

Federal Court



Cour fédérale

Date: 20170629

Docket: T-800-17

Citation: 2017 FC 634

Ottawa, Ontario, June 29, 2017

PRESENT: The Honourable Mr. Justice Bell

BETWEEN:

**BELL CANADA
BELL EXPRESSVU LIMITED PARTNERSHIP
BELL MEDIA INC.
VIDEOTRON S.E.N.C.
GROUPE TVA INC.
ROGERS COMMUNICATIONS CANADA
INC.
ROGERS MEDIA INC.**

Plaintiffs

and

ADAM LACKMAN dba TVADDONS.AG

Defendant

ORDER WITH REASONS

I. Introduction

[1] On June 9, 2017, a Justice of this Court issued an *Anton Piller* Order and an Interim Injunction following motions made *ex parte* and *in camera* by the Plaintiffs.

[2] Without a doubt, the consideration of *ex parte* orders – orders that are made without notice to or appearance by the defending party – constitute one of the most challenging issues facing judges in our adversarial system. When the ‘adversary’ is not present, the norms and very foundation of our justice system face serious challenges. For this reason, it is trite law that a party seeking an *ex parte* order must provide full and frank disclosure to the court. This full and frank disclosure extends not only to the factual underpinnings of the motion, but to the relevant jurisprudence and statutory provisions that might impact upon a judge tasked with rendering a decision in such circumstances. The relevant jurisprudence in this matter has been developed over the past 30 years and sets out the circumstances under which an *Anton Piller* order may be issued, and how such an order should be executed.

[3] *Anton Piller* orders are essentially civil search warrants that give a plaintiff access to the premises of the defendant, without notice, to search for and to seize property. While the plaintiff or the plaintiff’s representative cannot enter the premises without the permission of the occupant, that permission is normally obtained upon threat of contempt proceedings.

[4] The leading case regarding *Anton Piller* orders is *Celanese Canada Inc. v. Murray Demolition Corporation*, 2006 SCC 36, [2006] 2 S.C.R. 189 (*Celanese*). In his opening paragraph in *Celanese*, Justice Binnie, speaking for the Court stated:

An *Anton Piller* order bears an uncomfortable resemblance to a private search warrant. No notice is given to the party against whom it is issued. Indeed, defendants usually first learn of them when they are served and executed, without having had an opportunity to challenge them or the evidence on which they were granted. The defendant may have no idea a claim is even pending. The order is not placed in the hands of a public authority for execution, but authorizes a private party to insist on entrance to the

premises of its opponent to conduct a surprise search, the purpose of which is to seize and preserve evidence to further its claim in a private dispute. The only justification for such an extraordinary remedy is that the plaintiff has a strong *prima facie* case and can demonstrate that on the facts, absent such an order, there is a real possibility relevant evidence will be destroyed or otherwise made to disappear. 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.

[5] Hence, the only justification for what amounts to a party's right to execute a search warrant in a private dispute (an *Anton Piller* order) is a demonstrated need to preserve relevant evidence where there is a real possibility of destruction or disappearance of that evidence.

[6] In *Celanese* at para 35, the Court sets out four essential conditions which must be established by the plaintiff before an *Anton Piller* order may issue. These conditions are reaffirmed in *British Columbia (Attorney General) v. Malik*, 2011 SCC 18 at para 29, [2011] 1 S.C.R. 657 (*Malik*), and state:

1. There must be a strong *prima facie* case;
2. The damage to the plaintiff of the defendant's alleged misconduct, potential or actual, must be very serious;
3. There must be convincing evidence that the defendant has in its possession incriminating documents or things; and
4. There must be a real possibility that the defendant may destroy such material before the discovery process can do its work.

[7] The four conditions were deemed to have been met by the justice at the June 9, 2017 hearing, and an *Anton Piller* Order was issued. Both the *Anton Piller* Order and the Interim Injunction were made for a period of 14 days only.

