

Trade Secrets

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1. WHAT IS A TRADE SECRET?

A trade secret is a kind of information that, thanks to its confidentiality, has commercial value and can be protected from misuse or misappropriation under the common law, contract law, or property law. In the province of Quebec, trade secrets are protected under the Quebec *Civil Code*² Trade secrets are protected by obligations of confidence that, when breached, give rise common law causes of action including torts relating to the breach of confidence, breach of a duty of good faith, breach of fiduciary obligation and unjust enrichment. Protection under contract law arises from express or implied contractual obligations relating to confidential information. Such contractual obligations may arise in commercial transactions, employment contracts, license agreements, research and development agreements, or tech or “know how” transfer agreements.

Unlike virtually all other intellectual property rights in Canada which are statute-based (patents, copyright, registered trade-marks, plant breeders rights, industrial designs, integrated circuit topographies), Canada is without a “*Trade Secrets Act*”. However, trade secrets are referenced in a limited manner or in a specific context in a number of Canadian statutes including, for example, the *Access to Information Act*¹, the *Freedom of Information and Protection of Privacy Act*,² and the *Civil Code of Quebec*.³

The Supreme Court of Canada, in *Merck Frosst Canada Ltée c. Canada (Ministre de la Santé)*,³ defined a trade secret as a subset of confidential commercial information as follows:

A “trade secret” for the purposes of s. 20(1) of the [Access to Information] Act should be understood as being a plan or process, tool, mechanism or compound which possesses each of the four characteristics set out in the Guidelines which I have quoted above. This approach is consistent with the common law definition of “trade secrets” and takes account of the clear legislative intent that a trade secret is something different from the broader category of confidential commercial information which is separately and specifically protected under the Act.⁴

Health Canada’s *Access to Information Act — Third Party Information — Operational Guidelines* were:

1. the information must be secret in an absolute or relative sense (i.e. known only by one or a relatively small number of persons);
2. the possessor of the information must demonstrate that he has acted with the intention to treat the information as secret;
3. the information must be capable of industrial or commercial application;
4. the possessor must have an interest (e.g. an economic interest) worthy of legal protection.⁵

Although the *Civil Code of Quebec*⁴ contains two articles relating to trade secrets, no definition of what constitutes a trade secret is provided:

- Article 1472: A person may free himself from his liability for injury caused to another as a result of the disclosure of a trade secret by proving that considerations of general interest prevailed over keeping the secret and, particularly, that its disclosure was justified for reasons of public health or safety.
- Article 1612: The loss sustained by the owner of a trade secret includes the investment expenses incurred for its acquisition, perfection and use; the profit of which he is deprived may be compensated for through payment of royalties.

² Arts 1472, 1612 CCQ.

¹ R.S.C. 1985, c. A-1, s. 20(1).

² R.S.O. 1990, c. F-13, ss. 17 and 18.

³ *Civil Code of Quebec* (S.Q., 1991, c. 64).

³ 2012 SCC 3 (S.C.C.).

⁴ *Ibid.*, at para. 109.

⁵ *Ibid.*, at para. 109.

⁴ *Civil Code of Quebec* (S.Q., 1991, c. 64) Articles 1472 and 1612.

While Parliament has not provided a uniform definition of trade secrets, an informative definition is provided in subsection 1(4) of the United States *Uniform Trade Secrets Act* (with 1985 amendments):

(4) “Trade secret” means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
- (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Another definition is provided in the *North American Free Trade Agreement* (NAFTA) which states:

1. Each Party shall provide the legal means for any person to prevent trade secrets from being disclosed to, acquired by, or used by others without the consent of the person lawfully in control of the information in a manner contrary to honest commercial practices, in so far as:

- (a) the information is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons that normally deal with the kind of information in question;
- (b) the information has actual or potential commercial value because it is secret; and
- (c) the person lawfully in control of the information has taken reasonable steps under the circumstances to keep it secret.⁶

Requirements for the protection of trade secrets as intellectual property in Canada can be found in the *TRIPS* agreement with reference to the protections provided for “undisclosed information”.⁷ The *TRIPS* agreement recognizes that select types of confidential information are worthy of protection:

2. Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices so long as such information:

- (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- (b) has commercial value because it is secret; and
- (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

While aspects of these international definitions of trade secrets have been adopted sporadically by Canadian Courts, we remain without a clearly adopted, uniform definition.

Canadian jurisprudence relating to trade secrets is relatively limited compared to other jurisdictions. As such, causes of action at common law and applicable remedies continue to evolve and can be influenced by the jurisprudence of other common law jurisdictions such as the United Kingdom and the United States.

2. THE THREE PREREQUISITES FOR PROTECTION OF CONFIDENTIAL INFORMATION OR TRADE SECRETS

The test for whether there has been a breach of confidence or misappropriation of trade secrets has three elements:

- 1 the information conveyed was confidential;
- 2 the information was communicated in confidence, and;
- 3 the information was misused by the party to whom it was communicated.⁸

The obligation of confidence is not limited to contract,⁹ equity or property.

⁶ *North American Free Trade Agreement*, ch. 17, article 1711(1).

⁷ *Agreement on Trade-Related Aspects of Intellectual Property Rights*, April 15, 1994, s. 7, art. 39(2) (Annex 1C of the *Marrakesh Agreement Establishing the World Trade Organization*, signed in Marrakesh Morocco).

⁸ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at p. 47; quoted with approval by La Forest J. in *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) at p. 101.

The foundation of the action for breach of confidence does not rest solely on one of the traditional bases for action of contract, equity or property. The action is sui generis relying on all three to enforce the policy of the law that confidences be respected . . .¹⁰

2.1 Information conveyed was confidential — there must be a trade secret

A central requirement for information to be considered a trade secret, or otherwise confidential and protectable under the common law, is that the information is actually secret. Something that is public property and public knowledge cannot provide any foundation for proceedings for breach of confidence.¹¹

The right to confidentiality expires when the secret is made public. Or, put another way, a secret is only a secret so long as it is a secret:

It is trite to state that a secret once disclosed is no longer a secret.¹²

Trade secret owners can take precautionary measures that not only protect confidential information but also help to establish that the information constitutes a legally protectable trade secret. Such precautionary measures include physically securing documents, marking materials as “confidential”, limiting knowledge to a select group of employees on a “need to know” basis, and requiring non-disclosure agreements with third parties.⁵

If information is disclosed by its owner, or otherwise with the owner’s permission, in such a manner that it becomes available to the public, it is no longer a secret and is no longer protectable as a trade secret.¹³ Information even if once confidential, when disclosed by sale, advertising or public promotion, publication in a patent document¹⁴ or otherwise made available, is no longer a trade secret.

Unless there is some contractual agreement to the contrary, the duty to maintain confidentiality usually ends when the owner of the trade secret (the person to whom the duty of confidentiality is alleged to be owed) makes public what was the trade secret.¹⁵

2.1.1 Ownership/Creation

The owner of the confidential information must have either created it or acquired it from someone else.

Despite its potential value, usefulness and uniqueness, whether trade secrets, or more generally confidential information, are considered “property” in Canada remains somewhat unsettled. Whether confidential information or trade secrets will be considered property still requires a contextual analysis, and may be judged on a case by case basis.

Some consider it to be property because it can be bought and sold:

This information — this collection together of materials so as to give knowledge of all that has been done on the Stock Exchange — is something that can be sold. It is property, and being sold to the plaintiffs, it was their property. The Defendant has, with intention, invaded their right of property in it, and has done so surreptitiously and meanly.¹⁶

Others do not:

Although confidential information has some of the characteristics of property, its foothold as such is tenuous . . . I agree in this regard with the statement of Lord Evershed in it *Nichrotherm Electrical Co. Ltd. v. Percy*, [1957] R.P.C. 207 at p. 209

⁹ *Saltman Engineering Co. v. Campbell Engineering Co.* (1948), 65 R.P.C. 203 (Eng. C.A.) at p. 211, cited in *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at p. 47; quoted with approval by La Forest J. in *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) at p. 101.

¹⁰ *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) (per Sopinka J.) at p. 157.

¹¹ *Promotivate International Inc. v. Toronto Star Newspapers Ltd.* (1985), 8 C.P.R. (3d) 546 (Ont. H.C.) at p. 549.

¹² *R.L. Crain Ltd. v. R.W. Ashton & Ashton Press Manufacturing Co.* (1949), 9 Fox Pat. C. 201 (Ont. C.A.) at p. 209 per Hogg J.A. quoted in *Caristrap Corp. v. Cordex Ltd.* (1967), 35 Fox Pat. C. 1 (Ont. H.C.) (per Moorhouse, J.) at p. 6.

⁵ *Intellectual Property Dispute: Resolutions and Remedies*, Ronald E. Dimock, editor, Thomson Carswell, 2002 at p 5-63 to 5-66; *CPC International Inc. v. Seaforth Creamery Inc.* (1996), 69 C.P.R. (3d) 297; *Cadbury Schweppes Inc. et al. v. FBI Foods Ltd. et al.* (1999) 83 C.P.R. (3d) 289 (S.C.C.).

¹³ *Saltman Engineering Co. v. Campbell Engineering Co.* (1948), 65 R.P.C. 203 (Eng. C.A.).

¹⁴ *R.L. Crain Ltd. v. R.W. Ashton & Ashton Press Manufacturing Co.* (1948), 9 C.P.R. 143 (Ont. H.C.); affirmed (1949), 11 C.P.R. 53 (Ont. C.A.).

¹⁵ *Delrina Corp. v. Triolet Systems Inc.* (1993), 47 C.P.R. (3d) 1 (Ont. Gen. Div.); affirmed 2002 CarswellOnt 633 (Ont. C.A.); additional reasons 2002 CarswellOnt 3220 (Ont. C.A.); leave to appeal refused 2002 CarswellOnt 4080 (S.C.C.); *Integral Systems Inc. v. Peoplesoft Inc.* (1991), U.S. Dist. Lexis 20878; *Mustard & Son v. S. Allcock & Co.* (1928), [1963] 3 All E.R. 416 (U.K. H.L.).

¹⁶ *Exchange Telegraph Co. v. Gregory & Co.* (1895), [1896] 1 Q.B. 147 (Eng. C.A.) per Lord Esher M.R.

that:

... a man who thinks of a mechanical conception and then communicates it to others for the purpose of their working out means of carrying it into effect does not, because the idea was his (assuming that it was), get proprietary rights equivalent to those of a patentee. Apart from such rights as may flow from the fact, for example, of the idea being a secret process communicated in confidence or from some contract of partnership or agency or the like which he may enter into with his collaborator, the originator of the idea gets no proprietary rights out of the mere circumstances that he first thought of it.¹⁷

In some contexts, confidential information has some of the characteristics of “property”. License agreements commonly refer to confidential information or trade secrets as the subject matter of the license which is “owned” by the Licensor. Computer software which constitutes a trade secret is exigible to a writ of seizure and sale.¹⁸

In *R. v. Stewart*¹⁹ the Supreme Court of Canada held that confidential information is not property which can be stolen contrary to the Canadian *Criminal Code*.²⁰ Under the *Criminal Code*, for an act to constitute theft there must be a taking of “anything, whether animate or inanimate” to deprive someone of that thing or “to deal with it in such a manner that it cannot be restored in the condition in which it was at the time it was taken or converted”.²¹ Information, whether confidential or not, is not a “thing” and, therefore, taking names from a confidential computer database is not theft.²²

Despite holding that confidential information is not property for the purpose of the theft provisions of the *Criminal Code*, the Court did note that trade secrets may be considered property in some circumstances:

Indeed, [confidential information] possesses many of the characteristics of other forms of property: for example, a trade secret, which is a particular kind of confidential information, can be sold, licensed or bequeathed, it can be the subject of a trust or passed to a trustee in bankruptcy. In the commercial field, there are reasons to grant some form of protection to the possessor of confidential information: it is the product of labour, skill and expenditure, and its unauthorized use would undermine productive efforts which ought to be encouraged. As the term “property” is simply a reference to the cluster of rights assigned to the owner, this protection could be given in the form of proprietary rights.²³

The burden of proof in cases of allegedly misappropriated trade secrets includes proof that the allegedly secret data is not known to others.²⁴

2.1.2 Collections of public information

Although pieces of information that are in the public domain cannot individually be protected as confidential information or trade secrets, collections made from publically available information can be confidential and be protected.

A trade secret can be formed from or based on a compilation of public information if a sufficient degree of human skill and ingenuity were used to create something new.

First, the information must be of a confidential nature. As Lord Greene said in the *Saltman* case at page 215, “something which is public property and public knowledge” cannot per se provide any foundation for proceedings for breach of confidence. However confidential the circumstances of communication, there can be no breach of confidence in revealing to others something which is already common knowledge. But this must not be taken too far. Something that has been constructed solely from materials in the public domain may possess the necessary quality of confidentiality: for something new and confidential may have been brought into being by the application of the skill and ingenuity of the human brain. Novelty depends on the thing itself, and not upon the quality of its constituent parts. Indeed, often the more striking the novelty, the more commonplace its components. Mr. Mowbray demurs to the concept that some degree of originality is requisite. But whether it is described as originality or novelty or ingenuity or otherwise, I think there must be some product of the human brain which suffices to confer a confidential nature upon the information: and, expressed in those terms, I think that Mr. Mowbray accepts the concept.

The difficulty comes, as Lord Denning, M.R. pointed out in the *Seager* case on page 931, when the information used is partly public and partly private; for then the recipient must somehow segregate the two and, although free to use

¹⁷ *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) (per Sopinka J.) at p. 158.

¹⁸ *Mortil v. International Phasor Telecom Ltd.* (1988), 20 C.P.R. (3d) 277 (B.C. Co. Ct.) where the Court placed certain terms on the sale which required that the purchaser enter into a trust agreement concerning the nondisclosure and prohibition of unauthorized use of the trade secret software.

¹⁹ *R. v. Stewart*, [1988] 1 S.C.R. 963 (S.C.C.).

²⁰ *Ibid.*

²¹ *Criminal Code*, s. 322.

²² *R. v. Offley* (1986), 11 C.P.R. (3d) 231 (Alta. C.A.); leave to appeal refused (1986), 72 A.R. 366n (S.C.C.).

²³ *R. v. Stewart*, [1988] 1 S.C.R. 963 (S.C.C.) at pp. 975-75 (Lamer J.).

²⁴ *Mai Systems Corp. v. Banwell Computer Services Inc.* (1992), 41 C.P.R. (3d) 57 (Ont. Gen. Div.) at p. 64.

the former, must take no advantage of the communication of the latter.²⁵

... what makes [information] confidential is the fact that the maker of the document has used his brain and thus produced a result which can only be produced by somebody who goes through the same process.²⁶

Where the information taken is a mix of public and private, the recipient must be sure only to use the information that is public.

When the information is mixed, being partly public and partly private, then the recipient must take special care to use only the material which is in the public domain. He should go to the public source and get it: or, at any rate, not be in a better position than if he had gone to the public source. He should not get a start over others by using the information which he received in confidence. At any rate, he should not get a start without paying for it.²⁷

2.1.3 Reverse engineering

As soon as a trade secret is discovered, either by an examination of the product (reverse engineering), or in any other honest way, the discoverer has the full right of using it.²⁸ The unrestricted commercial sale of a product of an allegedly proprietary design that can be reverse engineered or otherwise examined by the purchaser of the product will destroy the confidentiality of any design information related to the product. In *R. I. Crain Ltd. v. Ashton*²⁹ the plaintiff's sale of their machines was found to have made the machines available to the public, who were then free to examine and reverse engineer and/or recreate the machines.

