

Federal Court



Cour fédérale

Date: 20220617

Docket: T-1050-20

Citation: 2022 FC 921

Ottawa, Ontario, June 17, 2022

PRESENT: Case Management Judge Mireille Tabib

BETWEEN:

**SUREWERX USA INC. AND
JET EQUIPMENT & TOOLS LTD.**

**Plaintiffs
(Defendants by Counterclaim)**

and

DENTEC

**Defendant
(Plaintiff by Counterclaim)**

REASONS FOR ORDER AND ORDER

I. Introduction

[1] This is an action for infringement of certain patents and of an industrial design registration. The Plaintiffs bring a motion to challenge the designation of the identity of the Defendant's manufacturer as "Solicitor's Eyes Only" information. The designation was made

pursuant to a Protective Order issued on consent of both parties. As per the teachings of the Federal Court of Appeal in *Canadian National Railway Company v BNSF Railway Company*, 2020 FCA 45, the consent motion for a Protective Order was supported by evidence from each party attesting to its belief that the information to be disclosed has always been treated confidentially and that its interests could be harmed by the disclosure of that information. Both parties identified “supplier and manufacturer information” as information to be protected.

[2] The Protective Order only governs the manner in which the parties are to treat information exchanged between them in the discovery process. It does not allow them to file information in Court under confidential seal without seeking a separate confidentiality order. The Protective Order allows the parties to designate certain information as “Confidential” and other, more sensitive information, as “Solicitors’ Eyes Only” (“SEO”).

[3] As mentioned, the Defendant has designated information disclosing the identity of its manufacturer as SEO information. This designation covers those parts of any document that mention the name of the manufacturer as well as portions of the examination for discovery from which the identity of the manufacturer could be deduced or inferred. By this motion, the Plaintiffs seek an order compelling the Defendant to remove the SEO designation and to replace it instead with a Confidential Information designation, so that counsel for the Plaintiffs may share the information with her client.

II. Preliminary Matters

[4] At the outset of the hearing, I noted that the Defendant in its written representations had taken the position that in the circumstances of the case, the Plaintiffs' motion amounts to a motion to vary the terms of the Protective Order rather than a challenge to the designation as contemplated by the challenge mechanism contained in Protective Order. Given the Defendant's position, I asked the Plaintiffs whether they wished to amend their Notice of Motion to seek a variation of the Protective Order as an alternative remedy. This would allow the Court to resolve all issues raised by the motion in the event it agreed with the Defendant's characterization of the motion but found that the conditions set out in Rule 399(2)(a) to vary an order had been satisfied.

[5] The Plaintiffs expressed confidence that their motion was properly characterized and would succeed as a motion seeking relief under the mechanisms provided in the Protective Order. Out of an abundance of caution, however, they did make an oral motion to amend the notice of motion to seek, as an alternative remedy, "an order varying the Protective Order so that the identity of the Defendant's manufacturer would not be designated as Solicitor's Eyes Only Information." Over the Defendant's objections, leave to make that amendment was granted, reserving the Defendant's right to seek an adjournment of the hearing in order that it could make supplementary submissions or seek leave to file additional evidence in respect of the newly added alternative remedy.

[6] Having heard the parties' respective submissions and considered the matter, I am satisfied that the Plaintiffs' motion, as originally proposed, should be granted. I am further

satisfied that the grounds on which the motion is granted and the relief provided do not entail or amount to a variation of the Protective Order. I have therefore not considered the motion as a motion to vary the Protective Order. That said, it is arguable, on the circumstances as they appear from the record before the Court, that a matter was indeed discovered subsequent to the making of the Protective Order which could justify varying it. Should my conclusion be in error in respect of the principal relief sought, the Plaintiffs' right to bring a motion to vary the Protective Order is reserved.

III. Analysis

A. *What is the test for removing the SEO designation?*

[7] Both parties are *ad idem* that the Court must look to the terms of the Protective Order itself to determine the test to be applied for removing the SEO designation in this case.

[8] In particular, neither party has urged the Court to apply the test articulated by the Federal Court of Appeal in *AB Hassle v Canada (Minister of National Health and Welfare)*, [2000] 3 FC 360 (FCA) [*AB Hassle FCA*] as a matter of law. The Federal Court of Appeal in that case had stated:

10 Once a protective order has issued, it would be counterproductive if parties, who have no other choice but to file sensitive evidence and do so with a relatively secure judicial guarantee of confidentiality, were to live with the constant fear of facing routine attacks by adverse parties. The seeking and obtaining of a protective order would be a futile exercise if, whenever a document is filed under such order, the party invoking the order were routinely forced to start from scratch, face a burden similar to or more onerous than the one it has already overcome

and reargue the very arguments that were accepted or dismissed by the judge issuing the order.

