Federal Court  Cour fédérale

Date: 20170804

Docket: T-1220-04

Citation: 2017 FC 756

Ottawa, Ontario, August 4, 2017

PRESENT: The Honourable Madam Justice McDonald

BETWEEN:

NAUTICAL DATA INTERNATIONAL, INC.

Plaintiff

and

NAVIONICS INC. and DOE CO.

Defendants

and

HER MAJESTY IN RIGHT OF CANADA

Copyright Owner added pursuant to s.36(2) of the *Copyright Act*

ORDER AND REASONS

[1] This is the Order and Reasons for two Motions brought in this matter. On the first Motion, the Defendant (Navionics) seeks orders to vacate a protective order; to dismiss the action as an abuse of process; to compel discovery; and to compel responsive answers. By the second Motion, the Plaintiff (NDI) brings a motion to vary an order for security for costs.

[2] In the underlying copyright action, NDI claims that Navionics infringed their rights on a collection of nautical charts to which the NDI held an exclusive licence. Her majesty in right of Canada (referred to as CHS) is named as a party pursuant to s 36(2) of the *Copyright Act*, RSC, 1985, c C-42.

[3] A related action was also commenced by NDI against different defendants in court file number T-1219-04. The parties in both actions were jointly represented by the same counsel, and a joint trial was ordered. The trial in both of these matters was set down for October 2, 2017.

[4] On May 31, 2017, a Discontinuance without costs and with prejudice was filed in T-1219-04.

[5] Following the filing of the Discontinuance, the Plaintiff in T-1219-04 brought a motion in writing to have security for costs paid out of court. The Defendants in this matter request that the Plaintiff's motion in T-1219-04 be heard together with the Motion in this matter. I denied the Defendants' request, and this Order and Reasons is with respect only to T-1220-04.

I. Navionics' Motion

[6] In their Motion Record, Navionics requests as follows:

A. An order vacating the protective order issued on May 18, 2006 and last amended on May 24, 2012;

B. An order dismissing this action as an abuse of process, or in the alternative, staying the proceeding until the Plaintiff (NDI) exits creditor protection or becomes bankrupt…;

C. An order requiring NDI to produce several Supply Agreements between NDI and the CHS or in the alternative, requiring NDI to provide a description of how it lost possession or control of those documents;

D. An order requiring NDI to provide proper reasons for certain of its denials in response to Navionics' Request to Admit served on July 21, 2015;

E. An order requiring NDI and the CHS to answer written discovery questions regarding the 2007 agreement between NDI and the CHS.

[7] At the opening of the Motion the Defendant confirmed that it was no longer seeking the relief in (B) above, and it also confirmed that the documents sought in (C) have been provided and the parties have agreed to a timeline for written discovery with respect to those documents.

[8] For the Navionics Motion t is therefore only necessary to address the relief sought in paragraphs (A), (D) and (E) above.

A. *Vacating the protective order*

[9] On May 18, 2006, the Court issued a protective order on consent (referred to as the Order), permitting the parties to designate information as "confidential". The Order specifically allows the parties to apply to Court to vary the Order. Navionics now argues that the Order is no longer necessary, as the "confidential" information being protected is no longer commercially or competitively sensitive, given its age. They argue that there is no longer a serious risk to commercial interests; the deleterious effects of the Order (such as the impact on public interest in open court proceedings) outweigh any salutary effects. They argue that the onus is on the Plaintiff to establish the ongoing necessity for the Order.

[10] NDI has agreed to waive the protective rights provided for in the Order in relation to the majority of the documents with exception of the following (referred to as the Challenged Documents):

- The agreement between the Plaintiff and the CHS (2007 Agreement);
- The "Assignment re Infringement Litigation" (the Assignment); and,
- Agreements between the Plaintiff and third parties, along with supporting documents.

[11] NDI states that since the Challenged Documents have already been designated as confidential under the Order, it is not necessary for NDI to re-establish their confidentiality. Further, NDI argues that Navionics has not properly challenged the confidentiality, as required by the Order. Navionics has not asserted that there is no confidentiality in the documents; they

argue that because of the age of the documents it would be fair to infer that there is no confidentiality.