However, if a product cannot be reverse engineered the sale of the product does not necessarily place it within the public domain, and it may retain its protectable, confidential status. In *CPC International Inc. v. Seaforth Creamery Inc.* it was found that the specific formulation of the plaintiff's mayonnaise could not in fact be determined by a competitor's analysis or examination of the finished product. In essence, the mayonnaise recipe, which was considered to be a trade secret by the plaintiff, remained a secret despite the sale of the mayonnaise product and competitor's attempts at reverse engineering. In this circumstance, the confidentiality of the information was not destroyed by sale and the recipe remained a trade secret.³⁰ The same would be true for the recipe for Coca-Cola as it is not discernible from the product on the public market.

2.2 Communication under circumstances of confidence

Analogous to the requirement that one accused of copyright infringement must have actually copied the plaintiff's work, to be liable for any type of misuse or misappropriation of a trade secret the defendant must have actually acquired the contested information from the plaintiff (directly or indirectly).

There must be a connection between the owner and the recipient of the confidential information that has two characteristics:

1. a legal connection in the form of a legal obligation for the recipient to treat the information as confidential; and
2. a transmission connection in that the trade secret has to have been communicated, directly or indirectly from the owner to the recipient.

Whether the recipient of confidential information has a duty to keep the information secret can depend on the context and circumstances under which the information was communicated. Specifically, a recipient of confidential information will be subject to different obligations, depending on whether the recipient knew the information was communicated in confidence.³¹

If a party does not know that the information he receives was obtained or communicated in breach of trust or confidence, then there can be no breach attributed to him.³²

2.2.1 Circumstances or a relationship of confidence

²⁵ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at p. 47.

²⁶ *Saltman Engineering Co. v. Campbell Engineering Co.* (1948), 65 R.P.C. 203 (Eng. C.A.) at p. 205.

²⁷ *Seager v. Copydex Ltd.*, [1967] 1 W.L.R. 923 (Eng. C.A.) (per Denning M.R.) at pp. 931-2; *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) (per Sopinka J.) at p. 154.

²⁸ *R.L. Crain Ltd. v. R.W. Ashton & Ashton Press Manufacturing Co.* (1948), [1949] O.R. 303 (Ont. H.C.) at p. 309; affirmed 1949 CarswellOnt 87 (Ont. C.A.).

²⁹ *R.L. Crain Ltd. v. R.W. Ashton & Ashton Press Manufacturing Co.* (1948), [1949] O.R. 303 (Ont. H.C.) at p. 309; affirmed 1949 CarswellOnt 87 (Ont. C.A.).

³⁰ *CPC International Inc. v. Seaforth Creamery Inc.* (1996), 69 C.P.R. (3d) 297 (Ont. Gen. Div.); leave to appeal refused 1996 CarswellOnt 5815 (Ont. Gen. Div.).

³¹ *Attorney General v. Guardian Newspaper Ltd. (No. 2)*, [1988] 3 All E.R. 545 (U.K. H.L.) at p. 652.

³² *Bryndon Ventures Inc. v. Bragg* (1989), 31 C.P.R. (3d) 452 (B.C. S.C.) at p. 459; affirmed (1991), 37 C.P.R. (3d) 489 (B.C. C.A.).

There must be circumstances that create a relationship between the parties.

It may broadly be stated, as a result of the decision of this Court in *Saltman Engineering Coy Ltd. v. Campbell Engineering Coy. Ltd.* (1948), 65 R.P.C., p.203 that if information be given by one trader to another in circumstances which make that information confidential, then the second trader is disentitled to make use of the confidential information for purposes of trade by way of competition with the first trader.³³

The circumstances are (in declining gradations of clarity and certainty):

- written contract;
- implied contract;
- fiduciary duty; and
- practice in the trade.

2.2.2 Written contract

A written agreement in which the parties agree that (a) the identified information is confidential; (b) the information is given and received in confidence; and (c) is to be used only for an expressed purpose, is the best way to protect confidential information. If the terms and scope of the agreement are clear, the parties know precisely what they are and are not to do to comply with it. Likewise, a written contract makes it easier for the Court to recognize that the confidential information was to be treated as confidential by the parties and that an obligation of confidence was created of a certain designated scope.

Only those who are party to the contract can commence an action for breach of a contractual obligation of confidence. Third parties lack privity of contract, and cannot bring an action under contract law, even where such a party benefits from the trade secret and/or would be prejudiced by its disclosure. In *Cadbury Schweppes Inc. v. FBI Foods Ltd.*⁶, for example, the trade secret owner did not sue a sub-licensee with no privity in contract, but rather brought a successful action for common law breach of confidence against the sub-licensee.

Written confidentiality agreements can be freestanding, such as in the case of a Confidentiality or Non-Disclosure Agreement of Appendix A which is a precedent of an agreement where the owner of the information wishes the recipient to evaluate the information for the purposes of development or acquisition. Similar confidentiality clauses, such as those in Appendix B, may be included in an Employment Agreement so as to bind an employee not to disclose the confidential information of his or her employer (and confidential information of suppliers or customers of the employer).

Where parties, by contract, have defined obligations of confidence, the extent of those obligations, whether they have been breached, and the remedy for any breach, are questions to be determined by reference to the contract.³⁴

A written contract does not necessarily replace the common law duty of confidence. That common law duty applies independent of a contract.³⁵ A party can rely on its common law rights in addition to its contractual rights, so long as (a) the contract does not preclude reliance on a concurrent or alternative liability in tort or (b) the common law duty of care falls short of a specific obligation or duty imposed by the express terms of a contract.³⁶

An example of a contract excluding any common law obligation would be a Disclosure Agreement where the parties agreed that the information disclosed was *not* confidential and that the recipient could use the information disclosure for any purpose. Such agreements are sometimes used in the game, toy and movie industry to protect companies from allegations from those who suggest ideas to them that they misappropriated them.

Where the parties have agreed in a written contract that certain information in certain circumstances should be considered non-confidential, a common law obligation to maintain information in confidence will not exist.³⁷

2.2.3 Implied contract

³³ *Terrapin Ltd. v. Builders' Supply Co. (Hayes) Ltd.*, [1960] R.P.C. 128 (Eng. C.A.) at p. 131.

⁶ *Cadbury Schweppes Inc. v. FBI Foods Ltd.*, [1994] B.C.J. No 1191 (B.C. S.C.) at para 3, rev'd (1996), 138 D.L.R. (4th) 682 (B.C. C.A.), aff'd [1999] 1 S.C.R. 142 (S.C.C.).

³⁴ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at p. 47.

³⁵ *Ibid.*

³⁶ *Central & Eastern Trust Co. v. Rafuse*, (sub nom. *Central Trust Co. v. Rafuse*) [1986] 2 S.C.R. 147 (S.C.C.); varied 1988 CarswellNS 601 (S.C.C.).

³⁷ *S.D. & A Marketing Services v. Horn Abbot Ltd.* (1988), 23 C.I.P.R. 129 (Ont. H.C.) at p. 140.

The obligation of confidence can be an implied term of contract.

The main part of the claim is based on breach of confidence, in respect of which a right may be infringed without the necessity of there being any contractual relationship. I will explain what I mean. If two parties make a contract, under which one of them obtains for the purpose of the contract or in connection with it some confidential matter, even though the contract is silent on the matter of confidence the law will imply an obligation to treat that confidential matter in a confidential way, as one of the implied terms of the contract . . .³⁸

2.2.4 Employee's implied obligation

The general rule is that a departing employee is free to compete with his or her former employer. There are limits to the restraint an employer can use against an employee who departs to carry on business elsewhere using his knowledge (which may include general information gained at his last place of employment).

Great stress was laid by learned counsel for the defendant upon the fact that a servant having left his master may, unless restrained by contract, lawfully set up in the same line of business as his late master and in the same locality; and that he may, without fear of legal consequences, canvass for the custom of his late master's customers, whose names and addresses he has learned, *bona fide* accidentally, during his period of service. I do not suppose that anybody with any knowledge the law, would seriously contend to the contrary.³⁹

It is clear that, where confidential information is not involved, an employee cannot be prevented from using his ordinary skills, experience and knowledge in his or her next employment.

This observation of what the plaintiffs by their statement of claim ask is not, I think, altogether immaterial because, as will appear, in my opinion, what the plaintiffs are seeking to do in this action is really to prevent the defendant, not from divulging or communicating confidential information, but from using the skill, experience and knowledge that are his own in the service of anyone else but the plaintiffs.

...

They [the plaintiffs] are trying to stop the defendant from using after he has left the plaintiffs' service, knowledge, skill and experience which as a result of this service have become his own. None of the cases referred to are cases in which the court has found it is able to grant an injunction against the use of that kind of knowledge when the person against whom the injunction is being sought has come by the knowledge honestly.⁴⁰

However, certain information gained by the employee during employment can be recognized as secret and subject to a continuing obligation of confidentiality.

The cases on this subject of trade secrets establish that independently of any express covenant or contract, an employee who, in the course of his employment, acquired a knowledge of a secret process belonging to his employer, arising out of the confidential relation between an employer and his employee, is under an implied obligation not to use that knowledge upon leaving his employment.⁴¹

2.2.5 Fiduciary duty

A fiduciary duty can form the basis of an obligation under which one party must protect and not misuse the confidential information of another party.

There are few legal concepts more frequently invoked but less conceptually certain than that of the fiduciary relationship. In specific circumstances and in specific relationships, courts have no difficulty imposing fiduciary obligations, but at a more fundamental level, the principle on which that obligation is based is unclear. Indeed, the term "fiduciary" has been described as "one of the most ill-defined, if not altogether misleading terms in our law"; see P.D. Finn, *Fiduciary Obligations* (1977), at p. 1. It has been said that the fiduciary relationship is "a concept in search of a principle": see Sir Anthony Mason, "Themes and Prospects" in P.D. Finn, *Essays in Equity* (1985), at p. 246. Some have suggested that the principles governing fiduciary obligations may indeed be undefinable (D.R. Klinck, "The Rise of the 'Remedial' Fiduciary Relationship; A Comment on *International Corona Resources Ltd. v. Lac Minerals Ltd.*" (1988), 33 McGill L. Jo. 600 at p. 603), while others have doubted whether there can be any "universal, all-purpose definition of the fiduciary relationship" (see *Hospital Products Ltd. v. U.S. Surgical Corp.* (1984), 55 A.L.R. 417 at p. 432; R.P. Austin, "Commerce and Equity — Fiduciary Duty and Constructive Trust" (1986), 6 O.J.L.S. 444 at pp. 445-46). The challenge posed by these criticisms has been taken up by courts and academics convinced of the view that underlying the divergent categories of fiduciary

³⁸ *Saltman Engineering Co. v. Campbell Engineering Co.* (1948), 65 R.P.C. 203 (Eng. C.A.) at p. 211.

³⁹ *Robb v. Green*, [1895] 2 Q.B. 1 (Eng. Q.B.) at p. 12, per Hawkins, J., ; affirmed [1895] 2 Q.B. 315 (Eng. C.A.); quoted in *Caristrap Corp. v. Cordex Ltd.* (1967), 35 Fox Pat. C. 1 (Ont. H.C.) (per Moorhouse, J.) at p. 6.

⁴⁰ *Caristrap Corp. v. Cordex Ltd.* (1967), 35 Fox Pat. C. 1 (Ont. H.C.) (per Moorhouse, J.) at pp. 7, 8.

⁴¹ *R.L. Crain Ltd. v. R.W. Ashton & Ashton Press Manufacturing Co.* (1949), 9 Fox Pat. C. 201 (Ont. C.A.) at p. 205; *Caristrap Corp. v. Cordex Ltd.* (1967), 35 Fox Pat. C. 1 (Ont. H.C.) (per Moorhouse, J.) at p. 6.

relationships and obligations lies some unifying theme . . .⁴²

. . . where by statute, agreement, or perhaps by unilateral undertaking, one party has an obligation to act for the benefit of another, and that obligation carries with it a discretionary power, the party thus empowered becomes a fiduciary.⁴³

In *Alberta v Elder Advocates* it was said that:

for an *ad hoc* fiduciary duty to arise, the claimant must show, in addition to the vulnerability arising from the relationship as described by Wilson J. in *Frame*: (1) an undertaking by the alleged fiduciary to act in the best interests of the alleged beneficiary or beneficiaries; (2) a defined person or class of persons vulnerable to a fiduciary's control (the beneficiary or beneficiaries); and (3) a legal or substantial practical interest of the beneficiary or beneficiaries that stands to be adversely affected by the alleged fiduciary's exercise of discretion or control.⁴⁴

Fiduciary duties can arise in the intra-corporate context. Directors, as well as senior officers of a company (such as a President or Chief Engineer), owe a fiduciary duty to the company not to appropriate business opportunities of their former company.⁴⁵

It follows that O'Malley and Zarzycki stood in a fiduciary relationship to Canaero, which in its generality betokens loyalty, good faith and avoidance of a conflict of duty and self-interest. Descending from the generality, the fiduciary relationship goes at least this far: a director or a senior officer like O'Malley or Zarzycki is precluded from obtaining for himself, either secretly or without the approval of the company (which would have to be properly manifested upon full disclosure of the facts), any property or business advantage either belonging to the company or for which it has been negotiating; and especially is this so where the director or officer is a participant in the negotiations on behalf of the company.

An examination of the case law in this Court and in the Courts of other like jurisdictions on the fiduciary duties of directors and senior officers shows the pervasiveness of a strict ethic in this area of the law. In my opinion, this ethic disqualifies a director or senior officer from usurping for himself or diverting to another person or company with whom or with which he is associated a maturing business opportunity which his company is actively pursuing; he is also precluded from so acting even after his resignation where the resignation may fairly be said to have been prompted or influenced by a wish to acquire for himself the opportunity sought by the company, or where it was his position with the company rather than a fresh initiative that led him to the opportunity which he later acquired.⁴⁶

A fiduciary duty can also be imposed on "key employees" of the previous business,⁴⁷ particularly where the company relied on that employee and was vulnerable to misappropriation.⁴⁸ A fiduciary duty will not be imposed on a "mere employee" such as a salesperson,⁴⁹ unless acting in breach of an express or implied contractual obligation, such as a non-competition clause or a confidentiality clause in an employment contract. When a fiduciary duty of is found, confidentiality obligations can be long lasting:

There has never been any general requirement for temporal limitations on the wrongful disclosure of truly confidential or proprietary information by former employees. At common law, employees may not disclose their employer's confidences. They are only released from such obligations when the information is no longer confidential or proprietary, or limitation periods have passed. It is illogical to suggest that an employer must, to validly protect its confidences and proprietary information, specify a reasonable date after which a former employee is free to use the information for his own benefit and to the detriment of the former employer. These types of restrictions are not the sorts of restraints that are *prima facie* in restraint of trade and void, and presumed to be unenforceable.⁷

The most important case dealing with fiduciary duty in the context of trade secrets is *Lac Minerals Ltd. v. International Corona Resources Ltd.* (1989), 26 C.P.R. (3d) 97 (S.C.C.). Corona, a junior mining company, provided to Lac, a senior mining company, information relating to the results of core drilling results from property owned by a Mrs. Williams. Corona and Lac came to an informal oral understanding as to how each would conduct itself in anticipation of a joint venture or another business arrangement. Both Corona and Lac placed offers for the Williams property. The Lac offer was accepted by Mrs. Williams. The property became a very lucrative gold mine valued at up to 1.95 billion dollars.