[8] The *Anton Piller* Order was fully executed within the 14 days set out in the order. On June 21, 2017, the Interim Injunction was extended to June 30, 2017, on consent of the parties, in order to provide the Court the opportunity to more fully consider the Plaintiffs' review motion, in which they seek:

- a. A declaration that the *Anton Piller* Order was lawfully issued and that the Order and accompanying Interim Injunction were lawfully carried out;
- b. An order authorizing the Plaintiffs to withdraw a deposit of \$50,000 deposited on June 9, 2017 as security for damages;
- c. An order that paragraphs C-17 to C-20 of the Order made on June 9, 2017 remain valid until final determination of this proceeding;
- d. An interlocutory injunction pursuant to Rule 373 of the *Federal Courts Rules*, SOR/98-106 (the *Rules*), which would effectively result in the continuation of the interim injunction issued on June 9, 2017 until final determination of this proceeding.
- e. An order for a mandatory injunction that would require the Defendant to continue to provide login credentials, passwords and other necessary access to material that was targeted by the *Anton Piller* Order. The effect of this order, if granted, would be to provide a continuous search warrant to the Plaintiffs until this matter is finally determined.
- f. Costs to be awarded on a solicitor-client basis.

II. The Parties and the Relevant Facts

[9] The Plaintiffs are corporations, limited partnerships or general partnerships who are either broadcasters who operate television stations, or broadcasting distribution undertakings pursuant to the *Broadcasting Act*, S.C. 1991, c. 11 who receive broadcasts from several television stations. The broadcasters contend that they own the Canadian rights to communicate a variety of programs to the public by telecommunication via television and online broadcast. More precisely, the Plaintiffs Bell Media Inc., Rogers Media Inc. and Groupe TVA Inc. (the “Broadcasters”) contend that, among other things, they hold the Canadian rights to undertake the following actions pursuant to section 3 of the *Copyright Act*, R.S.C. 1985, c. C-42 (the *Act*):

- (a) Communicate the Plaintiffs programs to the public by telecommunication via television broadcast, including the right to
- (b) make the Plaintiffs programs available to the public by telecommunications via television broadcast in a way that allows a member of the public to have access to them from a place and at a time individually chosen by that member of the public; and
- (c) authorize such acts.

[10] The broadcasting undertakings contend that they own the right to transmit television broadcasts to subscribers by various means of telecommunication, such as by satellite signal, co-axial cable, fibre optics, and hybrid fibre optics/co-axial cable.

[11] The Defendant is a software developer who has developed add-ons to an open source media player application known as KODI. Some KODI add-ons permit users to gain access to a vast amount of video content allegedly owned and distributed by the Plaintiffs. The Defendant

has developed add-ons that permit users to access material which is clearly “non-infringing content”, as well as material which the Plaintiffs claim to be “infringing content”. To the extent that the add-ons developed by the Defendant permit access to allegedly “infringing content”, the Plaintiffs contend that they suffer damages. While the Defendant has not yet filed a Statement of Defence in this matter, he claims there is no violation of the *Act* flowing from his operations. He contends his activities are protected by subparagraph 2.4(1)(b) of the *Act*, which provides as follows:

[...] a person whose only act in respect of the communication of a work or other subject-matter to the public consists of providing the means of telecommunication necessary for another person to so communicate the work or other subject-matter does not communicate that work or other subject-matter to the public; [...].

[12] The Defendant says the jurisprudence arising from the *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers*, 2004 SCC 45, [2004] 2 S.C.R. 427 (*SOCAN*), supports his position that he is not “communicating” any content. He is merely making it accessible, much like Google and other search engines. In fact, he candidly refers to his operation as a “mini-Google”.

[13] In addition to claiming that the products developed by him are compliant with the *Act*, the Defendant contends that the *Act* provides the Plaintiffs with a potential remedy should they conclude a violation exists. He says that remedy is found in paragraph 41.27(5) of the *Act*, whereby the Plaintiffs may provide him notice of the alleged infringement and afford him the opportunity to remedy the violation. The Defendant contends that, if there was any violation of the *Act*, which he denies, the Plaintiffs employed a “bombe atomique” by requesting an *Anton Piller* order instead of exercising the less draconian methods available under the *Act*.

