COURT OF APPEAL FOR BRITISH COLUMBIA

Citation: ***Solara Technologies Inc. v. Beard,***
2007 BCCA 402

Date: 20070731
Docket: CA033051

Between:

Solara Technologies Inc.

Appellant
(Plaintiff)

And

Douglas Beard

Respondent
(Defendant)

Before: The Honourable Mr. Justice Donald
The Honourable Mr. Justice Hall
The Honourable Madam Justice Levine

A.A. Macdonald	Counsel for the Appellant
J. Dawson	Counsel for the Respondent
Place and Date of Hearing:	Vancouver, British Columbia May 18, 2007
Place and Date of Judgment:	Vancouver, British Columbia July 31, 2007

Written Reasons by:
The Honourable Madam Justice Levine

Concurred in by:
The Honourable Mr. Justice Donald
The Honourable Mr. Justice Hall

Reasons for Judgment of the Honourable Madam Justice Levine:

Introduction

[1] The parties are engaged in litigation concerning the terms of the contract under which the defendant respondent, Douglas Beard, was hired by the plaintiff appellant, Solara Technologies Inc., to develop certain technology, and over the ownership of the technology. In May 2004, the appellant obtained *ex parte* (or "without notice": see Rule 45(3)) orders that resulted in the appellant copying the contents of the hard drive of the respondent's computer. In May 2005, the respondent applied to set aside portions of the orders made the previous year. On May 19, 2005, the chambers judge ordered, among other things, that the appellant was restrained from using in the proceeding an e-mail dated May 13, 2004 that the respondent sent to his parents (the "2005 order"). This appeal is from the 2005 order.

[2] The reasons for judgment of the chambers judge may be found at 2005 BCSC 737.

[3] As explained in the reasons that follow, I am of the view that the 2005 order excluding the e-mail from evidence in the litigation could result in an injustice, and would allow the appeal.

Background

[4] On May 18, 2004, the appellant, represented by its president, William Dorn Beattie (not a lawyer), sought and was granted an *ex parte* order (described by the chambers judge at para. 3):

> requiring the defendant to disgorge and deliver to the plaintiff a DB30 controller board, and ordering "that all software, code, electronic data, hardware, circuit boards, third party sample hardware including credit card readers, cash validators, coin mechanisms and related power supplies, originals and copies of all correspondence and communications whether electronic or paper, made between or concerning Solara Technologies Inc. and third parties, relating in any way to the promotion and/or sale and/or leasing of the technology be returned immediately to the Plaintiff with the board(s)".
>
> [Underlining added.]

[5] The appellant also applied for an order that a qualified technician be appointed by the appellant to attend to oversee the permanent removal of its technology from the premises of the respondent.

[6] The chambers judge refused to grant the order permitting entry to the respondent's premises and removal of the technology without notice to the respondent. He granted leave to the appellant to re-apply the following day if the application was served on the respondent by 6:00 p.m. that evening.

[7] A copy of the May 18, 2004 order was served on the respondent by 9 p.m., but the appellant did not deliver to the respondent a copy of his application to enter the respondent's premises. The respondent indicated that he would deliver the controller board by May 19, 2004 at 11 a.m., but did not do so.

[8] On May 20, 2004, the appellant returned to Supreme Court. He sought an order requiring the respondent to comply with the order of May 18, 2004, and an order that:

> a qualified technician shall be appointed by the plaintiff to attend at the permanent removal of the plaintiff's technology from the premises of the defendant, or alternatively that a certified copy of the hard drive of the defendant's computer be created in order to preserve all software, code, electronic data, and original and copies of all correspondence and communications electronically stored as specified [in the May 18, 2004 order].

[9] The application was heard by a different judge from the chambers judge who had granted the May 18, 2004 order. The appellant, again represented by Mr. Beattie, without counsel, did not disclose to the second judge that the chambers judge had required, as a condition for granting an order permitting entry to the respondent's premises, that notice of the application be given to the respondent. The transcript of the proceedings before the second judge discloses that she granted an order permitting entry to the respondent's premises to remove the technology, but did not grant the alternative remedy of copying the hard drives. The order as entered, however, provided that the appellant was permitted both to enter the respondent's premises to remove the technology, and create a copy of the hard drive.

[10] On the evening of May 20, 2004, Mr. Beattie, a computer technician, and another man attended the respondent's premises. The computer technician removed the hard drives from the respondent's computer, and took other documents.