⁴² *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) (per La Forest J.) at p. 109.

⁴³ *Guerin v. R.* (1984), 13 D.L.R. (4th) 321 (S.C.C.) (per Dickson J.) at pp. 339–41; quoted in *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) (per La Forest J.) at p. 110.

⁴⁴ *Elder Advocates of Alberta Society v. Alberta*, 2011 SCC 24 (S.C.C.) at para. 36.

⁴⁵ *Canadian Aero Service Ltd. v. O'Malley* (1973), [1974] S.C.R. 592 (S.C.C.), per Laskin J.

⁴⁶ *Canadian Aero Service Ltd. v. O'Malley* (1973), [1974] S.C.R. 592 (S.C.C.), per Laskin J. at pp. 606–607.

⁴⁷ *W.J. Christie & Co. v. Greer* (1981), 59 C.P.R. (2d) 127 (Man. C.A.) at p. 133.

⁴⁸ *Tree Savers International Ltd. v. Savoy* (1991), 37 C.P.R. (3d) 455 (Alta. Q.B.); reversed in part (1992), 40 C.P.R. (3d) 173 (Alta. C.A.).

⁴⁹ *Barton Insurance Brokers Ltd. v. Irwin* (1999), 170 D.L.R. (4th) 69 (B.C. C.A.).

⁷ *Evans v. Sports Corp.*, 2013 ABCA 14 (CanLII), 2013 ABCA 14 at 243.

The trial judge of the Supreme Court of Ontario held that Lac was liable to Corona for breach of confidence and breach of fiduciary duty. Lac was ordered to transfer the property to Corona. The Court held that Lac was entitled to compensation for the cost of the improvements it had made to the property (\$203,978,000) discounted by \$50,000,000 which Corona would have saved had it, rather than Lac, developed the mine. Corona was also awarded the profits obtained by Lac from the Williams property, with interest. As an alternative remedy, the Court assessed damages at \$700,000,000 (If a court on appeal was to decide that damages were a proper remedy instead of a transfer of the property).

The Ontario Court of Appeal affirmed the findings of the trial judge on the issues of fiduciary duty and breach of confidence. The appeal was dismissed with costs.

Sopinka J. (and the majority of the judges) found there to be no fiduciary relationship:

Where, however, the essence of the complaint is misuse of confidential information, the appropriate cause of action in favour of the party aggrieved is breach of confidence and not breach of fiduciary duty.

In my opinion, both the trial judge and the Court of Appeal erred in coming to the conclusion that a fiduciary relationship existed between Corona and Lac. In my respectful opinion, both the trial judge and the Court of Appeal erred by not giving sufficient weight to the essential ingredient of dependency or vulnerability and too much weight to other factors.⁵⁰

Since *Lac Minerals*, a fiduciary duty has been recognized between companies in *Sweet Factory Inc. v. Hudson's Bay Company*⁵¹ where a confidentiality agreement existed between a company negotiating with Hudson's Bay Company to re-design its candy store and operations.

The liability for breach of a fiduciary duty is not dependent on a finding that the information was confidential.⁵²

2.2.6 Where confidentiality is understood from the circumstances

In *Lac. v. Corona*, the plaintiff was awarded the largest judgment awards in Canadian trade-secret law history. The plaintiff in *Lac* succeeded by proving that it was "the practice in the trade" that such communications were considered to be confidential. "practice of the trade" to establish a confidential relationship is the most risky for owners of confidential information and will likely require costly litigation to resolve.

The question is whether a reasonable person would realize that the information was being communicated in confidence.

The second requirement is that the information must have been communicated in circumstances importing an obligation of confidence. However secret and confidential the information, there can be no binding obligation of confidence if that information is blurted out in public or is communicated in other circumstances which negative any duty of holding it confidential. From the authorities cited to me, I have not been able to derive any very precise idea of what test is to be applied in determining whether the circumstances import an obligation of confidence. In the *Argyll* case at page 330, Ungood-Thomas, J. concluded his discussion of the circumstances in which the publication of marital communications should be restrained as being confidential by saying, "If this was a well-developed jurisdiction doubtless there would be guides and tests to aid in exercising it." In the absence of such guides or tests he then in effect concluded that part of the communications there in question would on any reasonable man, may be pressed into service once more; for I do not see why he should not labour in equity as well as at law. It seems to me that if the circumstances are such that any reasonable man standing in the shoes of the recipient of the information would have realised that upon reasonable grounds the information was being given to him in confidence. In particular, where information of commercial or industrial value is given on a business-like basis and with some avowed common object in mind, such as a joint venture of the manufacture of articles by one party for the other. I would regard the recipient as carrying a heavy burden if he seeks to repel a contention that he was bound by an obligation of confidence: see the *Saltman* case at page 216. On that footing, for reasons that will appear, I do not think I need explore this head further. I merely add that I doubt whether equity would intervene unless the circumstances are of sufficient gravity; equity ought not to be invoked merely to protect trivial tittle-tattle, however confidential.⁵³

In one case, the Court appears to have placed the burden on the recipient of the information to disprove an obligation of confidence:

In particular, where information of commercial or industrial value is given on a business-like basis and with some avowed common object in mind, such as a joint venture of the manufacture of articles by one party for the other. I would regard the

⁵⁰ *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) (per Sopinka J.) at p. 147.

⁵¹ (1998), 85 C.P.R. (3d) 417 (Ont. Gen. Div.).

⁵² *Canadian Aero Service Ltd. v. O'Malley* (1973), 11 C.P.R. (2d) 206 (S.C.C.) at p. 209.

⁵³ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at pp. 47-48.

recipient as carrying a heavy burden if he seeks to repel a contention that he was bound by an obligation of confidence . . .⁵⁴

2.2.7 No protection where there is no communication in confidence

Trade Secret law does not protect an owner against independent creation.⁵⁵

2.3 Misuse of the confidential information

The third component for an action for breach of confidence is that the confidential information or trade secret has been misused by the recipient. “Misuse” has been defined as anything that is not a permitted use of the trade secret.⁸ As stated by the Courts:

Thirdly, there must be an unauthorized use of the information to the detriment of the person communicating it. Some of the statements of principle in the cases omit any mention of detriment; other include it. At first sight, it seems that detriment ought to be present if equity is to be induced to intervene; but I can conceive of cases where a plaintiff might have substantial motives for seeking the aid of equity and yet suffer nothing which could fairly be called detriment to him as when the confidential information shows him in a favourable light but gravely injures some relation or friend of his whom he wishes to protect. The point does not arise for decision in this case, for detriment to the plaintiff plainly exists. I need therefore say no more than that although for the purposes of this case I have stated the propositions in the stricter form. I wish to keep open the possibility of the true proposition being that in the wider form.⁵⁶

The trade secret owner may also have to establish that the misuse was to his detriment.⁹ For example, breach of confidence claims were dismissed in *Husky Injection Molding Systems Ltd. v. Schad*¹⁰ primarily on the basis that the plaintiff was not able to demonstrate that the defendant’s use of confidential information, if any, was detrimental to the plaintiff.

The public interest may be raised as a defence to an action for breach of confidence.¹¹

The *Public Servants Disclosure Protection Act*, for example, provides that the Public Sector Integrity Commissioner may not disclose any information that the federal government or a portion of the public sector is taking measures to protect. This includes information reasonably expected to harm commercial interests. However, a public interest exception permits such disclosure if it is in the public interest and the benefits of disclosure clearly outweigh the potential harms.¹²

Heads of government institutions are prohibited from disclosing any records requested under the *Access to Information Act* that contain trade secrets of a third party. Although this *Act* contains an express public interest exception for the disclosure of some records relating to public health and safety and environmental protection, there is no exception for the disclosure of records containing trade secrets.¹³

The public interest defence is reference in article 1472 of the *Civil Code of Quebec*: A person may free himself from his liability for injury caused to another as a result of the disclosure of a trade secret by proving that considerations of general interest prevailed over keeping the secret and, particularly, that its disclosure was justified for reasons of public health or safety.

⁵⁴ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at p. 48; quoted with approval by La Forest J in *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) at pp. 107-8.

⁵⁵ *Molnar Lithographic Supplies Ltd. v. Sikatory* (1974), 14 C.P.R. (2d) 197 (Ont. C.A.).

⁸ *Lac Minerals Ltd. v. International Corona Resources Ltd.* (1989) 26 C.P.R. (3d) 97 (S.C.C. per La Forest J.) at p. 107.

⁵⁶ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at p. 48.

⁹ *International Tools v. Kollar* [1968] 1 O.R. 669 (C.A.) at 674.

¹⁰ *Husky Injection Moulding Systems Ltd. v. Schad*, 2016 ONSC 2297.

¹¹ See *B.W. International Inc. v. Thomson Canada Ltd.* (1996) 68 C.P.R. (3d) 289 at 298 (Ont. Ct. J. (Gen Div)), citing *Lion Laboratories Ltd. v. Evans*, [1984] 3 W.L.R. 539 (UK CA (Civ Div)).

¹² *Public Servants Disclosure Protection Act*, SC 2005, c. 46, ss 49(1), (3).

¹³ *Access to Information Act*, R.S.C. 1985, c. A-1, ss 20(1)(a), 20(6).

2.3.1 Onus

Mr. Justice La Forest would put the onus on the recipient to show that there was no prohibited use.

In establishing a breach of duty of confidence, the relevant question to be asked is what is the confidEE entitled to do with the information, and not to what use he is prohibited from putting it. Any use other than a permitted use is prohibited and amounts to a breach of duty. When information is provided in confidence, the obligation is on the confidEE to show that the use to which he put the information is not a prohibited use.

⁵⁷For example, the use of confidential business information by RIM to advance an unsolicited (or hostile) offer to purchase shares directly from Certicom's shareholders, was enjoined as a misuse of information and provided under a non-disclosure agreement permitted to be used for assessing the desirability of establishing or furthering "some form of business combination between the parties".⁵⁸ Had RIM not received and used confidential information to mount a hostile bid, it would have been entitled to do so.

2.3.2 Liability of Claimants

Trade secret owners that bring unfounded claims for breach of confidence may be liable for the tort of interference with economic interests. Such interference occurs when a party uses "unlawful means"¹⁴ to interfere with the business activities of another. It is unclear, however, whether an unfounded action for breach of confidence or trade secret constitutes an "unlawful means." Claimants who pursue unfounded allegations may also be liable for increased costs awards in litigation.

3. THIRD PARTIES WHO RECEIVE TRADE SECRETS

In some cases, the person under an obligation of confidence will disclose the trade secret to a third party. The third party's freedom to use that trade secret will turn on whether he or she knew that it was communicated to the third party in a breach of confidence.

An innocent purchaser of a trade secret for value without notice of any obligation affecting it may be in a position to resist a claim by a plaintiff for an injunction.⁵⁹ Where, however, the third party knows or learns that the information was received in breach of confidence, he or she may be restrained from using it.

Equity, as a court of conscience, directs itself to the behaviour of the person who has come into possession of information that is in fact confidential, and was accepted on that basis, either expressly or by implication. Equity will pursue the information into the hands of a third party who receives it with the knowledge that it was communicated in breach of confidence (or afterwards acquires notice of that fact even if innocent at the time of acquisition) and impose its remedies.⁶⁰

Third parties who learn only by way of being served with a statement of claim that information was communicated to them in breach of confidence will not be held liable for breach of confidence themselves. Justice Newbould explained in *Husky Injection Molding Systems Ltd. v. Schad*, 2016 ONSC 2297, allegations of breach of confidence in a statement of claim do not constitute "notice of the fact" that information was communicated in breach of confidence. Rather, the words "notice of the fact" mean that the third party acquired "notice of knowledge that the information was communicated in breach of confidence. An allegation in a statement of claim is not knowledge."¹⁵ (para 333)

In *Gold Reserve Inc. v. Rusoro Mining Ltd.*,⁶¹ a financial advisor (Endeavour) acting on behalf of one company

⁵⁷ *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) (per La Forest J.) at p. 107.

⁵⁸ *Certicom Corp. v. Research in Motion Ltd.*, 2009 CarswellOnt 331, [2009] O.J. No. 252 (Ont. S.C.J.).

¹⁴ *AI Enterprises Ltd. v. Bram Enterprises Ltd.*, 2014 SCC 12 gives a plaintiff a right of action against a defendant who has done something that constitutes "unlawful means" to a third party. Unlawful means is defined as something giving rise to a civil right of action.

⁵⁹ *International Tools Ltd. v. Kollar*, [1968] 1 O.R. 669 (Ont. C.A.) at p. 674.

⁶⁰ *Cadbury Schweppes Inc. v. FBI Foods Ltd.*, [1999] 1 S.C.R. 142 (S.C.C.) at para. 19.

¹⁵ *Husky Injection Mouldings Systems Ltd. v. Schad*, 2016 ONSC 2297 at para 333.

⁶¹ *Gold Reserve Inc. v. Rusoro Mining Ltd.*, 2009 CarswellOnt 660, [2009] O.J. No. 533 (Ont. S.C.J. [Commercial List]); leave to appeal refused 2009 CarswellOnt 1888 (Ont. Div. Ct.); additional reasons 2009 CarswellOnt 2445 (Ont. S.C.J.).

(Rusoro) in making a hostile take-over bid to acquire another company (Gold Reserve) was found to be in breach of its confidentiality obligations to Gold Reserve having also been previously retained as a financial advisor for Gold Reserve. Rusoro was ordered to stop its hostile take-over bid and Rusoro and Endeavour were ordered to return to Gold Reserve all its confidential information.

Where a third party obtains information without knowledge that the information was once confidential, and the information becomes available to the public, the third party will not be restrained from making use of the information even though he must realize that the information was once held in confidence.⁶²

4. REMEDIES FOR MISUSE OF A TRADE SECRET/CONFIDENTIAL INFORMATION

The appropriation of confidential information is answerable in injunctive relief, damages, profits and restitution. Equitable remedies may be available to a plaintiff if warranted by the situation. In the *FBI Foods* case, the Supreme Court noted, at paragraphs 19 and 20:

[19] Equity, as a court of conscience, directs itself to the behaviour of the person who has come into possession of information that is in fact confidential, and was accepted on that basis, either expressly or by implication. Equity will pursue the information into the hands of a third party who receives it with the knowledge that it was communicated in breach of confidence (or afterwards acquires notice of that fact even if innocent at the time of acquisition) and impose its remedies. It is worth emphasizing that this is a case of third party liability. The appellants did not receive the confidence from the respondents, but from the now defunct Caesar Canning. The receipt, however, was burdened with the knowledge that its use was to be confined to the purpose for which the information was provided, namely the manufacture of Clamato under licence.

