THE CANADIAN BAR ASSOCIATION
L'ASSOCIATION DU BARREAU CANADIEN

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Via email: Lise.Henrie@cas-satj.gc.ca.

Lise Henrie
Executive Director and General Counsel
Federal Court of Canada
90 Sparks Street
Ottawa, ON K1A 0H9

Dear Ms. Henrie:

Re: Federal Court Draft Report on Confidentiality Orders

We write on behalf of the Canadian Bar Association Intellectual Property Section's (CBA Section) Court Practice Committee to comment on the Federal Court's Draft Report on Confidentiality Orders (Draft Report).

The CBA is a national association of 36,000 lawyers, Québec notaries, law teachers and students, with a mandate to promote improvements in the law and the administration of justice. The CBA Section deals with law and practice relating to all forms of ownership, licensing, transfer and protection of intellectual property and related property rights, including patents and trademarks.

The CBA Section thanks the Court for the opportunity to comment on best practices on the issue of confidentiality. We offer the following comments on the Draft Report, which proposes principles of best practice and provides a sample Confidentiality Order for incorporation into a Practice Direction.

Summary of Current Position on Confidentiality

The handling and protection of confidential information has changed over time. Parties have increasingly experienced resistance from the Federal Court to requests for protective orders. Historically, the Court did not raise many, if any, concerns when parties submitted protective orders on consent, in view of the principles set out in *Sierra Club of Canada v Canada (Minister of Finance)*, 2002 SCC 41. Over time, the Court became concerned about protective orders that allowed blanket filing of materials produced in litigation and designated confidential without a Rule 151 order. As a result, the Court began to disallow this type of filing, except when limited to interlocutory discovery motions (e.g., motions to compel).

More recently, and culminating in *Live Face on Web, LLC v Soldan Fence and Metals (2009) Ltd, 2017 FC 858 (LFOW)*, the Court said that consent protective orders should not be granted outside of exceptional cases. Rather, the Court said the implied undertaking rule provides sufficient safeguards to prevent misuse of confidential information produced in litigation. To the extent the recipients for certain materials needs to be restricted, or certain materials must be filed in court (thus necessitating a sealing or Rule 151 order), the parties are to agree between themselves to the processes they will follow to address those issues. Where the parties cannot agree, they may bring their disagreement to the Case Management Judge for resolution.

As a result of this framework, members of the IP Bar have raised a serious concern whether the Federal Court has jurisdiction to enforce a private agreement governing the handling of confidential information. When this issue was raised in *LFOW,* the Court suggested the obligations made under a confidentiality agreement might be viewed as further undertakings. These would be enforceable through the Court's contempt power in the same way as the implied undertaking, "so long as they are voluntarily given by the parties and their solicitors in the mutual belief that they are lawful and appropriate, in the circumstances, to protect the parties' legitimate privacy interests during the conduct of the litigation." The IP Bar seeks further assurance from the Court about the enforceability of confidentiality agreements in these circumstances and the ability of the Federal Court to assume jurisdiction over disputes relating to enforcement of a private contract between parties. If the Court is unable to give these assurances, the CBA IP Section would prefer use of protective orders to offer certainty.

A number of parties have found it challenging to reach out-of-court agreements on the appropriate recipients of confidential information and the process for filing confidential information in Court. Some parties will not agree by contract to the same provisions they otherwise would if done as a protective order. In some cases, parties have refused outright to enter into any form of out-of-court agreement. In these cases, it would be beneficial to have an outline of best practices to address issues such as:

- when a party may bring an issue relating to confidentiality before the Case Management Judge for resolution
- when a party may bring a contested motion for a protective order
- whether a party may bring a pre-emptive Rule 151 motion
- whether the Court will grant a blanket Order allowing confidential materials to be filed under seal for interlocutory motions (or at least motions to compel)

Further, parties often need to provide confidential information to the Court for use on refusals motions. In these cases, seeking a confidentiality order in advance can be burdensome and unnecessary because the documents are provided solely to assist the Court on the motion.

Guidance from the Court, whether by Practice Direction or otherwise, would minimize time and expenses relating to the treatment of confidential information.

Proposal for Establishing Best Practices

In view of the discussion in *LFOW*, the CBA IP Section has identified the following principles for best practices on the protection and handling of confidential information:

Statement of Principles

1. Parties should try to come to an out-of-court agreement on handling information they consider to be confidential, including the individuals to whom the information may be disclosed and the notice to be given when the information is to be filed with the court.