[11] On May 21, 2004, the respondent applied to set aside the orders of May 18 and 20, 2004. The chambers judge (the first judge) granted orders which included permission for Mr. Beattie to copy the respondent's hard drives. The chambers judge seized himself of all further applications.

[12] The 2005 order, in issue in this appeal, was granted by the chambers judge in response to an application by the respondent, heard in April 2005, to set aside the May 18 and 20, 2004 orders.

[13] The chambers judge refused to set aside the May 18, 2004 order (at paras. 59-61). He found it was too late, and it had been replaced by his order of May 21, 2004. The chambers judge commented (at para. 59): "The defendant's relief now, if any, is in damages".

[14] The chambers judge set aside the order made by the second judge on May 20, 2004, because the appellant had not advised the second judge of the requirement that Mr. Beattie serve the respondent with notice of the application to enter his home (at para. 69). He did not consider he had the authority to set aside the entered order of the second judge on the basis that it did not accurately reflect the order granted in chambers, because the second judge had signed the order, and "only she could speak to what her intentions were" (at para. 67).

[15] The chambers judge then considered what consequences should flow from setting aside the May 20, 2004 order of the second judge. He said (at paras. 71-76):

> The defendant submits again that the plaintiff and its officers and directors should return to Mr. Beard every document, computer

> program and electronic record that they obtained in their unlawful search of his premises and through their copying of his hard drives and that the plaintiff be restrained from using in this proceeding any of the materials they obtained from the search or from copying Mr. Beard's hard drives.
>
> For the same reasons as related to my order of May 18th, I do not consider it feasible at this point in time to make such orders as the materials obtained from the search of Mr. Beard's hard drives are the same materials that I ordered produced by my order of May 18, 2004, which have been in the hands of the plaintiff for its use for almost one year now.
>
> The plaintiff will have to list and provide copies of everything relevant to this lawsuit that the plaintiff obtained in the search of Mr. Beard's hard drives so that Mr. Beard will be entitled to a return of those documents through the discovery procedures in this lawsuit.
>
> I am not going to restrain the plaintiff from using materials that they obtained from the search or from copying Mr. Beard's hard drives if that material is the same material as ordered by me on May 18, 2004, particularly bearing in mind my order of May 21, 2004 which the defendant requested, which did not prohibit the plaintiff from using this material.
>
> I do order the plaintiff not use and to return any documents or other information seized that do not fall within the terms of my order of May 18, 2004 and the plaintiff be restrained from using in this proceeding any of those materials, unless of course Mr. Beard is required to list those materials himself as part of the discovery procedures in the lawsuit.
>
> Specifically I restrain the plaintiff from using the email of May 13, 2004 from Mr. Beard to his parents because that did not fall within my order of May 18, 2004 and was only obtained in violation of my direction to give the defendant notice of an application to attend his residence.
>
> [Underlining added.]

[16] The chambers judge ordered the appellant to pay special costs of the motions, and to post security for costs of the action. The appellant has paid the special costs, and posted the security for costs.

Grounds of Appeal

[17] The appellant acknowledges the chambers judge's decision was discretionary, and the high standard of review applicable to such discretionary decisions: ***Ward v. Kostiew*** (1989), 42 B.C.L.R. (2d) 121 at 127 (C.A.):

> …an appellate court is justified in interfering with the exercise of discretion by a chambers judge only if he misdirects himself, acts on a wrong principle or on irrelevant considerations, or if his decision is so clearly wrong as to amount to an injustice.

[18] The appellant raises three grounds of appeal. It claims that the chambers judge erred by misdirecting himself in concluding that the e-mail was not included in the class of documents the chambers judge ordered disclosed in the first *ex parte* order made May 18, 2004; he erred in failing to treat the e-mail as a discoverable document that could be retained and used by the appellant in accordance with the 2005 order; and he erred in failing to balance the factors relevant to excluding the use of an otherwise relevant and discoverable document in litigation, resulting in an injustice.

Discussion

Nature of the E-mail

[19] In the e-mail, the respondent explained his plans with respect to the disputed contract between the parties relating to the technology. He stated that if the appellant did not make a reasonable offer to buy the technology, he would start to "shop it around".