[20] The equitable doctrine, which is the basis on which the courts below granted relief, potentially runs alongside a number of other causes of action for unauthorised use or disclosure of confidential information, including actions sounding in contract, tort and property law.⁶³

Canadian courts will assume jurisdiction over the litigation provided that there is a real and substantial connection between the subject matter of the litigation (i.e. the trade secret) and the location where the litigation is commenced.¹⁶ A Canadian court has, however, declined to assume jurisdiction over litigation involving a trade secret that was allegedly disclosed and misused outside of Canada.¹⁷

4.1 Injunctive relief

Once a breach of confidence occurs, the confidential information may become public knowledge and lose its confidentiality, permanently and irreparably. It can be critically important therefore, in order to preserve the information as a trade secret, to obtain an injunction to prevent its disclosure.

A Court will prevent a person who had received an idea from disclosing it until that idea becomes general public knowledge.⁶⁴

The idea to be the subject of an injunction must be clearly identifiable and original.⁶⁵ The Defendant faced with an injunction must be able to determine what information is confidential and what is not. This is not possible where the injunction sought is broadly worded and the confidential information is not clear.⁶⁶ Where a court has difficulty in determining what is confidential, and what is not, an injunction is not an appropriate remedy.⁶⁷

The Courts will include in their considerations as to whether to grant an interlocutory injunction, a clause on a non-disclosure agreement that, upon breach of the agreement, the disclosing party has the right to seek injunctive relief.⁶⁸ As with other requests for equitable relief, Courts will also consider whether the plaintiff has come to the court with

⁶² *Attorney General v. Guardian Newspaper Ltd. (No. 2)*, [1988] 3 All E.R. 545 (U.K. H.L.) at p. 652.

⁶³ *Cadbury Schweppes Inc. v. FBI Foods Ltd.*, [1999] 1 S.C.R. 142 (S.C.C.).

¹⁶ *Club Resorts Ltd. v. Van Breda*, 2012 SCC 17 at para 82.

¹⁷ *Szecsodi v. MGM Resorts International*, 2014 ONSC 1323 at para 59.

⁶⁴ *Promotivate International Inc. v. Toronto Star Newspapers Ltd.* (1985), 8 C.P.R. (3d) 546 (Ont. H.C.).

⁶⁵ *Promotivate International Inc. v. Toronto Star Newspapers Ltd.* (1985), 8 C.P.R. (3d) 546 (Ont. H.C.) at p. 549.

⁶⁶ *Suhner & Company v. Transradio Limited*, [1967] R.P.C. 329 (Ch. D.) at p. 334.

⁶⁷ *Ibid.*

⁶⁸ *Certicom Corp. v. Research in Motion Ltd.*, 2009 CarswellOnt 331, [2009] O.J. No. 252 (Ont. S.C.J.) at para. 72; *Gold Reserve Inc. v. Rusoro Mining Ltd.*, 2009 CarswellOnt 660, [2009] O.J. No. 533 (Ont. S.C.J. [Commercial List]) at paras. 28 & 76, ; leave to appeal refused 2009 CarswellOnt 1888 (Ont. Div. Ct.); additional reasons 2009 CarswellOnt 2445 (Ont. S.C.J.).

“clean hands”.¹⁸

4.1.1 Interlocutory injunction

To be entitled to an interlocutory injunction, the plaintiff must show that i) there is a serious issue to be tried, ii) the plaintiff will suffer irreparable harm which cannot be adequately compensated by damages if the injunction is not granted, and iii) the balance of convenience lies in favour of granting the injunction.⁶⁹ Disclosure of a trade secret can constitute the necessary irreparable harm; a harm which cannot be quantified or cured by money.¹⁹ Once disclosed, no amount of money can ever make a trade secret a secret again.²⁰

In circumstances where confidential information is misappropriated by a defendant owing a fiduciary duty, such as a former officer of a company, the plaintiff may not be required to prove damages or loss of market share.²¹

Where a defendant’s conduct is particularly egregious or high-handed, a Court may rely on principles of equity to enjoin the use or disclosure of a trade secret without requiring the plaintiff to demonstrate irreparable harm or that the balance of convenience lies in his favour.²²

Where the grant of an interlocutory injunction will, in effect, dispose of the action by granting the Plaintiff all of the relief it could hope to obtain at trial, the plaintiff must establish a *prima facie* case.⁷⁰

4.1.2 Permanent injunction

A permanent injunction after a trial is warranted where, and to the extent, that it is required in order to protect the trade secret or to prevent the defendant from misusing the trade secret.

The scope of the injunction must not be broader than what is needed to protect the information or the party.

The onus of proof is upon the party supporting the claim, based upon an alleged trade secret, to show that the restraint request in the form of an injunction goes no further than is reasonably necessary to protect the employer.” Hogg J. A. in *R.I. Crain v. Ashton* (1950), O.R. 62 at p. 68.⁷¹

The injunction should not give the injured party more protection than he or she realistically needs and, in particular, discourage or prohibit what, in the course of time, becomes legitimate competition.⁷²

In the case of former employees, the courts will not enjoin the former employee from competing by using personal skill and knowledge.

In fact the reason, and the only reason, for upholding such a restraint on the part of an employee is that the employer has some proprietary right, whether in the nature of the trade connection or in the nature of the trade secrets, for the protection of which such a restraint is — having regard to the duties of the employee — reasonably necessary. Such a restraint has, so far as I know, never been upheld, if directed only to the prevention of competition or against the use of personal skill and knowledge acquired by the employee in his employer’s business.⁷³

4.1.3 Last until the secret expires

Generally, the duration of an injunction restraining use of a trade secret should not continue beyond the time the plaintiff’s trade secret remains a secret exclusively known to the plaintiff or those under an obligation of confidence to the plaintiff.⁷⁴

¹⁸ *Hong Kong Bank of Canada v. Wheeler Holdings Ltd.* [1993] 1 S.C.R. 167 at p. 188.

⁶⁹ *RJR-MacDonald Inc. v. Canada (Attorney General)* (1994), 54 C.P.R. (3d) 114 (S.C.C.) at p. 130.

¹⁹ *Enviro Trace Ltd. v. Scheichuk*, 2014 ABQB 381 at para 34.

²⁰ *Enviro Trace Ltd. v. Scheichuk*, 2014 ABQB 381 at paras 35-36.

²¹ *Omega Digital Data Inc. v. Airos Technology Inc.* (1996), 32 O.R. (3d) 21 (Ont. Gen. Div.).

²² *Wilson Learning Corp v. Hurley* (1990), 33 C.P.R. (3d) 172 (Ont. H.C.).

⁷⁰ *Turbo Resources Ltd. v. Petro-Canada Inc.* (1989), 24 C.P.R. (3d) 1 (Fed. C.A.) at pp. 11,15 and 21.

⁷¹ *Caristrap Corp. v. Cordex Ltd.* (1967), 35 Fox Pat. C. 1 (Ont. H.C.) (per Moorhouse, J.) at p. 5.

⁷² *Roger Bullivant v. Ellis* (1986), [1987] F.S.R. 172 (U.K.C.A.) at p. 188.

⁷³ *Herbert Morris v. Saxelby*, (1916) 1 A.C. 688 at 710 per Lord Parker of Waddington, quoted in *Caristrap Corp. v. Cordex Ltd.* (1967), 35 Fox Pat. C. 1 (Ont. H.C.) (per Moorhouse, J.) at pp. 5-6.

⁷⁴ *International Tools Ltd. v. Kollar*, [1968] 1 O.R. 669 (Ont. C.A.) at p. 676.

4.1.4 Last beyond the life of the secret — the springboard doctrine

Trade secrets are not to be used as “springboard” or provide a “head start” to obtain a competitive advantage in the marketplace ahead of those who do not have the information. The harm caused by the springboard effect can last beyond the life of the original secret, and the term of an injunction or quantum of damages can be set accordingly.

In *FBI Foods*, Binnie J., citing a UK decision and noting its earlier mention in Canada in *Lac Minerals*, wrote:

As I understand it, the essence of this branch of law, whatever the origin of it may be, is that a person who has obtained information in confidence is not allowed to use it as a spring-board for activities detrimental to the persons who made the confidential communication, and springboard it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public.⁷⁵

This concept is further endorsed in *Coco v. A. N. Clark (Engineers)*

... I must also return to a further point, namely, that where confidential information is communicated in circumstances of confidence the obligation thus created endures, perhaps in a modified form, even after all the information has been published or is ascertainable by the public; for the recipient must not use the communication as a spring-board ...⁷⁶

If an injunction is to be granted, it ought only to be granted to cover the period of the alleged “springboard”.⁷⁷ For example, an employee who was found to owe a fiduciary duty to his former employer was enjoined for working in the same industry for a reasonable period which, in that case, was one year.⁷⁸

Canadian jurisprudence is not clear on whether a party can be liable for inducing another party to breach an obligation of confidence.²³

4.1.5 Order not to compete

One way of assuring that the confidential information will not be used by a former employee is to exclude him or her from working in the relevant market for a period of time. That will reduce or eliminate the advantage of having or using the confidential information. For example, an employee who was found to owe a fiduciary duty to his former employer was enjoined for working in the same industry for a reasonable period which, in that case, was one year.⁷⁹

4.1.6 Delay

An injunction, being equitable relief, will not be granted where the Plaintiff has delayed, with knowledge of the Defendant’s activities, and, in the interim, the Defendant has incurred expenses, taken steps, and made commitments⁸⁰ or had a change in circumstances that would result in prejudice to the defendant.⁸¹

In *FBI Foods v. Cadbury Schweppes*,⁸² as per Binnie J.:

... it was considered relevant to the grant of an injunction that the third party sought to be enjoined (as the appellants are in this case) had not been alerted to the alleged breach of confidence “before they had ... incurred any substantial expense”. The plaintiff was left to its claim for financial compensation. In this case, the delay of the respondents, combined with the ongoing investment and commercial activity of the appellants based on Caesar Cocktail in the interim, argued powerfully against the grant of injunctive relief.⁸³

However mere delay is not necessarily fatal in an application for equitable relief.⁸⁴

⁷⁵ *Cadbury Schweppes Inc. v. FBI Foods Ltd.* (1999), 83 C.P.R. (3d) 289 (S.C.C.) at p. 320, citing Roxburgh J. in *Terrapin Ltd. v. Builders’ Supply Co. (Hayes) Ltd.* (1959), [1967] R.P.C. 375 (Eng. Ch. Div.) at p. 391, ; affirmed [1960] R.P.C. 128 (Eng. C.A.).

⁷⁶ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.) (per Megarry, J.) at pp.47-48.

⁷⁷ *Schauenburg Industries Ltd. v. Borowski* (1979), 25 O.R. (2d) 737 (Ont. H.C.) at pp. 746-7.

⁷⁸ *Sure-Grip Fasteners Ltd. v. Allgrade Bolt & Chain Inc.* (1993), 45 C.C.E.L. 276, 46 C.P.R. (3d) 443, 93 C.L.L.C. 14,021 (Ont. Gen. Div.); additional reasons 1993 CarswellOnt 4074 (Ont. Gen. Div.).

²³ *Ali Arc Industries v. S&V Manufacturing Ltd*, 2011 MBQB 95 at para 253: “...the plaintiffs assert that the defendants induced Mr. Cantrell to breach his duty of confidence to the plaintiffs. No authority whatsoever is provided to support that there is such a cause of action.” But see *Halsbury’s Laws of Canada* (online), *Trade Secrets* (II.3.(1)) at HPT-186 “Officers and Directors”, *infra* note 32.

⁷⁹ *Ibid.*

⁸⁰ *Graham v. Delderfield*, [1992] F.S.R. 313 (Eng. C.A.); *Li Preti v. Chrétien*, 1993 CarswellOnt 4306, [1993] O.J. No. 2205 (Ont. Gen. Div.).

⁸¹ *Cadbury Schweppes Inc. v. FBI Foods Ltd.* (1999), 83 C.P.R. (3d) 289 (S.C.C.) at pp. 324-325.

⁸² *Cadbury Schweppes Inc. v. FBI Foods Ltd.* (1999), 83 C.P.R. (3d) 289 (S.C.C.).

⁸³ *Cadbury Schweppes Inc. v. FBI Foods Ltd.* (1999), 83 C.P.R. (3d) 289 (S.C.C.) at pp. 324-325.

⁸⁴ *Lubrizol Corp. v. Imperial Oil Ltd.* (1989), 22 C.P.R. (3d) 493 (Fed. T.D.); affirmed 1989 CarswellNat 574 (Fed. C.A.).

Where other factors appear to be evenly balanced, the prudent approach of the court is to take measures to preserve the *status quo*. Where there has been delay by the Plaintiff in advancing its rights, the *status quo* will be measured at the time of the injunction proceedings.⁸⁵

An applicant for an injunction must come to court with clean hands. A party ought not to obtain equitable relief on a version of the facts which renders its previous sworn version of the facts, or public disclosures required by law to be full, plain and true, to be misrepresentations. In such a case, the “depravity, the dirt in question on the hand, has an immediate and necessary relation to the equity sued for”.⁸⁶

4.2 Anton Piller order

Anton Piller orders are routinely sought in instances where the plaintiff wishes to prevent the destruction of relevant evidence in the defendant’s possession. In Canada, Anton Piller orders are often granted in cases of alleged patent, copyright and trade mark infringement (particularly when counterfeit and/or pirated goods are suspected to be in the defendant’s possession) and may be sought to in trade secret actions to prevent destruction of documents or other information.

An Anton Piller order is an *ex parte* court order that orders the defendant to hand over evidence to the plaintiff to provide to the court for safekeeping. It is an order to preserve evidence. The defendant is ordered to allow the plaintiff’s representatives to enter and search the defendant’s premises without prior warning and to seize any relevant evidence located therein (such as documents and chattels).

The ability for a plaintiff to enter the defendant’s premises and seize property is an extraordinary right which will only be granted if the plaintiff can satisfy three conditions:

First, there must be an extremely strong *prima facie* case. Secondly, the damage, potential or actual, must be very serious for the applicant. Thirdly, there must be clear evidence that the defendants have in their possession incriminating documents or things and that there is a real possibility that they may destroy such material before any application *inter partes* can be made.⁸⁷

To protect trade secrets that are about to be misused or disclosed, an Anton Piller Order can be a useful device to enjoin such misuse by having them handed over to the Plaintiff’s counsel for safekeeping.

A sample Anton Piller Order of the Federal Court is Appendix E. An order to seize trade secrets would have to be brought in the superior court of the relevant province and not the Federal Court, unless the plaintiff’s claims can also be rooted in a statutory IP right, such as patent, copyright or trademark rights.

4.3 Delivery-up

An order for delivery-up and destruction of materials in the defendant’s possession is a statutory remedy available in Canada with respect to trademark²⁴ and copyright²⁵ disputes. Since Canada does not currently have a trade-secret specific statute, orders for delivery up and destruction in the Provincial Superior Courts are only awarded at the discretion of Court.

4.4 Damages

Damages are available in Ontario for the torts of breach of contract and for breach of confidence,⁸⁸ and are to be determined in accordance with general common law principles for calculating damages. Damages under tort law are aimed at compensation; not punishment, and are intended to return the victim to the position he or she would have been in if he or she had not suffered the wrong.

If a Plaintiff suffers damages due to sales by the Defendant, those losses are readily calculable. This is especially so

⁸⁵ *Turbo Resources Ltd. v. Petro-Canada Inc.* (1989), 24 C.P.R. (3d) 1 (Fed. C.A.); *Syntex Inc. v. Novopharm Ltd.* (1991), 36 C.P.R. (3d) 129 (Fed. C.A.); leave to appeal refused 1991 CarswellNat 1546 (S.C.C.); *Graham v. Delderfield*, [1992] F.S.R. 313 (Eng. C.A.).