[12] A Confidentiality order may only be issued under Rule 151 of the *Federal Courts Rules*, SOR/98-106 [*Rules*] when it is necessary to prevent a serious risk to an important interest (such as commercial interests), and where its salutary effects outweigh its deleterious effects (*Sierra Club of Canada v Canada (Minister of Finance)*, 2002 SCC 41 at paras 53-54). The onus falls on the party advocating for the confidentiality of the documents to satisfy the above test on a balance of probabilities. Based upon the Order in place, the parties have previously successfully met this test.

[13] As Navionics is seeking to vary the Protective Order it must: "establish a change in circumstances or a compelling reason not directly considered when the order was given" (*Novartis Pharmaceuticals Canada Inc v Mylan Pharmaceuticals ULC*, 2016 FC 1091 at para 8).

[14] The burden falls on Navionics to establish a change in circumstance or compelling reason to vary the Order.

[15] Here there was insufficient evidence provided by either party to allow the Court to make a determination on vacating the Order. Therefore the request is denied and the Order remains in effect.

D. *Compelling Responsive Answers to the Request to Admit*

[16] Navionics states that NDI has not provided proper grounds for denying facts in the Response to the Request to Admit. They request that the Court compel responsive answers from NDI to Request # 5 (regarding no other documents granting copyright interest, other than those listed) and #6 (regarding no other agreements between the Plaintiff and the CHS, other than the one listed) in the Request to Admit dated July 31, 2015.

[17] In both responses, NDI's reason for denial is a stated reliance on additional documents. Navionics argues that this response is no more meaningful than a bare refusal. At minimum, they argue that NDI must identify the additional documents relied upon, otherwise they request that the denials be deemed to be admissions.

[18] NDI, for its part, argues that it has complied with the spirit of Rule 256, which only requires parties to provide the grounds for denial. In stating that it is relying on additional documents (other than those listed in the Request to Admit), NDI states that it has provided such grounds. Rule 256 does not require "meaningful" grounds for denial. There is no requirement under the Rules for NDI to provide a list of all other agreements it may rely upon. This, they argue, would require disclosure of privileged trial strategy.

[19] Based upon a plain reading of Rule 256, it states that a deemed admission will occur if the party does not submit Form 256 within 20 days, providing grounds for the denial. Navionics was unable to identify any cases where the relief they were seeking was granted.

[20] In the circumstances, I find that the denial by NDI is in technical compliance with the requirements of Rule 256. I therefore decline to order that a more fulsome response be provided by NDI. However, that is not to say that the position taken by NDI may not be a relevant consideration with respect to the issue of costs at the conclusion of the trial.

E. *Compelling further Discovery*

[21] Navionics requests an order that NDI and the CHS be compelled to answer further discovery questions concerning the 2007 Agreement. They rely on the general proposition that the law entitles parties to conduct discovery on "core matters in issue". Navionics argues that the 2007 Agreement relates to core matters in the litigation. With respect to the timing of bringing this motion, the Defendants state only that the 2007 Agreement was only produced in 2015, after a contested discovery motion.

[22] NDI argues that Navionics has not justified their delay in seeking further discovery considering they have had the agreement since 2015. Navionics made no reference to further discovery being necessary when the pre-trial conference was held on December 5, 2016.

[23] The CHS also argues that Navionics' motion for further discoveries is an abuse of process. They argue that discoveries should not be never-ending and, effective this matter being set down for trial, the parties agree that no further pre-trial motions were to be made after September 2015. The consequences of this should not be undone unless there is a substantial or unexpected change in circumstance. No such change has occurred. Additionally, the Defendants have had the 2007 Agreement since 2015 and have provided no explanation for requesting

additional discovery when the trial is only three (3) months away. The CHS argues that the motion has not been brought in a timely fashion.