[20] The appellant claims that the e-mail is included in the documents described in the May 18, 2004 order as "correspondence and communications whether electronic or paper, made between or concerning Solara Technologies Inc. and third parties, relating in any way to the promotion and/or sale and/or leasing of the technology…". It argues that the e-mail is relevant to the litigation, and the respondent would be required to disclose it under Rule 26.

[21] In the context of the whole of the 2005 order, the appellant's arguments about the nature of the e-mail do not lead to the conclusion that the chambers judge erred in excluding it. The chambers judge ordered that the e-mail was specifically excluded from use in the litigation. While he expressed the opinion in his reasons for judgment (at para. 76) that the e-mail "did not fall within my order of May 18, 2004 and was only obtained in violation of my direction to give the defendant notice of an application to attend his residence", the effect of the order as entered is that it is excluded whether or not it was included in the class of documents ordered returned to the appellant on May 18, 2004, and whether or not it was discoverable in the litigation.

[22] Paragraph 8 of the 2005 order reads:

> 8. Additionally, and in any event, the Plaintiff is specifically restrained from using in this proceeding an e-mail, dated May 13, 2004 that the Defendant sent to his parents and which is attached as Exhibit "A" to the Affidavit of William Dorn Beattie, sworn April 8, 2005.
>
> [Underlining added.]

[23] Thus, the e-mail is specifically excluded from that class of documents described as follows (in paragraph 6 of the 2005 order):

> The Plaintiff is restrained from using in this proceeding any documents or other information, not falling within the terms of the Order, pronounced May 18, 2004, that it obtained from its search of the Defendant's premises and hard drives. Except as provided for by paragraph 8 herein, this Order does not pertain to documents that the Defendant is required to produce in this action pursuant to the Rules of Court.
>
> [Underlining added.]

[24] I would not, therefore, accede to the first two grounds of appeal.

Consequences of Non-Disclosure

[25] The respondent states in his factum that "what is at issue in this appeal is the court's jurisdiction to exclude evidence obtained as a result of an order which had been granted on the basis of non-disclosure." From the authorities cited, the court's equitable jurisdiction to make such an order is well-established. The real question is whether the chambers judge properly exercised his discretion in specifically excluding the e-mail.

[26] The discretion of a judge considering the remedy for an order obtained on the basis of non-disclosure is discussed in ***Guess? Inc. v. Lee Seck Mon***, [1987] F.S.R. 125 (H.K.C.A.), ***Naf Naf S.A. and Another v. Dickens (London) Limited and Another***, [1993] F.S.R. 424 (Ch.D.), and ***Tsako's Shipping and Trading SA v. Orizon Tanker Company Co.***, [1998] E.W.J. No. 370 (C.A.). They support the respondent's argument that the court has jurisdiction to order that the "yield" from an

order obtained as the result of non-disclosure not be used in current or future proceedings. Further, in ***Grenzservice Speditions Ges.m.b.H. v. Jans***, (1995), 15 B.C.L.R. (3d) 370 (S.C.), Huddart J., as she then was, excluded from use in the litigation all of the documents obtained as the result of execution of an *ex parte* order obtained by non-disclosure.

Anton Piller orders

[27] Before considering whether the chambers judge properly exercised his discretion in excluding the e-mail, it will be useful to set out some principles concerning the type of order that was granted by the second judge on May 20, 2004. Had these principles been adhered to by the parties, (in particular, the appellant), and the court (in particular, the second judge), the issue in this appeal could have been avoided.

[28] The May 20, 2004 order, which permitted the appellant to enter the premises of the respondent and remove property, was an *Anton Piller* order, named for the English case in which it originated as an exceptional remedy. It was described by Lord Denning, M.R. in ***Anton Piller KG v. Manufacturing Processes Ltd.***, [1976] 1 Ch. D. 55, 1 All E.R. 779 at 781 (C.A.):

> During the last 18 months the judges of the Chancery Division have been making orders of a kind not known before. They have some resemblance to search warrants. Under these orders the plaintiff and his solicitors are authorised to enter the defendant's premises so as to inspect papers, provided the defendant gives permission.