⁸⁶ *Hongkong Bank of Canada v. Wheeler Holdings Ltd.*, [1993] 1 S.C.R. 167 (S.C.C.) at p. 188.

⁸⁷ *Nintendo of America Inc. v. Coinex Video Games Inc.* (1982), 69 C.P.R. (2d) 122 (Fed. C.A.) at p. 129, citing the Court of Appeal in England in the case of *Anton Piller KG v. Manufacturing Process Ltd.* (1975), [1976] 1 Ch. 55 (Eng. C.A.).

²⁴ *Trade-marks Act*, S 53.2.

²⁵ *Copyright Act*, S 34(1).

⁸⁸ *Courts of Justice Act*, R.S.O. 1990, c C-43, s. 99.

where the sales by the defendant are alleged to be in substitution for the sales which the Plaintiff would have made. Damages in such a case are an adequate remedy and no interlocutory injunction will be granted.⁸⁹

In cases where a party has communicated confidential information in the expectation of receiving compensation, and then alleges that the information is being used without the expected compensation being received, damages are an adequate remedy, and an injunction will not be granted.⁹⁰

Damages may be calculated as a reasonable royalty if the trade secret was, or could potentially form, the basis of a license agreement. The quantum of the royalty is calculated as the amount that would have been agreed upon by reasonable parties.²⁶

Punitive damages are rarely awarded in intellectual property cases. In contrast to general damages arising in a civil context, which are intended to compensate the victim, punitive damages punish the guilty party or act as a deterrent to future actors. Courts consider the following factors when deciding whether punitive damages are appropriate: the proportionality of the award and the extent of the wrong, the degree of misconduct, the need for future deterrence, the advantage gained by the defendant, the vulnerability of the plaintiff, the power imbalance between the parties, the financial worth of the defendant, and a defendant's disregard for a previous court order or interlocutory injunction.²⁷

Punitive damages have been awarded for breach of confidence where the defendants schemed to surreptitiously acquire the plaintiff's confidential information and trade secrets and destroy the plaintiff's market share, lied under oath, falsified evidence, abused the court process, and continued to use the plaintiff's confidential information in the face of judgement against them for breach of confidence, a permanent injunction, and an order for delivery up.²⁸

4.5 Accounting of *profits*

In *Lac Minerals*, Lamer J. explained that the conventional remedies for breach of confidence are an accounting of profits or damages. A restitutionary remedy is appropriate in cases involving fiduciaries because they are required to disgorge any benefits derived from the breach of trust.⁹¹

A defendant may be required to disgorge his or her net profits earned from misuse of another's trade secrets so as to prevent the defendant from being unjustly enriched by the misappropriation.⁹² Accounting for profits may be an appropriate remedy where damages cannot be readily calculated or if a defendant's conduct is particularly egregious.

4.6 Constructive trust

The remedies available for breach of confidence are generally the same as for breach of a fiduciary duty; constructive trust is available to both. The test is twofold: has a claim for unjust enrichment been established, and; in the circumstances is a constructive trust the appropriate remedy to redress that unjust enrichment.⁹³

With reference to the purposes and suitable uses of a constructive trust, in *Soulos v. Korkomtzilas*, McLachlin J. held:

... the constructive trust is an ancient and eclectic institution imposed by law not only to remedy unjust enrichment, but to hold persons in different situations to high standards of trust and probity and prevent them from retaining property which in

⁸⁹ *Imperial Chemical Industries plc v. Apotex Inc.* (1989), 27 C.P.R. (3d) 345 (Fed. C.A.); *Boots Co. v. Approved Prescription Services Ltd.*, [1988] F.S.R. 45 (Eng. C.A.) at p. 50; *Syntex Inc. v. Novopharm Ltd.* (1991), 36 C.P.R. (3d) 129 (Fed. C.A.); leave to appeal refused 1991 CarswellNat 1546 (S.C.C.).

⁹⁰ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.).

²⁶ *Breeze Corp v. Hamilton Clamp & Stampings Ltd.*, [1962] O.R. 29 (Ont. H.C.), 36 C.P.R. 153.

²⁷ *Whiten v. Pilot Insurance Co.*, 2002 CarswellOnt 537 (S.C.C.); *Pro Arts Inc. v. Campus Crafts Holdings Ltd.* (1980) 50 C.P.R. (2d) 230.

²⁸ *XY, LLC v. Canadian Topsires Selection Inc.*, 2016 BCSC 1095.

⁹¹ *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) at p. 159.

⁹² *Peter Pan Manufacturing Corp. v. Corsets Silhouette Ltd.*, [1963] 3 All E.R. 402 (Eng. Ch. Div.).

⁹³ *Becker v. Pettikus*, [1980] 2 S.C.R. 834 (S.C.C.), *Syncrude Canada Ltd. v. Hunter Engineering Co.*, (sub nom. *Hunter Engineering Co. v. Syncrude Can. Ltd.*) [1989] 1 S.C.R. 426 (S.C.C.).

“good conscience” they should not be permitted to retain.⁹⁴

To establish that a constructive trust is appropriate, the plaintiff must satisfy four conditions:

- (1) The defendant must have been under an equitable obligation, that is, an obligation of the type that courts of equity have enforced, in relation to the activities giving rise to the assets in his hands;
- (2) The assets in the hands of the defendant must be shown to have resulted from deemed or actual agency activities of the defendant in breach of his equitable obligation to the plaintiff;
- (3) The plaintiff must show a legitimate reason for seeking a proprietary remedy, either personal or related to the need to ensure that others like the defendant remain faithful to their duties and;
- (4) There must be no factors which would render imposition of a constructive trust unjust in all the circumstances of the case; e.g., the interests of intervening creditors must be protected.⁹⁵

A constructive trust does not require the existence of a special relationship between the parties, nor does the absence of a fiduciary relationship preclude the finding of a constructive trust.⁹⁶ However, while the decision to order a constructive trust is a discretionary one, it has been held that “the requirement of unjust enrichment is fundamental to the use of a constructive trust”.⁹⁷

In the *Lac Minerals*⁹⁸ case, both the trial level and Court of Appeal awarded the Williams property to Corona on payment to Lac of the value to Corona of the improvements Lac had made to the property, and an accounting of profits to the date of transfer of the mine. These remedies were based on the finding that, but for Lac’s breach, Corona would have acquired the property. A constructive trust is a restitutionary claim; a claim for unjust enrichment. The function of the law of restitution includes restoring to a Plaintiff wealth that would have accrued to his or her benefit.⁹⁹

Precluding Lac from pursuing the Williams property did not impose an unreasonable restriction on Lac. The confidential information led to the acquisition of a specific, unique asset, and there is only one property from which Lac was being excluded.¹⁰⁰ The recognition of a constructive trust simply redirected the title of the Williams property to its original course. Ultimately the Supreme Court refused to utilize the constructive trust in the context of misuse of confidential information, as per Lamer J¹⁰¹ .:

I do not consider that that decision lays down any principle that makes the remedy of a constructive trust an appropriate remedy for misuse of confidential information except in very special circumstances.

It did leave open the possibility of such a remedy under the right circumstances.¹⁰²

The value of the mine was difficult to assess but could be between \$700,000,000 and \$1,950,000,000. In situations like this, trade secrets can be very valuable.

A constructive trust was awarded over confidential information, including trade secrets, in the hands of the defendants in *XY, LLC v. Canadian Topsires Selection Inc.*, 2016 BCSC 1095. The defendants in that case had surreptitiously acquired confidential information and equipment from the plaintiff, and went to great lengths to secretly continue to make use of and profit from the same in the face of injunctions, an order for delivery-up, and a judgement against them for breach of confidence. In this context, Justice Fitzpatrick ordered that all of the plaintiff’s confidential information in the possession, power or control of the defendants be impressed with a constructive trust in order to enforce the plaintiff’s rights “until (and if) the defendants comply with the permanent injunctive relief” already in place”²⁹ (para 375)

5. LIMITATIONS, DELAY & LACHES

⁹⁴ *Soulos v. Korkontzilas*, [1997] 2 S.C.R. 217 (S.C.C.) at para. 17.

⁹⁵ *Soulos v. Korkontzilas*, [1997] 2 S.C.R. 217 (S.C.C.) at para. 45, citing *Becker v. Pettus*, [1980] 2 S.C.R. 834 (S.C.C.).

⁹⁶ *Soulos v. Korkontzilas*, [1997] 2 S.C.R. 217 (S.C.C.) at para. 19.

⁹⁷ *Brisette v. Westbury Life Insurance Co.*, [1992] 3 S.C.R. 87 (S.C.C.) at p. 96.

⁹⁸ *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.).

⁹⁹ *Air Canada v. British Columbia* (1989), 59 D.L.R. (4th) 161 (S.C.C.).

¹⁰⁰ *Coco v. A.N. Clark (Engineers) Ltd.* (1968), [1969] R.P.C. 41 (Eng. Ch. Div.), Megarry J., distinguished.

¹⁰¹ *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) at p. 159.

¹⁰² *International Corona Resources Ltd. v. LAC Minerals Ltd.* (1989), (sub nom. *LAC Minerals Ltd. v. International Corona Resources Ltd.*) 26 C.P.R. (3d) 97 (S.C.C.) at p. 159.

²⁹ *XY, LLC v. Canadian Topsires Selection Inc.*, 2016 BCSC 1095 at para 375.

5.1 Statute of Limitations

Actions for breach of an express or implied contractual obligation and tort claims are subject to the general statutory limitation period set out in the relevant jurisdiction. A trade secret action rooted in any of these causes of action would be subject to the same limitation period.

In Ontario, s. 4 of the *Limitations Act*¹⁰³ requires that actions for tort or breach of contract be brought within two years after their discovery. The Ontario Act also contains an ultimate limitation period of fifteen years, regardless of the date of discovery.

Limitation periods in the civil law jurisdiction of Quebec, also known as extinctive prescription periods, dictate that actions to enforce personal rights must be commenced within three years of the date on which the cause of action arises.³⁰

6. PROTECTIVE ORDERS IN COURT PROCEEDINGS

Our courts' proceedings are supposed to be public: open and accessible to all, unless circumstances are such that require the public to be excluded, through some principle that temporarily overrides the principle of "open justice". The principle is inextricably tied to freedom of expression enshrined in s. 2(b) of the Charter:

The principle of open courts is inextricably tied to the rights guaranteed by s. 2(b). Openness permits public access to information about the courts, which in turn permits the public to discuss and put forward opinions and criticisms of court practices and proceedings. While the freedom to express ideas and opinions about the operation of the courts is clearly within the ambit of the freedom guaranteed by s. 2(b), so too is the right of members of the public to obtain information about the courts in the first place.¹⁰⁴

Public and media access to the courts is the method by which the judicial process is scrutinized and criticized. Because it is essential to the administration of justice that justice is done and is seen to be done, such public scrutiny is fundamental. The open court principle has been described as "the very soul of justice", guaranteeing that justice is administered in a non-arbitrary manner.¹⁰⁵

One might have thought that the principles of trade secrets law, that require the secret not to be made public in order to preserve the asset at issue itself, would easily override, to the extent necessary for the proceedings, the principle of "open justice". Thanks to the Supreme Court of Canada's judgment in *Sierra Club*¹⁰⁶ in 2002, the preservation of the confidentiality of the information of the parties is not itself sufficient for the court to grant a confidentiality order — there must be some "important commercial interest", not merely specific to the party requesting the order, but rather one which can be expressed in terms of a public interest in confidentiality.

In the *Sierra Club* case, Atomic Energy of Canada Limited ("AECL") sought a confidentiality order to allow it to produce in the litigation, confidential information of a third party, certain Chinese authorities, which information it possessed subject to a confidentiality agreement. If the appellant were to disclose the Confidential Documents, it would be in breach of its contractual obligations and suffer a risk of harm to its competitive position. AECL was bound by its commercial interests and its customer's property rights not to disclose the information, and that such disclosure could harm the appellant's commercial interests.¹⁰⁷

If the confidentiality order was denied, then AECL would have had to withhold the documents, not rely on that relevant evidence at trial and be hindered in its capacity to make full answer and defence, and present its case. Preventing AECL from disclosing those documents on a confidential basis would have infringed its right to a fair trial. A fair trial generally can be viewed as a fundamental principle of justice and there is a general public interest in protecting the right to a fair trial. Similarly, courts have an interest in having all relevant evidence before them in order to ensure that justice is done.¹⁰⁸

In *Sierra Club*, the Supreme Court of Canada held that:

A confidentiality order under [Federal Court] Rule 151 should only be granted when:

¹⁰³ R.S.O. 1990, c. L-15.

³⁰ *Civil Code of Quebec*, Arts 2880, 2925 CCQ.

¹⁰⁴ *Canadian Broadcasting Corp. v. New Brunswick (Attorney General)*, [1996] 3 S.C.R. 480 (S.C.C.) (per La Forest J.) at para. 23.

¹⁰⁵ *Ibid.* at para. 22.

¹⁰⁶ *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41, [2002] 2 S.C.R. 522 (S.C.C.) (per Iacobucci J.).

¹⁰⁷ *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41, [2002] 2 S.C.R. 522 (S.C.C.) (per Iacobucci J.), at para. 49.

¹⁰⁸ *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41, [2002] 2 S.C.R. 522 (S.C.C.) (per Iacobucci J.), at para. 50.

- (a) such an order is necessary in order to prevent a serious risk to an important interest, including a commercial interest, in the context of litigation because reasonably alternative measures will not prevent the risk; and
- (b) the salutary effects of the confidentiality order, including the effects on the right of civil litigants to a fair trial, outweigh its deleterious effects, including the effects on the right to free expression, which in this context includes the public interest in open and accessible court proceedings.¹⁰⁹

[54] As in *Mentuck*, I would add that three important elements are subsumed under the first branch of this test. First, the risk in question must be real and substantial, in that the risk is well grounded in the evidence, and poses a serious threat to the commercial interest in question.

[55] In addition, the phrase “important commercial interest” is in need of some clarification. In order to qualify as an “important commercial interest”, the interest in question cannot merely be specific to the party requesting the order; the interest must be one which can be expressed in terms of a public interest in confidentiality. For example, a private company could not argue simply that the existence of a particular contract should not be made public because to do so would cause the company to lose business, thus harming its commercial interests. However, if, as in this case, exposure of information would cause a breach of a confidentiality agreement, then the commercial interest affected can be characterized more broadly as the general commercial interest of preserving confidential information. Simply put, if there is no general principle at stake, there can be no “important commercial interest” for the purposes of this test. Or, in the words of Binnie J. in *F.N. (Re)*, [2000] 1 S.C.R. 880, 2000 SCC 35, at para. 10, the open court rule only yields “where the *public* interest in confidentiality outweighs the public interest in openness” [emphasis added].

[56] In addition to the above requirement, courts must be cautious in determining what constitutes an “important commercial interest”. It must be remembered that a confidentiality order involves an infringement on freedom of expression. Although the balancing of the commercial interest with freedom of expression takes place under the second branch of the test, courts must be alive to the fundamental importance of the open court rule. See generally Muldoon J. in *Eli Lilly and Co. v. Novopharm Ltd.* (1994), 56 C.P.R. (3d) 437 (F.C.T.D.), at p. 439.