III. The Issues before me

[14] The Court's role at this early stage of the litigation is clearly not to decide the merits of the case (*Celanese*, above, para 1). My role is to apply a de novo evaluation of the *Anton Piller* Order after having heard the opposing point of view (*John Stagliano Inc. v. Elmaleh*, 2006 FC 585 at para 110, 292 FTR 208; *Canadian Private Copying Collective v Amico Imaging Services Inc.*, 2004 FC 469 at paras 27-28, 249 FTR 312). This requires the Court to reconsider the four requirements necessary for the issuance of an *Anton Piller* order, namely: (i) that there is a strong *prima facie* case; (ii) that the damage to the plaintiff caused by the defendant's alleged misconduct, potential or actual, is very serious; (iii) that there is convincing evidence that the defendant has in its possession incriminating documents or things; and (iv) that there is a real possibility that the defendant may destroy such material before the discovery process can do its work (*Celanese*, above, at para 35; *Malik*, above, at para 29).

[15] With respect to the interlocutory injunction, I must determine whether the Plaintiffs have met the tripartite test set out in *Manitoba (Attorney General) v. Metropolitan Stores (MTS) Ltd.*, [1987] 1 SCR 110, 38 DLR (4th) 321 (*Metropolitan Stores*), and *RJR MacDonald Inc. v. Canada (Attorney General)*, [1994] 1 SCR 311, 111 DLR (4th) 385 (*RJR MacDonald*). That is: (i) is there a serious issue to be tried?; (ii) have the Plaintiffs demonstrated they will suffer irreparable harm if the injunction is not granted?; and; (iii) does the balance of convenience favour the granting of the injunction? The test is conjunctive. I also note that the "strong *prima facie* case" requirement for the issuance of an *Anton Piller* order is a higher standard than the "serious issue to be tried" standard applicable to the first criteria of the test for an interlocutory injunction (*Indian*

Manufacturing Ltd. v. Lo, [1996] 2 FCR 647, 67 CPR (3d) 132; *Havana House Cigar & Tobacco Merchants Ltd. v. Doe*, [1999] FCJ No. 1225 at para 27, 1 CPR (4th) 521).

IV. The Evidence

[16] In the affidavit principally relied upon by the Plaintiffs, the affiant deposes, among other things, that the Defendant's business, known as "TVAddons", hosts over "1500 Add-ons in total". He also deposes that, of these 1500 Add-ons, there is a curated list of 22 Add-ons, "almost all of which are infringing Add-ons". It follows that, from the Plaintiffs' own evidence, just over 1% of the Add-ons developed by the Defendant are alleged to be "infringing Add-ons". This is consistent with the Defendant's affidavit, wherein he deposes that there are 1400 Add-ons available on the TVAddons website, the majority of which are unrelated to alleged "illegitimate Hosting Sites".

[17] Both the Plaintiffs' and the Defendant's principal affiants describe the KODI software application as an "open source", which means that it is available to the general public for use and/or modification of its original design. The Defendant deposes that the KODI application "without any add-on added to it, is used to search, execute, stream or download any type of digital files such as pictures, music, videogames, videos, interactive files, etc.", and then goes on to say that, contrary to what is affirmed by the Plaintiffs' affiant, "KODI is not limited to accessing content that is on the computer of the users. The KODI application includes a list of add-ons that are Web Search add-ons". The Plaintiff's affiant spent some time in his affidavit explaining how the Defendant would have accessed the work "Orphan Black" by using his Add-ons. The Defendant, in his affidavit, demonstrated the same search results using Google, hence

his assertion that his site is a “mini-Google” and is therefore contemplated by the exceptions set out and discussed above in *SOCAN*.

[18] On this Review Motion, the complete hearing before the justice who granted the *Anton Piller* Order is to be considered. Part of that record contains the following exchange:

Justice: And on the next page, paragraph 5, so the experts would deactivate the TV Add-ons domains and sub-domains, so you really want to neutralize the Defendant’s operations?

Lawyer for the Plaintiffs: Yeah, completely.

Justice: Completely...

Lawyer for the Plaintiffs: Yeah.

Justice: So it’s more than saying you’re enjoined of not operating or communicating, you really want to neutralize the guy.

Lawyer for the Plaintiffs: Yeah, completely, that’s for sure. Yeah. We use his passwords, we shut down everything, we change the password and we change everything and it cannot be reactivated by him or by someone else. That’s the goal.