11 In my view, the issuance of a protective order in circumstances such as the present creates a presumption that any information of the type described in the order which is subsequently filed will be kept confidential subject to the exceptions described in the order, such as those found in paragraphs 14 and 18 of the Protective Order at issue. The presumption is, of course, rebuttable but — and this is the test to be applied at this stage of the proceedings — it is only in the clearest of cases, where it is obvious that the impugned document does not fall within the terms of the Protective Order, that a motion challenging the confidential nature of the document should be granted. Once evidence is put forward to the effect that a document falls prima facie within the class of documents contemplated by the order and has been treated by the party as confidential — in this case, the class is described in paragraph 2 of the Protective Order — the burden, and it is a heavy one, lies with the challenging party to demonstrate that the document falls outside what was contemplated by the order or is not of a kind which the judge could have had in mind when he or she issued the order.

(Emphasis added)

[9] Indeed, I agree with the analysis performed by Justice Zinn in *Fluid Energy Group Ltd. v Mud Master Drilling Fluid Services Ltd*, 2020 FC 229, at paragraphs 39 to 47, pursuant to which he found that *AB Hassle FCA* does not find application in the case of a challenge to designations made pursuant to a consent protective order. Justice Zinn concluded that the test in such circumstances must be that to which the parties agreed and which is expressly set out in the challenge mechanism of protective order at issue (*Fluid Energy*, above, at paragraphs 48 to 50).

[10] Accordingly, it is essential to set out here the relevant provisions of the Protective Order:

1. In this Order:

[...]

(p) “Solicitor’s Eyes Only Information” means the Information referred to in sub-paragraph 4(b) hereof.

4. Information may be designated as:

[...]

(b) Solicitor’s Eyes Only Information under this Order where the Producing Party in good faith believes that the Information is maintained by the Producing Party as confidential and that the Producing Party could be harmed if the Information were made available to the Receiving Party or the information is of commercial value to the Receiving Party, and the Information is or contains technical, sales, customer, marketing, financial, business strategy or other commercially sensitive information or proprietary information not otherwise known or available to the public, whether embodied in physical objects, documents, or the factual knowledge of persons.

32. In the event of a challenge to the confidentiality of designated Confidential Information or Solicitor’s Eyes Only Information, such a challenge shall be written, shall be served on counsel for the Producing Party and shall particularly identify the Information that the challenging Party contends should be designated differently. The Parties will engage in a good faith effort to try to resolve the dispute on an informal basis. If the Parties are unable to resolve such a dispute informally within fourteen (14) business days, the challenging Party may apply to the Court for relief at any time. Any such disputed items shall be treated as originally designated by the Producing Party and subject to the protections of this Order unless and until the Court determines otherwise. On any challenge before the Court, the Party or non-party asserting confidentiality shall have the burden on a balance of probabilities of establishing that the information is, in fact, Confidential Information or Solicitor’s Eyes Only Information, as the case may be. No Party shall be obligated to challenge the propriety of any designation, and failure to do so shall not constitute an admission that any item or Information is in fact confidential.

37. This Order shall be without prejudice to the right of any Party to apply to the Court at any time to vary or terminate the effect of this Order or for a direction on any specific issue concerning production of a specific Document, including on the basis that the designation of information as Solicitor’s Eyes Only Information is unreasonably prejudicing the ability of a Receiving Party to assert any claim or defence in the Proceeding.

38. Unless otherwise specifically indicated, nothing in this Order is intended to vary or modify the implied undertaking rule.

[11] The parties' disagreement centers on the phrase: "the Party [...] asserting confidentiality shall have the burden on a balance of probabilities of establishing that the information is, in fact, [...] Solicitor's Eyes Only Information", as found in paragraph 32 of the order.

[12] The Plaintiffs submit that it requires the Defendant to establish, on the balance of probabilities, that the identity of its manufacturer is "in fact" SEO information, in accordance with the jurisprudential test for such designations. The jurisprudential test includes a demonstration that there is a risk that the receiving party would, deliberately or unconsciously, use the information to injure the disclosing party. The Plaintiffs' position focusses on the use of the words "in fact", which it argues reflects the need to go beyond the designating party's good faith belief and establish the objective existence of the circumstances justifying the SEO designation.

[13] The Defendant argues that all it is required to do is to establish that the criteria for designation as set out in paragraph 4(b) of the order have been met. Given that there is no dispute that the information has always been treated as confidential and that it meets the definition of "commercially sensitive information", all it needs to prove is its good faith belief that it could be harmed if the information were made available to the Plaintiffs or that the information is of commercial value to the Plaintiffs.

[14] The Defendant makes the following three arguments to support its position:

[15] First, it argues that it is consistent with the approach adopted by Justice Zinn in *Fluid Energy*, above. The Defendant asserts that Justice Zinn limited his analysis to determining whether the designation matched the definition of Counsel’s Eyes Only set out in the protective order, without enquiring about the other factors identified in the jurisprudence, such as the need to instruct counsel and other balancing factors. According to the Defendant, the analysis was strictly limited to whether the Defendant reasonably and in good faith believed that disclosure would be harmful to it, as this “[met] the definition of a CEO designation agreed to by these parties” (*Fluid Energy*, at paragraph 65).