[As a matter of best practice, it would be beneficial if the Court could outline specific steps the parties need to take for these agreements to ensure the Federal Court has jurisdiction to enforce the agreement, if necessary, and that the contempt provisions under Rule 466 will apply. As noted above, if the Court is unable to give assurances regarding enforcement, then the use of protective orders would be preferred.]

2. The parties may seek the assistance of the Case Management Judge (where the proceeding is case managed), or bring a contested motion (where the proceeding is not case managed) to address any disagreements. The court may impose costs on parties who have acted unreasonably or uncooperatively

3. Where documents are sought to be filed confidentially (under seal) with the court, a party must bring a motion for an order, even if the documents are subject to a confidentiality agreement between the parties. Care must be taken when documents are filed with the Court to ensure that no documents are sealed unless an order has been granted under Rule 151. When seeking an order under Rule 151, the parties must support their request with evidence sufficient to satisfy the legal test. The parties should bring the matter before the court in enough time to allow the issue to be determined before the need to file the confidential information.

4. In case managed proceedings, the parties should identify anticipated requests for a confidentiality order with the Case Management Judge as early as possible. The parties should include a step in their scheduling order to address this issue at an early case management conference, at which time a hearing date for a confidentiality motion may be scheduled, if required.

5. Where confidential information is to be used only on a motion for refusals, the parties should seek guidance from the Court whether a Rule 151 motion needs to be brought, particularly where documents may not need to be filed as part of the court record. In this situation, the recommended best practice is for the Court to accept the confidential filing solely for use on the refusals motion and then give back the documents or keep under seal only those documents that may need to be filed under Rule 151 as a result of the disposition on the motion.

6. The parties should address any need for a confidentiality order for trial or hearing with the trial judge at a trial management conference to be convened in advance of the trial.

The CBA Section supports the Court establishing a series of guidelines or a Practice Direction based on these principles.

The CBA Section attaches another example of a Confidentiality Order that may be useful in establishing a model order.

The CBA Section Court Practice Committee would welcome the opportunity to work further with the IP User's Committee on this initiative.

Yours truly,

(original letter signed by Tina Head for Jordana Sanft)

Jordana Sanft
Chair, CBA Intellectual Property Section – Court Practices Committee

Federal Court  Cour fédérale

Date:

Docket:

PRESENT:

BETWEEN:

●

Plaintiff

and

●

Defendant

ORDER

UPON MOTION by ●;

CONSIDERING that the implied undertaking rule was developed in recognition of the fact that it is in the interest of justice to encourage parties to provide full and candid disclosure on discovery;

CONSIDERING that motions to compel are an extension of the discovery process;

CONSIDERING that it is in the interest of justice that the Court have available to it, on motions to compel, certain of the exhibits, documentary production and transcripts relevant to the determination of the issues before it;

CONSIDERING that these exhibits, productions and transcripts are often designated as confidential pursuant to protective orders or confidentiality agreements, as well as being subject to the implied undertaking rule;

CONSIDERING that requiring parties to sift through voluminous discovery materials to determine whether a formal motion for a confidentiality order should be made, and making such a motion, with appropriate supporting materials, is a time-consuming and expensive task, both for the parties and for the Court who then needs to consider and determine the motion;

CONSIDERING that, more often than not, the Court is able to determine most, if not all of the issues on motions to compel without recourse to confidential materials;

CONSIDERING that, even where the Court consults confidential materials, its determinations on motions to compel are usually summary, confined to the particular circumstances of the case, and not of great public interest;

CONSIDERING that the costs and the drain on the parties' and the Court's resources of making and determining extensive motions for confidentiality orders prior to or concurrently with the filing of materials on motions to compel is therefore disproportionate to the possibility that the public interest in public and open Court proceedings might be significantly impacted by the public's inability to have access to the underlying discovery materials;

CONSIDERING that the public interest in open and accessible court proceedings is adequately protected by providing that the Court retains its discretion to determine that certain materials submitted confidentially should not continue to be treated confidentially at the hearing, in the resulting order or reasons for order or in the Court record, subject to the parties being given a reasonable opportunity to speak to and provide evidence supporting the need to maintain confidentiality.

THIS COURT ORDERS THAT:

1. 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 Information pursuant to a protective agreement entered into between the parties, 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. 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 and Reasons for Order, subject to the parties being given a reasonable opportunity to speak to and provide evidence supporting the need to maintain confidentiality.

2. For the purpose of paragraph 1, 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 the public version of the document or volume, from which the Confidential Information has been redacted or removed, is also filed on the public record.