[29] In ***Guess? Inc.*** (at 129), the Court cited the comments of Lord Justice Donaldson, in ***Bank Mellat Iran v. Nikpour***, [1985] F.S.R. 87 at 92 (C.A.), where he described the *Anton Piller* order as "a nuclear weapon" of the law. In describing it as such, the court highlighted its draconian intrusiveness and potentially abusive nature. In ***Celanese Canada Inc. v. Murray Demolition Corp.***, [2006] 2 S.C.R. 189, 2006 SCC 36, Binnie J. for the Supreme Court of Canada described an *Anton Piller* order as a "private search warrant" (at para. 1), adding (at para. 30):

> It should truly be exceptional for a court to authorize the massive intrusion, without advance notice, of a privately orchestrated search on the privacy of a business competitor or other target party.

See also: ***Grenzservice*** at paras. 34-46.

[30] Although an *Anton Piller* order is considered to be exceptional, its utility is widely recognized. As Binnie J. commented in ***Celanese Canada Inc.*** (at para. 32):

> Experience has shown that despite their draconian nature, there is a proper role for *Anton Piller* orders to ensure that unscrupulous defendants are not able to circumvent the court's processes by, on being forewarned, making relevant evidence disappear. Their usefulness is especially important in the modern era of heavy dependence on computer technology, where documents are easily deleted, moved or destroyed. The utility of this equitable tool in the correct circumstances should not be diminished.

[31] Given its exceptional and intrusive nature, and that it is typically obtained *ex parte*, the party seeking the *Anton Piller* order has an obligation to act in good faith and to make full disclosure to the court: ***Celanese Canada Inc.*** at para. 37; ***Champion International Corp. v. Merrill & Wagner Ltd.*** (1974), 15 C.P.R. (2d) 190 at 194 (B.C.C.A.).

[32] In addition to the requirement for full disclosure by the applicant, the order should include safeguards to protect the rights and interests of both parties. In ***Celanese Canada Inc.***, Binnie J. set out guidelines for the preparation and execution of an *Anton Piller* order (at para. 40, and reproduced as Appendix "A" to these reasons for judgment). He summarized the required protections (at para. 1):

> The protection of the party against whom an *Anton Piller* order is issued ought to be threefold: a carefully drawn order which identifies the material to be seized and sets out safeguards to deal, amongst other things, with privileged documents; a vigilant court-appointed supervising solicitor who is independent of the parties; and a sense of responsible self-restraint on the part of those executing the order.

[33] In this case, Mr. Beattie appeared for the appellant, without counsel, to request the May 20, 2004 order. The absence of counsel does not in any way excuse his failure to disclose the condition imposed by the chambers judge for obtaining an order to enter the respondent's premises, and it is not a basis for interfering with the 2005 order. It underscores, however, the importance of the role of the court in considering such applications.

[34] The transcript of the proceedings before the second judge, who granted the *Anton Piller* order, reveals a short exchange between her and Mr. Beattie, in which she asked if Mr. Beattie had any concern whether the respondent would permit access to his home. Mr. Beattie suggested that if the computer technician was accompanied by a bailiff, "I don't see that there would be ----", at which point the judge interrupted and said, "All right, all right," and granted the order. This falls far short of recognition of the extraordinary nature of authorizing of a search of an

individual's home, and of the necessary protections and safeguards to ensure the order is not abused.

[35] The extraordinary nature of an *Anton Piller* order is multiplied when the applicant is unrepresented by counsel. In that case, there is no one to carry out the supervisory role found to be crucial by the Supreme Court of Canada in ***Celanese Canada Inc.*** (at para. 32, where Binnie J. said: "Those responsible for their implementation should conform to a very high standard of professional diligence"), and to have been so badly executed in ***Grenzservice***. Nor can the court rely on counsel, as an officer of the court and knowledgeable of the law, to make full disclosure and to assist the court to ensure that the order is carefully drawn to include only what is necessary to effect the search in the circumstances of the particular case.

[36] This suggests that the court must take even greater care in considering whether to grant an *Anton Piller* order to an unrepresented applicant. At a minimum, judges may require that notice be given to the affected parties before granting the order, and ensure themselves that the order is properly drawn. They may also wish to consider whether to require that a lawyer be retained to supervise the execution of the order.

Exclusion of the E-Mail

[37] The guiding principle in the exercise of the discretion to exclude the yield of a wrongly-obtained order is the interests of justice. The cases provide some guidance on the factors to be considered in determining whether justice demands that use of

the yield be restrained. These include: the ability of the court to do justice between the parties; the administration of justice; justice in relation to the public interest; and justice to the parties.