[24] Rule 235 provides that a party may only examine an adverse party for discovery once, unless they obtain leave from the Court. Further examinations are normal where additional documents are produced from discovery undertakings (*CAE Machinery Ltd v 29598505 Quebec Inc*, [2000] FCJ No 125 (TD) at para 13). Otherwise, further discovery is not easily allowed, especially where the material in question was available earlier (*McLeod Lake Indian Band v Chingee* (1998), 149 FTR 113). The case law is clear that discovery is not a never-ending process (*John Labatt Ltd v Molson Breweries, a Partnership*, [1996] FCJ No 1047, 69 CPR (3d) 126 (TD)).

[25] Moreover, NDI and the CHS both rely on the law concerning pre-trial conferences and setting matters down for trial. Under Rule 258, parties must file a Requisition for Pre-Trial Conference in order to obtain a trial date. This requisition must certify that all discoveries are complete. In *Wenzel Downhole Tools Ltd v National-Oilwell Canada Ltd*, 2010 FC 669, the Court stresses that parties should be held to the representation made when they request a trial date. In other words, they should be held to their representation that they are ready for trial, and that discoveries are complete.

[26] Navionics has not provided a sufficient explanation for seeking further discovery of a document they have had in their possession since 2015. Therefore the request is denied.

II. NDI Motion to Vary the Order for Security for Costs

[27] On January 3, 2006, the Court ordered the Plaintiff to pay $65,000 as security for costs (First Order), jointly for T-1220-04 and T-1219-04. It also ordered joint materials, and a joint pre-trial conference and trial. On April 24, 2015, the Court ordered the Plaintiff to pay an additional $235,000 for security for costs (Second Order). The first installment ($120,000) was to be paid within ten (10) days, and the second ($115,000) was to be paid thirty (30) days before the start of trial.

[28] As indicated above, T-1219-04 was discontinued without costs and with prejudice on May 31, 2017. The discontinuance is silent with respect to security for costs.

[29] The Plaintiff argues that the Second Order should be varied to reflect the discontinuance. It requests that the $115,000 remaining payable be reduced by one half to $57,500. In support, the Plaintiff states that the discontinuance is a new matter. It was not previously contemplated, and did not occur until after the Second Order was made. As this could not have been discovered earlier, the Plaintiff argues that the motion to vary was brought in a timely manner. The discontinuance is relevant because there is no need to secure a case that has been discontinued without costs. Had T-1219-04 been discontinued at the time of the Second Order, the Court would not have ordered an amount meant to secure two proceedings, as opposed to one.

[30] The Defendants argue that T-1219-04 and T-1220-04 were companion actions that were being tried together. The parties were jointly represented by the same counsel, and the security

for costs was paid into court jointly under both styles of cause. Furthermore, the amount ordered was already significantly less than the amount requested based on the respective bills of costs. The Defendants argue that nothing in the First or Second Order suggests that the costs were allocated on a 50/50 basis. The Court could have stated this, had such an allocation been intended. Rather, the actions were ordered to be heard together in part to avoid duplicative costs. It is not clear that the Court would have ordered less if the discontinuance had been foreseen.

[31] The parties agree that Rule 399(2) allows the Court to vary orders due to matters that arose or were discovered after the order was made. The three-fold test requires that: 1) a new matter arose or was discovered after the order; 2) the moving party could not have, with reasonable diligence, discovered the matter sooner; and, 3) if the new matter had been known at the time, it would probably have resulted in a different order (*Saywack v Canada (Minister of Employment and Immigration)*, [1986] 3 FC 189 at paras 18-21(FCA)).

[32] I am not satisfied that NDI has established a sufficient basis to have the Second Order varied. The Order itself is silent on the attribution of the security as between the two actions. Further, there is no evidence that the trial will be any less complicated or shorter in duration as a result of the discontinuance of the related matter. Finally, the trial in this matter is set for October 2017. I therefore decline to vary the security for costs order.

ORDER in T-1220-04

THIS COURT ORDERS that the motions are dismissed. No costs are awarded to either party.

"Ann Marie McDonald"
Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1220-04
STYLE OF CAUSE:	NAUTICAL DATA INTERNATIONAL, INC. v NAVIONICS INC. AND DOE CO. AND HER MAJESTY IN RIGHT OF CANADA
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DATED:	AUGUST 4, 2017

APPEARANCES:

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Paul Schabas Nicole Henderson	FOR THE DEFENDANTS
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