[19] According to the *Anton Piller* Order, the “search” was to be conducted between the hours of 8 a.m. and 8 p.m., unless it was reasonably necessary to depart from those hours. I conclude that this search includes any interview considered necessary by the independent solicitor and/or Plaintiffs’ counsel. In his affidavit, the independent solicitor deposed that on June 12, 2017, the questioning of the Defendant commenced at 2:40 p.m. and “lasted until approximately midnight”. The interrogation (my word) of the Defendant therefore lasted more than 9 hours. I acknowledge that the interrogation was interrupted, according to the independent solicitor, by dinner, and an opportunity for the Defendant to speak to his lawyer. However, it is important to note that the Defendant was not permitted to refuse to answer questions under fear of contempt

proceedings, and his counsel was not permitted to clarify the answers to questions. I conclude unhesitatingly that the Defendant was subjected to an examination for discovery without any of the protections normally afforded to litigants in such circumstances (discovery). Here, I would add that the ‘questions’ were not really questions at all. They took the form of orders or directions. For example, the Defendant was told to “provide to the bailiff” or “disclose to the Plaintiffs’ solicitors”.

[20] I find the most egregious part of the questioning to be in in the independent solicitor’s affidavit, wherein he deposes that counsel for the Plaintiffs “provided Defendant Lackman with some names” of other people who might be operating similar websites. It appears the Defendant was required to associate that list of 30 names with names, addresses and other data about individuals that might have some knowledge or relationship to those names. The list and the responses of the Defendant are found on three complete pages in the exhibits of the independent solicitor’s affidavit. I conclude that those questions, posed by Plaintiffs’ counsel, were solely made in furtherance of their investigation and constituted a hunt for further evidence, as opposed to the preservation of then existing evidence.

V. Analysis

A. *Anton Piller Order*

[21] The *Anton Pillar* Order under review was purposely designed by counsel for the Plaintiffs, as admitted by them, to completely shut down the Defendant’s operations. To the Plaintiffs, it mattered not that, by their own estimate, just over 1% of the Add-ons developed by

the Defendant were allegedly used to infringe copyright. I therefore conclude that the purpose of the *Anton Piller* Order under review was only partly designed to preserve evidence that might be destroyed or that could disappear. I am of the view that its true purpose was to destroy the livelihood of the Defendant, deny him the financial resources to finance a defence to the claim made against him, and to provide an opportunity for discovery of the Defendant in circumstances where none of the procedural safeguards of our civil justice system could be engaged.

[22] With respect to the issue of whether there exists a “strong *prima facie* case”, I am not convinced. While I acknowledge the purpose of this review is not to try the case, I have nevertheless assessed the strength of the case made out by the Plaintiffs. In doing so, I have carefully considered the arguments made by Defendant’s counsel in relation to his interpretation of the *Act* and the application of *SOCAN* to the facts. I have also carefully considered the affidavits offered by both the Defendant and the Plaintiffs’ affiants. I am impressed by the forthright manner in which the Defendant describes his knowledge and use of the open source KODI software and the similarities between TVAddons and Google. The actions performed by the Plaintiffs’ expert to access allegedly infringing material at TVAddons were replicated by the Defendant using Google. In my view, the jurisprudence from *SOCAN* becomes relevant to this issue. While the *prima facie* case may have appeared strong before the justice who heard the matter *ex parte*, the presence of the adversary in the courtroom and the arguments advanced have demonstrated there is nothing more than a serious issue to be tried. The higher threshold of a strong *prima facie* case is not met.

[23] In the absence of a strong *prima facie* case, and in the presence of an overly broad order designed to do much more than preserve evidence that might be destroyed or that might disappear, there is little purpose in conducting any further analysis on the issuance and execution of the *Anton Piller* Order. I conclude that it must fall. I now turn to the issue of the Interlocutory Injunction.

B. *Interlocutory Injunction*

[24] While I accept that there exists a serious issue to be tried, and acknowledge that the Plaintiffs may well suffer irreparable harm if the interlocutory injunction is not issued, I am not satisfied that the balance of convenience favours the granting of an interlocutory injunction.