[38] In ***Guess? Inc.***, the Court of Appeal decided that the lower court judge erred in taking into account the yield from a discharged *Anton Piller* order in considering whether to grant an injunction. It confirmed that the court had discretion to exclude the yield from consideration, stating (at 130):

> The non-disclosure will not be equally serious on every occasion. There may be cases where iniquity of the very greatest depth is revealed by the order that should not have been granted. It may be necessary to balance one against the other in order to see where the interests of justice truly lie. To do that, it is necessary to leave a discretion with the judge.

[39] The Court of Appeal found that the non-disclosure was "serious and substantial", though not deliberate, and held that the yield should not have been taken into account.

[40] In ***Naf Naf***, an *Anton Piller* order was discharged on the grounds of material non-disclosure and insufficient evidence, and the court granted an injunction restraining the use of the yield in the proceedings. In his discussion of the applicable principles, Hoffman J. noted (at 427) that as a matter of the law of evidence, the information obtained as a result of an improperly obtained *Anton Piller* order is admissible (see also: ***Kuruma, Son of Kaniu v. R.***, [1955] 1 All E.R. 236 at 239; (P.C.), ***Quebec (A.G.) v. Begin***, [1955] S.C.R. 593; ***R. v. Wray***, [1971] S.C.R. 272). He also confirmed the discretion of the court to restrain its use, stating:

> There is equally no doubt that the court has a jurisdiction *in personam* to make an order restraining a party from making use of information which he has gained in circumstances which the court considers makes it inequitable that he should be able to do so.

[41] As in ***Guess? Inc.***, the court in ***Naf Naf*** was principally concerned with the interests of justice. It concluded that restraining the use of the yield would not be contrary to the public interest, or constrain the ability of the court to do justice in the proceedings, finding there to be no reason why at that stage of the proceedings, the plaintiff should not have to go through the ordinary procedure of making out its case "without applying compulsion to the defendant" (at 428). The ourt chose to give more emphasis to the defendant's position, stating (at 429):

> …I think that a defendant is entitled to feel aggrieved if he is told that the order ought never to have been made, that the plaintiff has obtained an illegitimate advantage by it, but is nevertheless entitled to use it.

[42] In ***Tsako's Shipping***, the Court of Appeal confirmed the equitable jurisdiction of the court to prevent the yield from an improperly obtained order being used in subsequent proceedings. Citing the emphasis in ***Naf Naf*** on the interests of the defendant from whom information was improperly obtained, the court upheld the order of the lower court prohibiting use of the improperly obtained information in subsequent arbitration proceedings.

[43] In this case, the appellant argues that the chambers judge's exercise of discretion to exclude the e-mail results in an injustice, and this Court may intervene. It says that the circumstances in this case are not as egregious as in ***Grenzservice***;

the challenge to the orders obtained by non-disclosure were made within days in ***Naf Naf*** and ***Guess? Inc.***, not a year later as in this case; the e-mail falls within the documents that the chambers judge ordered, in May 2004, be disgorged by the respondent and copied by the appellant; the e-mail is extremely significant to the appellant's case, has been in its possession for a year, and is clearly a discoverable document; and excluding the e-mail from the court's consideration in its ultimate decision in the litigation may result in an injustice.

[44] I find the appellant's arguments persuasive. In my opinion, the exclusion of the e-mail cannot be supported on a principled basis in the circumstances of this case.

[45] There is no doubt that the appellant was guilty of non-disclosure in obtaining the May 20, 2004 order to search the respondent's home, remove his computer, and copy the contents of his hard drive. He also, either deliberately or inadvertently, drafted and entered an order that did not reflect the order actually granted on May 20, 2004, and that allowed him to both remove the technology from the respondent's premises, and copy the respondent's hard drive.

[46] On the other hand, the e-mail is directly relevant to the issues between the parties, and despite the respondent's protests that it is not very important, it could form a crucial part of the evidence in the case.

[47] ***Grenzservice*** is distinguishable, as it focused on the execution of the order and the role played by the plaintiff's solicitor in its execution (see para. 52). Those matters are not in issue here. In ***Guess? Inc.***, ***Naf Naf***, and ***Tsako's***, the

applications to exclude the yield from the impugned orders were made immediately following the execution of them, and the information had not been in the hands of the plaintiffs for almost a year as the proceedings continued, as in this case. Nor had there been previous orders for disclosure. In all of these cases, the courts prohibited the use of all of the information obtained under the discharged orders. The courts did not "pick and choose" from among the documents and exclude one that was particularly important to the litigation.