[57] Finally, the phrase “reasonably alternative measures” requires the judge to consider not only whether reasonable alternatives to a confidentiality order are available, but also to restrict the order as much as is reasonably possible while preserving the commercial interest in question.¹¹⁰

Justice Iacobucci’s language in paragraph 55 is troublesome. Would not Coca-Cola’s interest in obtaining a confidentiality order to protect its secret recipe be “specific to the party requesting the order” and, according to the *Sierra Club* test, be insufficient to warrant a confidentiality order? Likewise, disclosure of a trade secret, like disclosure of “a particular contract” would also cause the company to lose business, thus harming its commercial interests — again, facts not sufficient to warrant an order. Although these statements are *obiter dicta* (the *Sierra Club* case dealt with the confidential information of third parties that were already subject to a private confidentiality agreement, and a confidentiality order was granted) they do not bode well for the courts to appreciate and protect the trade secrets of litigants.

An unfortunate example is *Fairview Donut Inc. v. TDL Group Corp.*¹¹¹ where, Tim Hortons, a famous Canadian donut restaurant chain, attempted to obtain confidentiality or sealing order for their full baking system where donuts and other baked goods were made in each store. They sought to seal from the public, sensitive financial information, relating to costs (including costs of goods), sales and margins of the “Always Fresh” conversions that would have competitive value to Tim Horton’s competitors, which information had been provided to franchisees (such as the plaintiff class) on a confidential basis. The information also included “confidential product preparation methods and procedures” that were alleged to be trade secrets. The court did not find the information to be, as it described it, “true trade secrets”¹¹²:

Any competitor with the resources to do so would not likely need to know that you must bake a frozen lump of ingredients for a particular length of time at a particular temperature in order to make a muffin.¹¹³

To protect the confidentiality of documents between the parties in a lawsuit, courts will readily issue confidentiality orders on consent so long as such orders are limited to how the parties themselves handle the information. A sample Confidentiality Order is Appendix C.

A Confidentiality Order — an order sealing certain documents in the court file from public view — must meet the *Sierra Club* test, and is usually limited to certain specified documents and only after the Court is satisfied that the documents should be protected. A sample Confidentiality Order is Appendix D.

¹⁰⁹ *Ibid.*

¹¹⁰ *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41, [2002] 2 S.C.R. 522 (S.C.C.) (per Iacobucci J.) at paras. 50–57.

¹¹¹ (2010), 100 O.R. (3d) 510, [2010] O.J. No. 502 (Ont. S.C.J.), per Strathy J., ; additional reasons 2010 CarswellOnt 5236 (Ont. S.C.J.).

¹¹² *Ibid.*, at para. 67.

¹¹³ *Ibid.*, at para. 66.

Appendix A — Confidentiality or Non-Disclosure Agreement

THIS AGREEMENT IS EFFECTIVE AS OF (date)

1. — The Parties

The parties to this agreement are:

John Jones, an individual living at (“Jones”); and
Janes Inc., a corporation having its principle place of business at (“Janes”).

2. — Purpose of the Agreement

Jones has Confidential Information which he owns and has the right to disclose to Janes and license its use to others. Jones wishes to disclose to Janes the Confidential Information to enable Janes to review it and consider licensing or purchasing it or future patent rights relating to it.

The purpose of this Agreement is to have Janes retain as confidential the Confidential Information received by Janes from Jones and to use it only for the purposes specified in this Agreement.

3. — Definitions

a. In this agreement, “Confidential Information” includes information:

i. disclosed to Janes:

1. relating to the concept that is described generally in Schedule “A” to this agreement;
2. marked as “confidential” in any physical form; and
3. orally and either designated as “confidential” at the time of disclosure, and confirmed as confidential in writing within seven (7) days of such oral disclosure; and

ii. created by Janes from Confidential Information disclosed under clause;

b. In this agreement, “Confidential Information” does not include information that is:

i. or becomes public by acts done by someone other than Janes;

c. disclosed to Janes by a third party under no obligation of confidence; and

d. authorized by Jones to be made public.

4. — Consideration

a. In consideration for the disclosure of the Confidential Information by Jones to Janes, and the payment by Jones to Janes of the sum of One (1) Dollar and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Jones and Janes agree that the facts in the paragraphs above are true and agree as follows.

5. — Acknowledgements

a. Janes acknowledges that the Confidential Information is:

i. confidential; and

ii. is owned by Jones.

6. — Obligations of Jones

a. Jones shall:

i. disclose the Confidential Information to Janes; and

ii. as provided in clauses and, shall designate and identify Confidential Information as “confidential”.

7. — Obligations of Janes

(a) Janes and its employees shall treat all Confidential Information as confidential and, except as otherwise provided in this agreement, shall not disclose it to others and shall only disclose it:

(i) in confidence:

(1) to its employees;

(2) to its legal, accounting or other professional advisors;

who have a need to know such Confidential Information; or

(ii) to others pursuant to an order of a Court of competent jurisdiction.

(b) Janes shall use the Confidential Information only for the purpose of reviewing it and considering licensing or purchasing it or future patent rights relating to it and not for any other purpose and shall promptly advise Jones as to its decision regarding its review and evaluation.

(c) Upon written request, Janes shall, within 30 days of the request, return to Jones any and all Confidential Information and all documents containing Confidential Information or information derived from it.

EXECUTED at [name of Town/City, Province] this [day] day of [month], [year].

John Jones

.....

EXECUTED at [name of Town/City, Province] this [day] day of [month], [year].

Janes Inc.

.....

By:

Title:

Schedule “A”

The Confidential Concept is:

.....

.....

Appendix B — Sample Clauses for Employment Agreements

Definition of Confidential Information

In this agreement, “Confidential Information” includes information:

1. disclosed to the Employee:
 - a. relating to the concept that is described generally in Schedule “A” to this agreement;
 - b. marked as “confidential” in any physical form; and
 - c. orally and either designated as “confidential” at the time of disclosure, and confirmed as confidential in writing within seven (7) days of such oral disclosure;
2. created by the Employee in the course of his/her employment:
 - a. that is not known publically; or
 - b. and that is generated from other Confidential Information; and

In this agreement, “Confidential Information” does not include information that is:

- (a) or becomes public by acts done by someone other than the Employee;
- (b) disclosed to the Employee by a third party under no obligation of confidence; and
- (c) authorized by the Employer to be made public.

Confidentiality

The Employee acknowledges that he/she may create or receive Confidential Information during the course of his/her employment with the Employer. The Employee agrees that this Confidential Information is the property of the Employer, its related companies, suppliers, customers or potential customers. The Employee agrees to mark such Confidential Information as “confidential”.

The Employee agrees that he/she shall treat all Confidential Information as confidential and, except as otherwise provided in this agreement, shall not disclose it to others except:

1. in confidence:
 - a. to other employees of the Employer;
 - b. after receipt of the express written approval of the Employer, to employees of its related companies, its suppliers, customers or potential customers; or
 - c. to the Employer’s legal, accounting or other professional advisors; who have a need to know such Confidential Information; or
2. to others pursuant to an order of a Court of competent jurisdiction.

Permitted use

The Employee agrees that the Confidential Information shall be used only for the benefit of the Employer as directed by the Employer and shall not be used for any other purpose without the prior written authorization of the Employer.

Entitlement to an Injunction for breach of confidentiality

The Employee acknowledges that the Confidential Information is a valuable asset and that its protection under this agreement is necessary for the protection of the business of the Employer and/or the business of its related companies, suppliers, customers or potential customers. The Employee acknowledges and agrees that any unauthorized disclosure of the Confidential Information is deemed to be a breach the Employee's obligations to the Employer and will cause serious damage and injury to the Employer which cannot be fully compensated by monetary damages, thereby entitling the Employer to a temporary and permanent injunction, in addition to any other remedies to which the Employer may be entitled.

Non-Competition

The Employee hereby agrees that, for the purpose of preventing accidental disclosure of Confidential Information, for a period of one (1) year following the termination of his/her employment he/she shall not be employed by or carry on a business in competition with that of the Employer. More specifically, he/she will not work as a [trade] in the [industry/business type] in the City of [geographic area].

Date: 2013.....

Appendix C — Protective and Confidentiality Order

Docket: T- -13

....., Ontario

PRESENT:....., Prothonotary

FEDERAL COURT

(A) BETWEEN:

ALPHA INC.

Plaintiff/
Defendant by Counterclaim

—and—

BETA INC.

Defendant/
Plaintiff by Counterclaim

PROTECTIVE AND CONFIDENTIALITY ORDER

UPON motion made by the Plaintiff to the Court for an order protecting and maintaining the confidentiality of certain documents, information and transcripts to be produced during the course of this proceeding;

AND UPON the Parties consenting to the order sought;

THIS COURT ORDERS that:**I. — Definitions**

1. In this order:

- (a) "Alpha" means the plaintiff, Alpha Inc.;
- (b) "Counsel for Alpha" means the law firm of Gamma LLP, solicitors of record for Alpha in this proceeding, and its members and regular employees;
- (c) "Beta" means the defendant Beta Inc.;
- (d) "Counsel for Beta" means the law firm of Sigma LLP, solicitors of record for Beta in this proceeding and

their members and regular employees;

(e) “Confidential Information” means the Information referred to in paragraph 4 hereof;

(f) “Court” means the Federal Court and Federal Court of Appeal;

(g) “Discovery Information” means any document that is referred to in any Party’s affidavit of documents or disclosed during this proceeding, any transcript or exhibit from an examination for discovery in this proceeding, any answer given or document produced in response to a discovery question, and the contents of any such documents, transcripts, exhibits or answers;

(h) “Document” shall have the same meaning as in the *Federal Courts Rules* including Rule 222(1) thereof;

(i) “Examination” refers to an examination as defined in Rule 87 of the *Federal Courts Rules*;

(j) “Information” shall mean the information, including Discovery Information, contained in any Document produced by any Party to this action or by a non-party, the information in any affidavit, transcript, answer, submission, testimony or reasons for decision, and the information disclosed by any test sample;

(k) “Parties” shall mean Alpha and Beta collectively;

(l) “Party” shall mean each of Alpha and Beta;

(m) “Producing Party” means a Party, or a person other than a Party, including non-party witnesses, which or who produces Confidential Information in testimony, documents or other tangible or intangible forms in relation to this proceeding;

(n) “Receiving Party” means a Party receiving or requesting production of Confidential Information in testimony, documents or other tangible or intangible forms in relation to this proceeding; and

(o) “Related Entity” means any direct or indirect parent or subsidiary, or other legal business entity owned or controlled by a common parent as a Party;

(p) “Solicitor’s Eyes Only Information” means the Information referred to in sub-paragraph 4(b) hereof.

II. — Confidentiality Designations

2. This order shall apply to any Confidential Information and Solicitor’s Eyes Only Information produced or disclosed by or on behalf of any Producing Party in relation to this proceeding, which is designated as such by that Producing Party in accordance with the procedures described herein.

3. A Producing Party, when it reasonably believes it will be disclosing or has disclosed Confidential Information or Solicitor’s Eyes Only Information, as referred to in paragraph 4 hereof, shall have the right, through its counsel, to designate such information as “Confidential Information” or “Solicitor’s Eyes Only Information” in accordance with the procedures set out herein. Confidential Information and Solicitor’s Eyes Only Information shall thereafter be governed by the terms of this order, subject to the right of a Receiving Party to challenge the designation.

4. Information may be designated as:

(a) Confidential Information under this order where the Producing Party in good faith believes that the Information is maintained by the Producing Party as confidential and that the Producing Party could be harmed if the Information were made available to the public, and the Information is or contains confidential technical, sales, marketing, financial, business strategy or other commercially sensitive information or proprietary information not otherwise known or available to the public, whether embodied in physical objects, documents, or the factual knowledge of persons; and

(b) Solicitor’s Eyes Only Information under this order where the Producing Party in good faith believes that the Information is maintained by the Producing Party as confidential and that the Producing Party could be harmed if the Information were made available to the Receiving Party or the information is of commercial value to the Receiving Party, and the Information is or contains confidential technical, sales, marketing, financial, business strategy or transactional information, whether embodied in physical objects, documents, or the factual knowledge of persons.

If Information has more than one designation by the Producing Party, it shall be treated as Solicitor’s Eyes Only Information.

5. The designation of any Information as Confidential Information or Solicitor’s Eyes Only Information shall not be an admission by a Producing Party as to the relevance of such Information in these proceedings.

6. A non-party producing Information or material voluntarily or pursuant to a subpoena or a court Order may designate such material or Information in the same manner and shall receive the same level of protection under this

order as any Party to this lawsuit, provided that such non-party complies with the provisions of this Order. A non-party's use of this order to protect its Confidential Information or Solicitor's Eyes Only Information does not entitle that non-party access to Confidential Information or Solicitor's Eyes Only Information produced by any Party in this proceeding.

III. — Manner of Making Confidentiality Designations

7. Information shall be designated as Confidential Information or Solicitor's Eyes Only Information by marking the document, affidavit, exhibit, transcript or answer containing the Information as "Confidential Information" or "Solicitor's Eyes Only Information". The document, affidavit, exhibit, transcript or answer may be marked on each page or prominent visible surface thereof, before or promptly after the Information has been produced with the following legend or other suitable means of marking:

(a) in terms of Confidential Information:

CONFIDENTIAL INFORMATION

SUBJECT TO PROTECTIVE AND CONFIDENTIALITY ORDER dated,

IN COURT FILE T- -13

(b) in terms of Solicitor's Eyes Only Information:

SOLICITOR'S EYES ONLY INFORMATION

SUBJECT TO PROTECTIVE AND CONFIDENTIALITY ORDER dated,

IN COURT FILE T- -13

8. Any Receiving Party shall ensure that all copies made by the Receiving Party of received Confidential Information are marked in accordance with paragraph 7. Where it is not reasonably possible to so mark the Information, the Receiving Party will use other means to clearly indicate to recipients that the information is Confidential Information or Solicitor's Eyes Only Information.

9. At or following any Examination, or other proceeding before a court reporter in this proceeding, where evidence is given or documents are produced which are designated by a Producing Party to be Confidential Information, a copy of this order shall be presented to the reporter, and the reporter shall omit such evidence and documents from the non-confidential transcript and transcribe them separately as a "Confidential Transcript — Confidential Information" or "Confidential Transcript — Solicitor's Eyes Only Information", as the case may be, and shall mark the transcripts in accordance with paragraph 7 above. The reporter shall in the normal course send copies of the "Confidential Transcript — Confidential Information" and "Confidential Transcript — Solicitor's Eyes Only Information" only to Counsel for all Parties in this proceeding, and such copies shall thereafter be treated as Confidential Information or Solicitor's Eyes Only Information subject to this order.

10. At or following any Examination, or other proceeding before a court reporter in this proceeding, where evidence is given or documents are produced which are designated by a Producing Party to comprise or contain Confidential Information or Solicitor's Eyes Only Information, the Producing Party may, within thirty (30) calendar days of receiving a copy of any transcript of any Examination or other proceeding from a court reporter, designate all or any part of the transcript as Confidential Information or Solicitor's Eyes Only Information subject to this order, by writing to counsel for any Receiving Party and advising which part of the transcript is to be treated as Confidential Information or Solicitor's Eyes Only Information.