[25] The Defendant has demonstrated he has an arguable case that he is not violating the *Act*. He has also deposed that TVAddons is his only source of income. If an injunction were granted by this Court, it would effectively bring this litigation to a close, as the Plaintiffs' admittedly seek to neutralize the Defendant in such a way that it would be impossible for his add-ons to be reactivated "by him or someone else". Furthermore, if the Defendant is "neutralized" in this way, he may lack the financial resources to mount his defence. In considering the balance of convenience, I also repeat that the Plaintiffs admit that the vast majority of add-ons are non-infringing. Whether the remaining approximately 1% are infringing is very much up for debate. For these reasons, I find the balance of convenience favours the Defendant, and no interlocutory injunction will be issued.

C. *Other*

[26] The Plaintiffs have requested a return of their \$50,000 deposit paid as security for damages. Given that the *Anton Piller* Order is now declared unlawful, I leave it to the parties to negotiate the amount, if any, of that deposit that is to be forfeited to the Defendant. Failing agreement among the parties on that issue within 90 days from the issuance of this Order, they may return to this Court for argument and resolution of that issue.

[27] Finally, the Plaintiffs have requested costs to be assessed on a solicitor-client basis. The Defendant indicated that whether he should win or lose on this Review Motion, he considers it appropriate that costs be awarded in the cause. As a result, this Court will order that costs be in the cause.

THIS COURT ORDERS that:

1. The Interim Injunction issued by this Court on June 9, 2017 is extended, on consent of the parties until June 30, 2017 or until further order of the Court, whichever occurs first. (see paragraph (e) below);
2. The motion request by the Plaintiffs for a declaration that the execution of the *Anton Piller* Order and Interim Injunction were lawfully conducted is dismissed;
3. The motion request by the Plaintiffs to authorize the withdrawal from the Court of \$50,000 filed on June 9, 2017 as security for damages is dismissed;
4. The motion request for an order that paragraphs C-17 to C-20 of the *Anton Piller* Order made on June 9, 2017 remain in effect until final determination of this proceeding is

dismissed. For greater certainty, the *Anton Piller* Order is fully vacated and declared null and void;

5. The motion for an Interlocutory Injunction is dismissed. Effective immediately, the Interim Injunction issued on June 9, 2017 and extended on June 21, 2017 is vacated;
6. All remaining orders sought by the Plaintiffs in their amended Notice of Motion filed on June 16, 2017 and heard on June 21, 2017 are dismissed;
7. All articles seized during the execution of the *Anton Piller* Order, including, but not limited to phones, computers, computer equipment, records, communications or evidence proving that communications were made between the Defendant and third parties, domain names, subdomain names, passwords, login credentials, banking information, corporate registry information, information regarding hosting accounts, server information, codes, programmer information, and all transcripts and recordings of the Defendant in response to any questions put to him by any person in the course of the execution of the *Anton Piller* Order are to be delivered to the Defendant, and no copies of any such materials are to be maintained by independent counsel, plaintiffs, or any person other than the Defendant;
8. All affidavits filed by the Plaintiffs in support of the motion for an *Anton Piller* order are to be sealed and marked "Subject to an order of confidentiality" and placed in Court file T-800-17, and are to remain confidential and under seal until further order of the Court;
9. Costs are in the cause;

10. I will remain seized with jurisdiction over any motions or requests for directions with respect to the contents of this order.

“B. Richard Bell”

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-800-17

STYLE OF CAUSE: BELL CANADA, BELL EXPRESS VU LIMITED
PARTNERSHIP, BELL MEDIA INC., VIDEOTRON
S.E.N.C., GROUPE TVA INC., ROGERS
COMMUNICATIONS CANADA INC., ROGERS MEDIA
INC., v ADAM LACKMAN DBA TV ADDONS.AG

PLACE OF HEARING: MONTRÉAL, QUEBEC

DATE OF HEARING: JUNE 21, 2017

REASONS FOR ORDER: BELL J.

DATED: JUNE 30, 2017

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Me Éva Richard, Me Karim Renno
Me Hilal El Ayoubi

FOR THE DEFENDANT

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