

**Date: 20080304**

**Docket: T-139-06  
T-140-06**

**Citation: 2008 FC 298**

**Ottawa, Ontario, March 4, 2008**

**PRESENT: The Honourable Madam Justice Simpson**

**BETWEEN:**

**T-139-06**

**J2 GLOBAL COMMUNICATIONS INC.**

**Plaintiff**

**and**

**PROTUS IP SOLUTIONS INC.**

**Defendant**

**AND BETWEEN:**

**PROTUS IP SOLUTIONS INC.**

**Plaintiff by counterclaim**

**and**

**J2 GLOBAL COMMUNICATIONS INC. and  
CATCH CURVE INC.**

**Defendants by counterclaim**

**T-140-06**

**CATCH CURVE INC.**

**Plaintiff**

**and**

**PROTUS IP SOLUTIONS INC.**

**Defendant**

**AND BETWEEN**

**PROTUS IP SOLUTIONS INC.**

**Plaintiff by counterclaim**

**and**

**CATCH CURVE INC. and  
J2 GLOBAL COMMUNICATIONS INC.**

**Defendants by counterclaim**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] The Defendant and Plaintiff by counterclaim in actions T-139-06 and T-140-06 is Protus IP Solutions Inc. (Protus). By motion pursuant to Rule 51 of the *Federal Courts Rules, S.O.R./98-106* Protus Appeals the following two orders made by Tabib P. on July 4, 2007:

1. An order requiring Protus to answer questions not answered during the examination for discovery of its representative, Mr. Simon Nehme (Order #1);  
and
2. Orders refusing Protus' motion to compel the Plaintiffs J2 Global Communications Inc. and Catch Curve Inc. (together the Plaintiffs) to answer questions not answered on the discovery of their representatives Messrs. Zohar Loshitzer and Michael McLaughlin (Order #2).

[2] These reasons deal with preliminary issues which arose during the hearing of the appeal and which were argued as a motion (the Motion) instead of the appeal.

## **BACKGROUND**

[3] In January 2006, the Plaintiffs began their respective actions (T-139-06 and T-140-06) against Protus. The Plaintiffs are related companies. The actions have not been consolidated but are proceeding in tandem as case managed actions.

[4] The Plaintiffs allege that Protus has infringed Canadian patent No. 2,232,397 (the 397 Patent) and Canadian Patent No. 1,329,852 (the 852 Patent) with its MYFAX and VIRTUAL FAX services which, in broad terms, involve software which allows computers to send and receive faxes. Protus denies the allegations and, in counterclaims, alleges that the patents in issue are invalid and void on a number of grounds.

## **THE PRELIMINARY ISSUES IN THE MOTION**

[5] The Plaintiffs objected to Protus' reliance in its appeal submissions on approximately twenty cases dealing with the propriety of questions on discovery which, although they were available, were not cited in the motions before Tabib P. In a related submission, the Plaintiffs objected to Protus making new arguments on appeal about the relevance of certain discovery questions.

[6] The Plaintiffs relied on Mr. Justice O'Keefe's decision in *Starr v. Canada (Minister of Indian Affairs and Northern Development)* 2001 FCT 338 which was upheld by the Federal Court

of Appeal, 2002 FCA 95. In that case, Justice O’Keefe was considering an appeal from an order of Prothonotary Lafrenière which required the plaintiffs to provide particulars of their Statement of Claim to enable the Defendants to prepare a Statement of Defence.

[7] In the motion before Prothonotary Lafrenière, the plaintiffs had relied on one affidavit (the First Affidavit) and had made no *Charter* arguments. However, on the appeal before Justice O’Keefe, the plaintiffs relied on the First Affidavit plus a second affidavit sworn by the same deponent and a third affidavit sworn by another witness. They also made *Charter* arguments for the first time.

[8] Justice O’Keefe considered, *inter alia*, whether he should receive the two new affidavits and hear the *Charter* arguments given that neither the evidence nor the submissions had been before the Prothonotary.