11. Where a Producing Party permits a Receiving Party to inspect any document that has not yet been produced, whether by agreement, order or otherwise, and indicates that the document is confidential, the Receiving Party shall treat the document as Solicitor's Eyes Only Information until a copy is produced under the procedures set forth in this order to the Receiving Party for use in this action.

12. The inadvertent or unintentional disclosure by a Producing Party of Confidential Information or Solicitor's Eyes Only Information, either by way of document production or otherwise, regardless of whether the Information was so designated at the time of disclosure, shall not be deemed a waiver in whole or in part of the Producing Party's claim of confidentiality, either as to the specific Information disclosed, or as to other Information relating thereto, or on the same or related subject matter.

13. Any Producing Party who inadvertently fails to designate Confidential Information or Solicitor's Eyes Only Information shall, upon discovery of the inadvertent failure, promptly notify in writing all Receiving Parties known

to have received the Information in question, and provide them with appropriately marked substitute copies of the Information. Until a Receiving Party receives such notification, any good faith disclosure made by that Receiving Party of the Confidential Information or Solicitor's Eyes Only Information to any person not permitted by this order to have access to the Confidential Information or Solicitor's Eyes Only Information shall not constitute a violation of this Order. Any Receiving Party receiving any such notification shall promptly request all persons to whom the Confidential Information or Solicitor's Eyes Only Information was disclosed by the Receiving Party to return the Confidential Information or Solicitor's Eyes Only Information to the Producing Party or to destroy it. The Receiving Party may provide all persons entitled to receive the Confidential Information or Solicitor's Eyes Only Information with the substitute copies provided by the Producing Party.

IV. — Disclosure and Use of Information and Documents

14. All Confidential Information or Solicitor's Eyes Only Information shall be kept confidential and shall not be disclosed to anyone except in accordance with the terms of this Order.

15. Subject to the limitations in paragraph 17, in the absence of prior written permission from the Producing Party who designated the Information as Confidential Information, Confidential Information shall not be disclosed to anyone except stenographic and video reporters engaged in the within proceeding and the following firms and individuals:

- (a) Counsel for Alpha and Counsel for Beta;
- (b) up to five (5) employees or corporate officers of the Receiving Party or a Related Entity for each of Alpha and Beta, to whom disclosure is reasonably necessary for this proceeding;
- (c) any outside service contractor (such as a copy service) retained by Counsel for Alpha or Counsel for Beta who requires access to the Confidential Information for the purpose of assisting with this proceeding;
- (d) Independent consultants or experts retained by a Party for the purpose of assisting with this proceeding;
- (e) Such other persons as the Parties may agree in writing or as the Court may order.

16. Any Solicitor's Eyes Only Information designated under this order shall be treated the same as Confidential Information, except that Solicitor's Eyes Only Information shall not be disclosed to anyone except stenographic and video reporters engaged in the within proceeding and those persons specified in subparagraphs 15(a), (c), (d) and (e).

17. Prior to the disclosure of designated Confidential Information or Solicitor's Eyes Only Information to the persons listed in subparagraph 15 (c), (d), and (e), the solicitor responsible for making such disclosure shall furnish the intended recipient with a copy of this Order and shall obtain from the intended recipient an acknowledgment in writing in the form annexed hereto as Appendix I that the intended recipient has read this order, understands it, agrees to be bound by it and consents to the jurisdiction of the Court in connection therewith. Outside counsel shall retain a copy of the written acknowledgment, but need not provide a copy of same to other outside counsel except upon order of this Court.

18. In the event that Confidential Information or Solicitor's Eyes Only Information is disclosed to anyone other than in the manner authorized by this Order, the Receiving Party responsible for such disclosure shall immediately bring all pertinent facts relating to the disclosure to the attention of the Producing Party who designated the Information as Confidential Information or Solicitor's Eyes Only Information and shall make every effort to prevent further disclosure of the Information.

19. The termination of this proceeding shall not relieve any person to whom Confidential Information or Solicitor's Eyes Only Information was disclosed pursuant to this order from the obligation of maintaining the confidentiality of such Information in accordance with the provisions of this Order.

20. Upon final termination of this proceeding (including appeals), all copies of designated Confidential Information and Solicitor's Eyes Only Information in the possession of any Receiving Party shall be destroyed within 90 days, except:

- (a) any witness and any Party may retain a copy of any transcript of evidence of that witness or that Party given in any examination or any hearing; and
- (b) archive copies may be retained by each of Counsel for Alpha and Counsel for Beta.

V. — Exclusions, Limitations and Challenge Procedures

21. The restrictions set forward in this order shall not apply to Information that:

- (a) was lawfully and without legal restriction in the possession of an individual or Party other than through

disclosure in this proceeding pursuant to this Order;

(b) was derived independently of disclosure hereunder;

(c) any individual or a Party or its counsel lawfully and without legal restriction obtained from a person having the right to disclose such Information; or

(d) is or becomes part of the public domain not as a result of any unauthorized act or omission on the part of a recipient of Confidential Information pursuant to this Order.

22. Nothing in this Order shall foreclose or limit a Party:

(a) from asserting that any designated Confidential Information is, in fact, not confidential or that any designated Solicitor's Eyes Only Information is either not confidential or does not meet the criteria to be designated as Solicitor's Eyes Only Information ("Challenged Information");

(b) from seeking an adjudication of the confidential character of the Challenged Information;

(c) from opposing the production of any documents or the answering of any questions on any proper grounds whatsoever (including relevance and privilege); or

(d) from use or disclosure of its own Confidential Information or Solicitor's Eyes Only Information for any purpose.

23. In the event of a challenge to the confidentiality of designated Confidential Information or Solicitor's Eyes Only Information, such a challenge shall be written, shall be served on counsel for the Producing Party and shall particularly identify the Information that the challenging Party contends should be designated differently. The Parties will engage in a good faith effort to try to resolve the dispute on an informal basis. If the Parties are unable to resolve such a dispute informally within fourteen (14) business days of having requested a meeting of counsel, the challenging Party may apply to the Court for relief at any time. Any such disputed items shall be treated as originally designated by the Producing Party and subject to the protections of this order unless and until the Court determines otherwise. On any challenge before the Court, the Party or non-party asserting confidentiality shall have the burden on a balance of probabilities of establishing that the information is, in fact, Confidential Information or Solicitor's Eyes Only Information. No Party shall be obligated to challenge the propriety of any designation, and failure to do so shall not constitute an admission that any item or Information is in fact confidential.

24. A Producing Party may waive in writing all or any part of its right over its designated Confidential Information or Solicitor's Eyes Only Information under this Order.

25. Nothing in this Order shall preclude or impede Counsel for the respective Parties' ability to communicate with or advise their client of general or high-level conclusions based on their review and evaluation of Confidential Information or Solicitor's Eyes Only Information produced by any Producing Party, provided that such communications or advice shall not disclose or reveal the specific contents of any Confidential Information or Solicitor's Eyes Only Information in violation of this order.

VI. — Filing Confidential Information with the Court

26. With the exception of material filed by a Party with the Court in support of a motion to compel further or better answers to undertakings given on discovery, or in respect of objections to questions made on discovery, which is addressed in paragraph 27, below, where any party intends to submit to this Court in this proceeding Confidential Information or Solicitor's Eyes Only Information for which a separate Confidentiality Order has not yet been issued, a motion pursuant to Rule 151 of the *Federal Courts Rules* for a Confidentiality Order will be required. The Party who intends to submit Confidential Information or Solicitor's Eyes Only Information to the Court shall so advise the Producing Party, at least 10 days before the material is filed, to allow the Producing Party to apply for a Confidentiality Order.

27. Where, in support of a motion to compel further or better answers to undertakings given on discovery, or in respect of objections to questions made on discoveries, a Party wishes to file with the Court Information designated as Confidential Information or Solicitor's Eyes Only Information pursuant to this Order, a Motion Record or transcript that contains Confidential Information or Solicitor's Eyes Only Information may be filed in sealed envelopes as part of the motion materials and thus will be segregated from the public record, and the material shall be treated as confidential, in accordance with Rule 152 without the need for a motion or order pursuant to Rule 151. A redacted version of any Motion Record filed in a sealed envelope shall be filed on the public file with the Confidential Information or Solicitor's Eyes Only Information redacted from it and indicated as such. Each sealed envelope and redacted Motion Record shall be accompanied by a solicitor's certificate attesting that the solicitor has read this order and confirms that the Confidential Information or Solicitor's Eyes Only Information indicated as

such in the sealed Motion Record and the redacted pages or portions thereof in the redacted Motion Record are pages that were designated as Confidential Information or Solicitor's Eyes Only Information, pursuant to this Order. The Court, however, shall retain its discretion as to the terms and conditions of use of this "confidential" information and the maintenance of the confidentiality thereof during the hearing of the motion(s) and in resulting Orders or Reasons for Order, subject to the Producing Party being given a reasonable opportunity to speak to and provide evidence supporting the need to maintain confidentiality.

VII. — Miscellaneous Provisions

28. This order shall not aggregate or diminish any contractual, statutory or other legal obligation or right of any Party or person with respect to any Confidential Information.

29. This Order shall be without prejudice to the right of any Party to apply to the Court at any time to vary or terminate the effect of this order or for a direction on any specific issue concerning production of a specific Document.

30. Unless otherwise specifically indicated, nothing in this Order is intended to vary or modify the implied undertaking rule.

31. There shall be no costs of this motion.

.....
Prothonotary

Appendix D — Confidentiality Order

Undertaking

I, the undersigned, (name), domiciled and residing at (address), hereby affirm the following:

1. I am (specify occupation and relation to (indicate the Party)).
2. I acknowledge that I am about to receive Confidential Information as defined in the Protective and Confidentiality Order dated (date).
3. I certify my understanding that this Confidential Information is being provided to me pursuant to the terms and restrictions of the Protective Order referred to above in this action, and that I have received a copy of that order and have read and understand my obligations under that order.
4. I hereby agree and undertake to be bound by the terms of the Protective and Confidentiality Order. I clearly understand that the Confidential Information and my copies or notes relating thereto shall not be disclosed to anyone not similarly bound by the Protective and Confidentiality Order.
5. On request from counsel for the Producing Party who provided me with the Confidential Information, I will destroy all materials containing the Confidential Information, copies thereof and notes that I have prepared relating thereto which are in my possession.
6. I hereby submit to the jurisdiction of the Federal Court of Canada for the purpose of enforcement of this Protective Order.

.....
Docket: T-

Ottawa, Ontario, this day of

PRESENT:

BETWEEN:

Plaintiff

— AND —

Defendant

Confidentiality Order

UPON the motion of the Defendant for a Confidentiality Order concerning certain documents and information.

AND UPON the Court having also indicated that a Confidentiality Order could include limited leave for the parties to file under seal documents and information designated as confidential” pursuant to the Protective Order for the limited purpose of determining motions to compel.

IT IS ORDERED THAT:

2. The following information of the Defendant and its affiliates or related companies may be filed and shall be treated as confidential in accordance with this Order: The following documents listed by production number in Schedule 1 to the Defendant’s affidavit of documents:

(i) [list documents]

2. Wherever a party seeks to file in this Court documents or portions thereof, including affidavits, exhibits, transcripts or motion materials, which contain or discuss in a manner that would disclose its content, confidential information as defined in paragraph 1 of this Order (“Confidential Information”), the Confidential Information shall be segregated from other information and documentation being submitted for filing and shall be submitted to the Court in sealed envelopes identifying this proceeding and permanently marked with the following:

CONFIDENTIAL INFORMATION

PURSUANT TO THE ORDER DATED, THIS ENVELOPE SHALL REMAIN SEALED IN THE COURT FILES AND BE TREATED IN ACCORDANCE WITH RULE 152.

3. Where it is not reasonably practical to segregate Confidential Information from non-confidential information, the parties may file an entire document or volume thereof in a sealed envelope, provided that a public version of the document or volume, from which Confidential Information has been redacted or removed, is also filed on the public record.

4. Where, in support of a motion to compel further or better answers to undertakings given on discovery, or to rule on objections made on discoveries, the parties wish to file exhibits, documentary productions or transcripts designated as “confidential” pursuant to the Protective Order dated, and that the notices of motion and written representations do not disclose the subject matter of said “confidential” information, the exhibits, documentary productions and transcripts may be segregated from the other motion materials and be filed in sealed envelopes, and the material shall be treated as confidential, in accordance with Rule 152 without the need for a further motion or order pursuant to Rule 151. The Court, however, shall retain its discretion as to the terms and conditions of use of this “confidential” information and the maintenance of the confidentiality thereof during the hearing of the motion(s) and in resulting Orders or Reasons for Order, subject to the parties being given a reasonable opportunity to speak to and provide evidence supporting the need to maintain confidentiality.

5. The terms and conditions of use of Confidential Information and the maintenance of the confidentiality thereof during any hearing of this proceeding shall be matters in the discretion of the Court seized of this matter. In any event, the terms of this Order do not apply to the hearing of the action on its merits or to the manner in which the final judgment and reasons for judgment are to be written and treated, unless specifically ordered by the trial Judge.

6. Wherever it appears to the Court or to a party that documents have been filed under seal pursuant to this Order which do not fall within the scope of this Order, or that information designated by this Order as Confidential information is available or has been obtained by the receiving party other than through disclosure in this proceeding, or is or has been made public and should no longer be treated as Confidential, the party may seek directions or the Court may unilaterally issue directions for the filing party to show cause why the document should not be unsealed and placed on the public record.

.....
Prothonotary or Judge

Appendix E — Anton Piller Order

Court File No. T

FEDERAL COURT

TORONTO, ONTARIO

PRESENT:

BETWEEN:

.....
and

Plaintiffs

— and —

.....,
.....,, **and**
.....

Defendants

ORDER

UPON THE PLAINTIFFS’ EX PARTE MOTION made, *in camera*, this day for relief against each of,,, and; and (**the “Subject Defendants”**) heard on December 20, 2012;

AND UPON READING the Plaintiffs’ Motion Record and the pleadings and proceedings herein;

AND UPON hearing the submissions of counsel for the Plaintiffs;

IT IS HEREBY ORDERED THAT:

Commencement and Term of Order

1. The terms of this Order shall become effective against each person served with this Order only from the day on which it is served on that person and shall remain in effect for fourteen days thereafter, unless otherwise ordered by the Court.
2. This Order may be served and executed upon each or any of the Subject Defendants for a period not exceeding one month from its date, but may, prior to that date, be set aside or modified by any Judge of the Federal Court either on its own motion or on motion by the Plaintiffs or any person served with this Order. The Court’s review of the execution of this Order and the Order’s continuation with or without variation may be heard by any Judge of the Federal Court.

Independent Supervising Solicitor

3. For the purposes of supervising the service and execution of this Order, including without limitation, explaining the terms of this Order to the person(s) in charge of the Premises, as defined *infra* and/or the person(s) served (hereafter collectively, the **“Person Served”**) and reporting to the Court, the Plaintiffs shall appoint a lawyer, independent from its solicitors of record in this action, hereinafter referred to as the **“Independent Supervising Solicitor”** or **“ISS”**.