[48] In this case, the chambers judge did not exclude the use of all of the documents and information obtained as a result of the May 20, 2004 order — just the e-mail. Excluding the use of all of the documents and information would clearly have been unjust, because he had ordered the respondent on May 18, 2004 to disgorge to the appellant most of the information ultimately taken as a result of the *Anton Piller* order, and the respondent had, at least initially, failed to comply with that order. It is not at all clear that the e-mail was not included in the class of documents described in the May 18, 2004 order, or that it would not have been obtained but for the May 20, 2004 order. I see no basis on which the respondent could seek to protect the e-mail from disclosure in the litigation.

[49] It is a reasonable inference to draw from the chambers judge's order that he excluded the e-mail <u>because</u> of its particular importance and relevance to the issues in the litigation. The order cannot be supported in principle on that basis. It is not apparent from the chambers judge's reasons how the exclusion of one particular document could be said to balance the interests of justice in this case. Its exclusion

could have the effect of barring the court from doing justice if the evidence was not considered.

[50] The chambers judge ordered special costs against the appellant as a sanction for its "reprehensible conduct". In my opinion, it is not necessary to impose further "punishment" in the particular circumstances of this case.

Conclusion

[51] This case illustrates the necessity for the extreme caution that must be exercised by a court in granting an *ex parte* order permitting an applicant to enter the premises of a person and taking documents and other property, especially where the applicant is not represented by counsel.

[52] The court has the discretion to restrain the use of information obtained under an order granted on the basis on non-disclosure, balancing the interests of justice.

[53] The exclusion in this case of a particularly significant document from use in the litigation cannot be supported in principle as balancing the interests of justice.

[54] I would allow the appeal, and set aside paragraph 8 of the order of May 19, 2005 restraining the use of the e-mail in this proceeding.

"The Honourable Madam Justice Levine"

I AGREE:

"The Honourable Mr. Justice Donald"

I AGREE:

"The Honourable Mr. Justice Hall"

APPENDIX "A"

1) Basic Protection for the Rights of the Parties

(i) The order should appoint a supervising solicitor who is independent of the plaintiff or its solicitors and is to be present at the search to ensure its integrity. The key role of the independent supervising solicitor was noted by the motions judge in this case "to ensure that the execution of the Anton Piller order, and everything that flowed from it, was undertaken as carefully as possible and with due consideration for the rights and interests of all involved" (para. 20). He or she is "an officer of the court charged with a very important responsibility regarding this extraordinary remedy" (para. 20). See also *Grenzservice*, at para. 85.

(ii) Absent unusual circumstances the plaintiff should be required to provide an undertaking and/or security to pay damages in the event that the order turns out to be unwarranted or wrongfully executed. See *Ontario Realty*, at para. 40; *Adobe Systems*, at para. 43; *Nintendo of America*, at pp. 201-2; *Grenzservice*, at para. 85; *Havana House Cigar & Tobacco Merchants Ltd. v. Jane Doe* (2000), 199 F.T.R. 12, aff'd (2002), 288 N.R. 198, 2002 FCA 75.

(iii) The scope of the order should be no wider than necessary and no material shall be removed from the site unless clearly covered by the terms of the order. See *Columbia Picture Industries Inc. v. Robinson*, [1987] Ch. 38.

(iv) A term setting out the procedure for dealing with solicitor-client privilege or other confidential material should be included with a view to enabling defendants to advance claims of confidentiality over documents before they come into the possession of the plaintiff or its counsel, or to deal with disputes that arise. See *Grenzservice*, at para. 85; *Ontario Realty*, at para. 40. Procedures developed for use in connection with search warrants under the *Criminal Code*, R.S.C. 1985, c. C-46, may provide helpful guidance. The U.K. practice direction on this point provides as follows:

> Before permitting entry to the premises by any person other than the Supervising Solicitor, the Respondent may, for a short time (not to exceed two hours, unless the Supervising Solicitor agrees to a longer period) — (a) gather together any documents he [or she] believes may be . . . privileged; and (b) hand them to the Supervising Solicitor for [an assessment of] whether they are . . . privileged as claimed.
>
> If the Supervising Solicitor decides that . . . any of the documents [may be] privileged or [is in any doubt as to their status, he or she] will exclude them from the search . . . and retain [them] . . . pending further order of the court [(if in doubt as to whether they are privileged), or

return them to the Respondent and retain a list of the documents (if the documents are privileged)].

