this type:

The party seeking to adduce fresh evidence has the burden of establishing that all reasonable diligence was used to find all the evidence prior to the trial. Moreover, the party seeking to adduce the fresh evidence should show that the fresh evidence, if accepted as true, would probably be conclusive of the appeal.

Mr. Justice Hinds then went on to deal with the question of whether the appellant used due diligence in that particular case.

18 In the case at bar, this question of due diligence must be approached from a somewhat different perspective. There is no doubt that this evidence could have been made available for the trial. Certain passages from the transcript, however, give a reasonable explanation as to what occurred at the time and why this evidence was not available at trial when dealing with the matter of pensions. What initially seemed to be the very clear position of both parties developed into a somewhat different position, taken by the respondent in particular. That is evident from the transcript.

19 The transcript would indicate that both parties asked for a valuation date only. That, in my view, is clear from the following excerpts:

MR. TRACY: The issues are, one, the valuation date for the parties' pensions. *My friend and I are agreed that there will have to be a deferred split.* I believe my friend will be taking the position that the date of separation should be the date for an enumerator to be fixed, and I will be taking the position that it's today's date. And I should mention at this point in time that there has been no triggering event, that any triggering event will have to arise either today or tomorrow or at your lordship's convenience.

MR. TRACY: No. *Neither my friend nor I have sought any formal actuarial values,* more or less on the understanding that if it came to today we would have to have a deferred division. I believe my friend and I can work out the terms. My friend is certainly aware of most of the terms that I ask be ordered as a split, and with respect, I think most of them follow as a matter of course and some of them are included in a number of judgments —

THE COURT: But my question is really basic and mechanical, okay? No great insight. *Is all you want out of me the date that should be used and then you people take over, or are you going to want more?*

MR. TRACY: *Yes, that's correct. Valuation dates on the pensions.* (My emphasis.)

Counsel for the respondent offered no opposition to anything that was being said by appellant's counsel.

20 The position, in my view, was stated quite clearly.

21 This is confirmed when, subsequently, counsel for the respondent in her opening statement agreed with this position:

*... and as my friend told you yesterday, we are not asking you to do anything about valuing the pensions held by the Petitioner at UBC or by the Respondent at B.C. Teacher's — with B.C. Teachers, but I will be making an application that pursuant to Section 51 of the Family Relations Act, the valuation date should be the date of separation rather than the date of trial [trial] ... (My emphasis.)*

22 It is clear from those excerpts that the only issue before the court was the determination of the valuation date. Was it to be the date of the separation as per the respondent's position, or was it the date of trial, as per the appellant's position?

23 If the approach to be taken was to have a deferred splitting of each pension in favour of the other (in other words, the "Rutherford formula" was to be applied), it was not necessary to obtain valuations: see *Rutherford v. Rutherford*, 30 B.C.L.R. 145, [1981] 6 W.W.R. 485, 23 R.F.L. (2d) 337, 127 D.L.R. (3d) 658. This is normally a costly exercise and would not be necessary. Valuations would normally be obtained if there was sufficient cash for a buyout or there might be other assets that can be set off. Apparently such was not the case at bar.

24 Having read substantial portions of the transcript, I perceive that what seems to have occurred was that the trial judge introduced the aspect of each party retaining his or her own pension. There are several references in the transcript that support that conclusion, although appellant's counsel tried on several occasions to dissuade the trial judge of that approach. He was unsuccessful. The trial judge, ultimately without the benefit of evidence that the pensions were approximately of equal value, ordered each party to retain his or her pension. Appellant's counsel did attempt to point out that with the facts before the court it could not be inferred that the pensions would be approximately equal; however, this argument was not accepted by the trial judge.

25 The appellant today has obtained valuations. He presents a report from Discovery Economic Consulting dated October 29, 1992 which was prepared by economist John Geoffrey Young. He tenders the report only to demonstrate that the order made by the trial judge was clearly unfair and unjust.

26 I return now to the application to admit fresh evidence. The appellant argues that given the nature of the asset, the positions taken by the parties when they embarked upon this trial, the cost involved in obtaining this evidence, and the significant fact that it would likely be necessary in the circumstances, any finding of lack of due diligence really has no application. I agree with that argument considering the peculiar circumstances of this case. I also agree that the interests of justice and fairness would not be met if this evidence were not admitted.

27 In the circumstances of what occurred at this trial, and indeed, the fact that this information will have a significant impact on the outcome, the appellant has discharged the onus placed upon him in an application of this type. The court will exercise its discretion in favour of the appellant and have the fresh evidence admitted. The interests of justice and fairness would not be met if we were to do otherwise.

### **Pension Plans**

28 I deal then with the order of the trial judge that each party retain his or her own pension. The trial judge correctly decided that the pensions were family assets. Section 43 of the *Family Relations Act*, R.S.B.C. 1979, c. 121, then provides for an equal division. There could be an unequal distribution only if an equal division was unfair in light of the criteria in s. 51. The trial judge concluded that each pension "will be roughly the same" and that the pensions will "offset one another" (although there was no evidence to support either of those propositions), and ordered that each party retain his or her own pension.

29 In the case of *Morgan v. Morgan* (1985), 45 R.F.L. (2d) 462 (B.C.C.A.), the same approach taken by the trial judge was found to be in error by this court. The court concluded that proceeding without evidence created a potential for an injustice