4. The ISS shall ensure that the nature and effect of this Order is explained fairly and in everyday language to the Person Served. In particular, but without limitation, the ISS shall draw attention to and explain to the Person Served the following paragraphs of this Order:

a.	paragraph 15(b)	obligation to provide full and correct name and address;
b.	paragraphs 29 and 30	injunction provisions;
c.	paragraphs 8, 9, 10, 13 and 14	entry, search and record provisions;
d.	paragraphs 11 and 12	obligation to deliver up Certain Material; Related Equipment; and Related Records;
e.	paragraph 6	obligation to comply with this Order or be subject to a possible finding of contempt;

f.	paragraph 5	right to consult a lawyer; and
g.	paragraphs 31 and 37	right to attend before the Federal Court.

Right to a Lawyer

5. Following the explanation of this Order to the Person Served, the ISS shall advise the Person Served that he, she, it, or they (as appropriate), may consult with a lawyer respecting the terms of this Order provided that such advice is sought and obtained forthwith.

Failure To Comply

6. The ISS shall advise the Person Served that he, she, it or they (as appropriate), may be found in contempt of Court which can result in fines or imprisonment, if the Person Served fails to comply with the terms of this Order.

Deemed Explanation

7. If the actions of a person being served with this Order render the giving of an explanation not reasonably possible, the attempt to provide such explanation will be deemed to constitute the giving of an explanation to that person.

Search for and Delivery Up of Certain Material, Related Equipment and Related Records

8. The Person Served shall permit the Authorized Persons, as defined *infra*, being in total not more than four in number, plus such law enforcement officers or bailiffs as may be required pursuant to paragraph 28 *infra*, to enter on the Premises, as defined *infra*, on any day of the week at any time between 7:00 a.m. and 9:00 p.m., for the purpose of searching for, and removing all [*describe certain material*] ("Certain Material"), Related Equipment and Related Records.

9. The Person Served shall open and make available to the Authorized Persons any vehicle, container, or storage area within his, her, its or their (as appropriate) possession, custody or control and open any locked doors of the Premises behind which the Authorized Persons have reasonable grounds to believe there may be any Certain Material, Related Equipment or Related Records.

10. The Authorized Persons are authorized and entitled to search the Premises including without limitation, any vehicle, container, or storage area, to identify Certain Material, Related Equipment and Related Records.

Duty to Deliver Up

11. The Person Served shall immediately deliver up to the Authorized Persons, all Certain Material, Related Equipment or Related Records within his, her, its or their (as appropriate) possession, custody, power or control, except those Related Records to which the principles of paragraphs 21(I)(a) and 21(II)(a) apply.

12. The Person Served shall not take any steps to destroy or conceal any Certain Material, Related Equipment or Related Records.

Right to Record the Premises

13. The Authorized Persons are authorized to photograph, videotape, or electronically record the Premises, including without limitation, the Certain Material, Related Equipment and Related Records.

14. The Person Served shall allow the Authorized Persons to photograph, videotape or electronically record the Premises, including, without limitation, the Certain Material, Related Equipment and Related Records.

Disclosure of Information

15. The Person Served shall disclose to the Authorized Persons:

- a. the location of all Certain Material, Related Equipment and Related Records of which they have knowledge, whether on the Premises or elsewhere;
- b. their full and correct name and the address at which registered mail sent to them will be received;
- c. the legal name of the business operating from each of the Premises;
- d. the name, address and other contact information including email address, website and phone number of all suppliers who have supplied them with Certain Material;
- e. the name and address of the customers to whom they have sold or distributed Certain Material; and
- f. the name and address of all persons of whom they have knowledge are engaged in or who assist in the

activities enjoined by paragraphs 29 and 30 *infra*.

Access to Related Records Stored Electronically

16. The Authorized Persons are authorized to obtain from the Person Served, all Related Records, including Related Records stored electronically on any computers, laptops, tablets, discs, drives, databases, backup tapes, archives, CD-ROMs, external hard-drives, USB memory sticks and personal digital assistants, such as smartphones and any other device on which information is recorded or stored or including but not limited to, iphones, ipads, Blackberries, Android and/or Windows devices (collectively, “**computers or computer equipment**”). To facilitate access to the Related Records stored electronically, the Authorized Persons shall be granted access to all such systems and devices and shall have the right to bring into the Premises and to connect to the equipment therein such search, retrieval and reproduction equipment as they may deem necessary in the circumstances.

17. The Person Served shall provide the Authorized Persons with all requisite passwords including authorizations to third party electronic vendors used by the Person Served in order to allow them to obtain any passwords, password files, test keys, encryption codes or other codes necessary to access the Related Records stored on the computers and the computer equipment to be searched including but not limited to Subject Defendants’ sympatico.ca email accounts and/or any other cloud storage used by any or more of the Subject Defendants or to convert any data, file or information on the computers or computer equipment into a readable form.

18. The Person Served shall disclose to the Authorized Persons all Related Records stored by way of electronic mail sent to, from and through all e-mail addresses used directly or indirectly by the Person Served, including email addresses as established with any Internet Service Provider.

19. The Person Served shall also disclose to the Authorized Persons any screen names and subscriber information they use or have used with any instant messaging or internet relay chat services if the same are required to access Related Records.

20. If the Person Served fails or refuses to cooperate with the Authorized Persons or otherwise prevents the Authorized Persons from having access to the Related Records stored on any computers or computer equipment, then the ISS may remove and hold in a secure place the computer and/or the computer equipment, storage devices and media which the ISS shall hold pending further Order of this Court or agreement between the parties to this action. Such Order shall be sought within 72 hours of the removal of such equipment or such other time that is available from the Registry of the Federal Court. Until such Order is obtained, the Authorized Persons shall not endeavour to access or tamper with said equipment.

Related Records Subject to Solicitor-Client Privilege

21. In the event that the Person Served asserts that any Related Record is protected by solicitor-client privilege, or if the ISS or any Authorized Person independently ascertains that this may be the case, the following shall occur:

I — Physical Documents

a. In the event that the document is a physical document and all parties agree that the document is protected by solicitor-client privilege, it shall not be read, reviewed, copied or required to be delivered up; or,

b. In the event that all parties do not agree that the physical document is protected by solicitor-client privilege, the ISS shall place that document in an envelope marked *ALLEGEDLY PRIVILEGED INFORMATION* without any further review; shall seal that envelope at the conclusion of the search; and maintain that sealed envelope in its possession. The ISS shall not disclose this allegedly privileged document to anyone without the prior written consent of the Person Served or further Order of this Court. Such Order shall be sought within 72 hours from the placing of such document in such envelope or such other time that is available from the Registry of the Federal Court.

II — Electronic Data

a. In the event that all parties agree that the electronic files are protected by solicitor-client privilege, they shall not be read, reviewed, downloaded, copied or delivered up, other than as permitted in subparagraph (c) below;

b. In the event that all parties do not agree that the electronic files are protected by solicitor-client privilege or if it is impossible or impracticable to determine this during the search, the Authorized Persons may copy these files but the ISS shall ensure that they are not provided to nor disclosed to anyone other than in strict accordance herewith;

c. In the event that any allegedly or suspect solicitor-client communications are copied pursuant to subparagraph (b), the ISS shall, within seven (7) days of the search, afford the Person Served and his/her/its/their legal counsel an opportunity to review all copied files to identify any privileged material. In the event that the Person Served asserts solicitor-client privilege over such material, the ISS shall arrange to move these files to a separate disc marked *ALLEGEDLY PRIVILEGED ELECTRONIC FILES*, which the ISS shall place in a sealed envelope marked *ALLEGEDLY PRIVILEGED ELECTRONIC FILES* that shall not be opened without the prior written consent of the Person Served or further Order of

this Court. Such Order shall be sought within 72 hours from the placing of such material in such envelope or such other time that is available from the Registry of the Federal Court.

Non-Disclosure of Order

22. Subject to paragraph 5 of this Order, the Person Served and any persons who have notice of the service of this Order, is/are prohibited for a period of twenty-four hours after such service from:

- a. disclosing to or discussing with any other person(s) (other than his or her spouse) the existence of these proceedings or the Orders herein;
- b. otherwise informing or warning any other person(s) that the Plaintiff might execute this Order against that other person or those other persons.

Custody and Use of Certain Material, Related Equipment and Related Records

23. The ISS shall ensure that a list is made of all of the Certain Material, Related Equipment and Related Records that are delivered up pursuant to this Order and shall serve a copy of that list on the Person Served.

24. When non-privileged Related Records are delivered up, such analysis and copying as the ISS considers necessary shall be done as quickly as is reasonably practical and the non-privileged Related Records returned to the Person Served forthwith.

25. All Certain Material and Related Equipment and copies of all non-privileged Related Records delivered up pursuant to this Order, together with a copy of the list prepared pursuant to paragraph 23, may be deposited for safekeeping with any Registry of the Federal Court or may be delivered into the custody of counsel for the Plaintiffs, provided that a copy of the list prepared pursuant to paragraph 23 and a complete photographic, videographic or digital electronic record of the Certain Material, and Related Equipment that has been delivered up is filed with the Court. In the case of substantially similar Certain Material, a photograph, videograph or digital electronic image of one item together with an inventory of the number of items delivered up will suffice.

26. The provisions of this paragraph apply whether or not the identity of the person from whom the materials are delivered up or by whom they are delivered up is known.

27. The Certain Material, Related Equipment and/or Related Records delivered up pursuant to this Order shall be utilized solely for the purpose of this civil proceeding and/or civil proceedings arising from the execution of this Order.

Assistance in Enforcing the Order

28. Where a breach of the peace is apprehended as a result of or in anticipation of the execution of this Order, the Bailiff and such other police officers, law enforcement officers and authorities in Quebec, as may be required by the Authorized Persons, may attend to prevent such apprehended breach of the peace.

Restraining Infringement

29. The Person Served is restrained from offering for sale, displaying, advertising, selling, manufacturing, distributing, or otherwise dealing in Certain Material until the court has reviewed the execution of this Order.

30. The Person Served is restrained from directing public attention to his, her, its, their (as appropriate) wares in such a way as to cause or be likely to cause confusion in Canada between those wares and the wares of the Plaintiffs until the court has reviewed the execution of this Order.

Court Review of Execution of the Order

31. The ISS shall serve upon the Person Served, a copy of this Order together with a copy of the Statement of Claim in this Action, and a Notice of Motion providing for, amongst other things, the review by this Court of the execution of this Order and the Order's continuation. That Notice of Motion shall be returnable within fourteen days of service, or so soon thereafter as it is possible to have the matter heard by the Court, at the Federal Court premises closest to the location at which this Order was executed or by remote conferencing pursuant to Rule 32 of the *Federal Courts Rules*. If the actions of the Person Served make service pursuant to this paragraph not reasonably possible, leaving a copy of the documents to be served at the Premises where service was attempted shall be deemed to be proper service.

32. The Notice of Motion should request an Order permitting the continued detention or preservation of the Certain Material, Related Equipment and Related Records, which were delivered up, if any, until final disposition of the action arising from the service of this Order. The motion may seek disposition of the property to the Plaintiffs after ninety days if the Persons Served does not appear on the return of the motion and if no steps have been taken to

defend the action or otherwise contest the Order given.

33. The Notice of Motion may request an Order converting the interim injunction, described in paragraphs 29 and 30, *supra*, into an interlocutory injunction, or if the former has expired, the issuance of an interlocutory injunction against the person(s) added as a defendant(s), in which case the Plaintiff need not, pursuant to Rules 362 and 364 of the *Federal Courts Rules*, serve or file a Motion Record unless otherwise ordered by the Court and the Defendant(s) need not, pursuant to Rule 365 serve or file a Motion Record unless otherwise ordered by the Court.

34. A motion for review of the execution of this Order and its further continuation shall be supported by an affidavit from the ISS setting out a full and accurate report of the execution or executions under review, and including a full description of all Certain Material, Related Equipment and Related Records delivered up as described in paragraph 23, *supra*.

35. The Person Served may request an earlier hearing of the review motion referred to in paragraphs 30, 31 and 32, *supra* for the purpose of having the Order as against the Person Served set aside or varied, or to determine whether the Plaintiffs should be required to post security. Any such request shall be by Notice of Motion properly served on the Plaintiffs' solicitor and on the ISS.

Terminology

36. To ensure that the terms of this Order are not misunderstood, the following explanation of words used herein is given:

- a. "**Certain Material**" means [*described the confidential material sought to be handed over*], as the Authorized Persons so allege;
- b. "**Related Equipment**" means equipment used to manufacture Certain Material;
- c. "**Related Records**" means any records, files and documents (as that term is defined in Rule 222 of the *Federal Courts Rules*) pertaining to the purchase, importation, exportation, advertisement, manufacture, distribution, offering for sale or sale of Certain Material;
- d. the "**Premises**" means the location where the Person Served is carrying on business, and/or where the Persons Served store the Certain Material, including any one or more of the following locations:
 - i.;
 - ii.;
 - iii.;
 - iv.;
 - v.; and
 - vi.
- e. "**containers**" include bags, boxes, cabinets, drawers, lockers, display cases at the Premises or under the control of the Person Served;
- f. "**Plaintiffs' solicitor**" means [*name Plaintiffs' law firm*] LLP;
- g. **Independent Serving Solicitor** includes but is not limited to, Lawyer and/or, Lawyer;
- h. "**Authorized Persons**" means:
 - i. the Independent Supervising Solicitor;
 - ii. a lawyer or lawyers from the Plaintiffs' solicitor or another lawyer or lawyers acting as agents for the Plaintiffs' solicitor;
 - iii. employees of the solicitors of record for the Plaintiffs or employees of the lawyer acting as agent for the Plaintiffs' solicitor; and
 - iv. representatives of the Plaintiffs, including but not limited to, employees of the Plaintiffs, licensed private investigators, and computer forensic technicians.
- i. "**Dealing In**" Certain Material includes activities such as importing, exporting, offering for sale, selling, producing, manufacturing, distributing, advertising, shipping and transferring such merchandise.

Plaintiffs'/Solicitors' Undertaking

37. This Order is issued on the undertaking of, filed with this Court, to obey promptly any Order of the Court with respect to damages, that may issue, arising out of any unauthorized execution of this Order or upon the setting aside of the Order.

38. This Order is issued on the written undertakings of:

- a. any Independent Supervising Solicitor that may be appointed from time to time by the Plaintiffs; and,
- b. the solicitor or solicitors of record for the Plaintiffs from time to time,

that they will faithfully execute their obligations under this Order in a reasonable manner and conduct themselves as a proper officer of this Court. These undertakings shall be filed before the person or persons providing the written undertakings serve or act upon this Order.

Compliance with Federal Courts Rules

39. Compliance with the following Rules is dispensed with regarding service of this Order except as ordered herein or by further Order of this Court:

- a. Rule 203 (requiring a Statement of Claim to be served within sixty days after it is issued). The Plaintiff may serve the Statement of Claim on the Defendants during the time this Order is in force and effect;
- b. Rule 206 (requiring every document referred to in a pleading to be served with the pleading or within ten days after service of the pleading);
- c. Rule 362 (requiring any affidavit required under Rule 363 to be served and filed at least two days before the date set out in the notice for the hearing of the motion);
- d. Rule 364 (requiring service of a motion record); and
- e. Rule 365 (requiring a respondent to a motion to serve a respondent's motion record).

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Court File No. T-

FEDERAL COURT

BETWEEN:

.....
and

Plaintiffs

— and —

.....,

.....,, **and**,

Defendants

ORDER

[law firm name and address]

Solicitors for the Plaintiffs