[A] Respondent [wishing] to take legal advice and gather documents as permitted . . . must first inform the Supervising Solicitor and keep him [or her] informed of the steps being taken.

(*Civil Procedure*, vol. 1 (2nd Supp. 2005), Part 25, Practice Direction — Interim Injunctions, p. 43, at paras. 11-12)

Experience has shown that in general this is a workable procedure. Counsel supporting the appellants suggested the basic "two-hour" collection period permitted in the U.K. is too short. This is a matter to be determined by the judge making the order, but it must be kept in mind that unnecessary delay may open the door to mischief. In general, the search should proceed as expeditiously as circumstances permit.

(v) The order should contain a limited use clause (i.e., items seized may only be used for the purposes of the pending litigation). See *Ontario Realty*, at para. 40; *Adobe Systems*, at para. 43; *Grenzservice*, at para. 85.

(vi) The order should state explicitly that the defendant is entitled to return to court on short notice to (a) discharge the order; or (b) vary the amount of security. See *Adobe Systems*, at para. 43; *Grenzservice*, at para. 85; *Nintendo of America*, at pp. 201-2.

(vii) The order should provide that the materials seized be returned to the defendants or their counsel as soon as practicable.

(2) <u>The Conduct of the Search</u>

(i) In general the order should provide that the search should be commenced during normal business hours when counsel for the party about to be searched is more likely to be available for consultation. See *Grenzservice*, at para. 85; *Universal Thermosensors Ltd. v. Hibben*, [1992] 1 W.L.R. 840 (Ch. D.).

(ii) The premises should not be searched or items removed except in the presence of the defendant or a person who appears to be a responsible employee of the defendant.

(iii) The persons who may conduct the search and seize evidence should be specified in the order or should specifically be limited in number. See *Adobe Systems*, at para. 43; *Grenzservice*, at para. 85; *Nintendo of America*, at pp. 201-2.

(iv) On attending at the site of the authorized search, plaintiff's counsel (or the supervising solicitor), acting as officers of the court should serve a copy of the statement of claim and the order and supporting affidavits and explain to the defendant or responsible corporate officer or employee in plain language the nature and effect of the order. See *Ontario Realty*, at para. 40.

(v) The defendant or its representatives should be given a reasonable time to consult with counsel prior to permitting entry to the premises. See *Ontario Realty*, at para. 40; *Adobe Systems*, at para. 43; *Grenzservice*, at para. 85; *Sulpher Experts Inc. v. O'Connell* (2000), 279 A.R. 246, 2000 ABQB 875.

(vi) A detailed list of all evidence seized should be made and the supervising solicitor should provide this list to the defendant for inspection and verification at the end of the search and before materials are removed from the site. See *Adobe Systems*, at para. 43; *Grenzservice*, at para. 85; *Ridgewood Electric*, at para. 25.

(vii) Where this is not practicable, documents seized should be placed in the custody of the independent supervising solicitor, and defendant's counsel should be given a reasonable opportunity to review them to advance solicitor-client privilege claims prior to release of the documents to the plaintiff.

(viii) Where ownership of material is disputed, it should be provided for safekeeping to the supervising solicitor or to the defendant's solicitors.

(3) Procedure Following the Search

(i) The order should make it clear that the responsibilities of the supervising solicitor continue beyond the search itself to deal with matters arising out of the search, subject of course to any party wishing to take a matter back to the court for resolution.

(ii) The supervising solicitor should be required to file a report with the court within a set time limit describing the execution, who was present and what was seized. See *Grenzservice*, at para. 85.

(iii) The court may wish to require the plaintiff to file and serve a motion for review of the execution of the search returnable within a set time limit such as 14 days to ensure that the court automatically reviews the supervising solicitor's report and the implementation of its order even if the defendant does not request such a review. See *Grenszervice*, at para. 85.

See also: *Civil Procedure Act 1997* (U.K.), 1997, c. 12, s. 7; *Civil Procedure Rules 1998*, S.I. 1998/3132, r. 25.1(1)(h), and Part 25, Practice Direction — Interim Injunctions; Sharpe, at paras. 2:1100 *et seq*.