[9] Justice O’Keefe declined to receive the new affidavits as they contained evidence which could have been placed before the Prothonotary but was not. He also said at paragraph 16:

...The role of this Court when sitting in appeal of the Prothonotary’s order is to decide whether the issues before the Prothonotary were properly disposed of by him. The role of the Court is not to decide some other issues that might have been raised before the Prothonotary and that might have resulted in a different outcome if the necessary factual basis was established. That is not to say that a new issue can never be raised on an appeal. In this case, I am not prepared to entertain these new arguments on appeal as they could have easily been raised before the Prothonotary by reference to facts that might have established these arguments.

[my emphasis]

[10] In my view, Justice O’Keefe’s decision appears to have been based on the fact that new evidence was sought to be adduced which underpinned the new arguments and which could have been presented to the Prothonotary.

[11] The Plaintiffs further submit that the Federal Court of Appeal in *Starr* expanded Justice O’Keefe’s conclusion to say that issues not argued before a Prothonotary cannot be considered on appeal even if they are not linked to new evidence and that, when one considers whether a Prothonotary was “clearly wrong”, the analysis must be done based only on the evidence, case law and submissions which were before the Prothonotary. The statement relied on was made by Mr. Justice Strayer at paragraph 4 of the Court of Appeal’s decision. It reads:

I am satisfied that the prothonotary’s order cannot be impugned on these grounds as these issues were never clearly put before him by evidence or argument.

[12] I am not prepared to conclude that the Federal Court of Appeal’s decision can read as broadly as the Plaintiffs suggest. In my view, it is limited to its facts in which the new arguments required new evidentiary support and neither the arguments nor the necessary facts had been before the Prothonotary.

[13] The present case is quite different from *Starr*. Protus has not adduced new evidence to show that the Prothonotary was clearly wrong. It only seeks to rely on decisions which existed when the Prothonotary’s orders were made but which were not drawn to her attention. It also wants to make arguments about the propriety of questions on discovery which were not made before Prothonotary

Tabib. In the present case there is no link between the argument of new cases and issues and a need for new evidence.

[14] It seems to me that a decision of a Prothonotary could be clearly wrong because a motion was inadequately presented. If, as here, relevant cases were not drawn to the Prothonotary's attention and all relevant submissions were not made, the Prothonotary could not be faulted but might nevertheless be clearly wrong when all the relevant law was considered.

[15] I have therefore decided that the Plaintiffs' preliminary Motion will be dismissed and that, in this appeal, Protus will be free to argue that Tabib P. was clearly wrong based on cases and arguments that were not before her. However, there will be adverse costs consequences for Protus because litigants must present thorough submissions on motions before Prothonotaries.

#### **THE MATERIALS FOR THE UPCOMING APPEAL**

[16] Before Tabib P., Protus organized the questions for her consideration into schedules by witness and by topic and this is reflected in her orders.

[17] For the purpose of this appeal, Protus again organized the questions at issue into schedules and also organized the Order #2 questions into categories by topic.

[18] The difficulty with this approach is that these schedules and categories are not the same as the ones before Tabib P. Therefore, it is virtually impossible to cross-reference the questions being reviewed on appeal with those in Prothonotary Tabib's orders.

[19] For this reason Protus has agreed that, when this appeal is scheduled for disposition on the merits, the questions will be presented in the format that was used before Tabib P.

### **JUDGMENT**

#### **THIS COURT ORDERS AND ADJUDGES that**

- (i) The Plaintiffs' Motion raising a preliminary objection is dismissed;
- (ii) The appeals of orders #1 and #2 are adjourned *sine die* to be rescheduled;
- (iii) In view, of Protus' failure to make full submissions with appropriate case references before Tabib P., Protus is to pay the Plaintiffs' party to party costs of this Motion.

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"Sandra J. Simpson"

Judge

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

**DOCKET:** T-139-06 & T-140-06

**STYLE OF CAUSE:** J2 Global Communications, Inc. and others v.  
Protus IP Solutions Inc. and others  
Catch Curve Inc. and others v.  
Protus IP Solutions Inc. and others

**PLACE OF HEARING:** Ottawa, Ontario

**DATE OF HEARING:** October 15 & 16, 2007

**REASONS FOR JUDGMENT  
AND JUDGMENT:** SIMPSON, J.

**DATED:** March 4, 2008

**APPEARANCES:**

Mr. Paul Lomic FOR THE PLAINTIFFS

Mr. Kevin K. Graham FOR THE DEFENDANTS  
Mr. Timothy O. Stevenson

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