[16] To further support its position, the Defendant pleads that while the Protective Order was granted on consent, both parties did supply evidence to justify its issuance and that the Court did not simply rubber stamp the proposed order. Thus, it submits that while *AB Hassle FCA* is not directly applicable, the reasoning of the Federal Court of Appeal in paragraph 10 of that case should inform the Court’s interpretation of the terms of the Protective Order. To paraphrase the Federal Court of Appeal’s reasoning, at paragraph 10 of *AB Hassle FCA*, the parties’ agreement to the SEO provisions in the Protective Order would be a futile exercise if the designating party were forced to start from scratch, face a burden similar to or more onerous than the one it has already overcome, and reargue the very arguments that its opponent has already accepted in consenting to the order, and that the Court sanctioned in issuing it.

[17] Finally, the Defendant relies on the that fact that paragraph 32 of the Protective Order uses the term “Solicitors Eyes Only Information”, which is expressly defined by reference to the criteria set out in paragraph 4(b).

[18] I am not persuaded by the Defendant's arguments. I will consider each argument in turn.

[19] First, the question at issue in *Fluid Energy* was whether the designating party's burden, on a challenge, was to establish the propriety of the designation simply on a *prima facie* basis or on the more robust standard of the balance of probabilities. Once that issue was resolved, there did not seem to be a dispute as to the factors that the parties needed to address to establish the validity of the designations. Indeed, the challenge provision in *Fluid Energy* was quite different from the challenge provision in the present case. It is reproduced, in part, at paragraph 22 of the reasons, as follows: "[t]he Party asserting confidentiality shall have the burden of establishing the appropriateness of the designation, except that a Party claiming that information designated by the other as confidential is in the public domain shall have the burden of proving such public knowledge" [emphasis added]. Finally, the Defendant submits that Justice Zinn applied a purely subjective test to determine the propriety of the counsel's eyes only designations. Reading the reasons in *Fluid Energy* as a whole rather than simply excerpting chosen snippets, I disagree with the Defendant's characterization of them. Justice Zinn expressly referred to the exceptional nature of such provisions, and considered whether it was reasonable for the defendant to believe that the plaintiff might use the information to modify its business practices, notwithstanding the implied undertaking rule, to undercut the defendant's position in the market. These considerations form part of the jurisprudential test for the issuance of protective orders permitting counsel's eyes only designations, and go beyond purely subjective criteria.

[20] I do not find that *Fluid Energy* is determinative of the factors the Defendant must establish to meet the Plaintiffs' challenge to the SEO designations in this case.

[21] As for the Defendant's reliance on the reasons given in *AB Hassle*, I do not find it convincing. In my view, the dicta of the Federal Court of Appeal in *AB Hassle FCA* finds no application where the parties have not fully established, on their motion for a protective order, the need for a particular SEO designation. In this case, the evidence provided by the parties to support the issuance of the Protective Order was limited to the demonstration of a *prima facie* case for its issuance. Each party's affiant spoke in general terms of the prejudice he believed in good faith his company might suffer if its sensitive commercial information fell into the hands of competitors, "including" the opposing party. Missing from either affidavit is any mention of whether and why each party might feel that the other could, despite the implied undertaking rule or the express terms of the protective order sought, willfully or unconsciously use certain classes of information to the other party's detriment. At best, the parties reached an agreement that, given their position as competitors, it was reasonable to suppose that mere knowledge of certain information could, by inadvertence or unconsciously, influence a party's business decisions in a manner prejudicial to the disclosing party. The parties have certainly not demonstrated to each other, or to the Court, that there was in fact an objective basis to believe that any sensitive information of the other party that could be misused would be misused, or that the risk of misuse outweighed the need of the party to properly instruct its counsel.

[22] This leads me to consider the final argument of the Defendant, based on a textual analysis of paragraph 32, and its use of a specifically defined term.

[23] As mentioned, paragraph 1(p) of the Protective Order provides that "'Solicitors' Eyes Only Information" means the Information referred to in sub-paragraph 4(b) hereof." In turn,

paragraph 4(b) states that “Information may be designated as [...] Solicitor’s Eyes Only Information under this Order where the Producing Party in good faith believes that the Information is maintained by the Producing Party as confidential and that the Producing Party could be harmed if the Information were made available to the Receiving Party or the information is of commercial value to the Receiving Party, and the Information contains [commercially sensitive information] not otherwise known or available to the public [...].” The challenge provision, paragraph 32, requires the designating party to establish, on the balance of probabilities “that the information is, in fact, [...] Solicitor’s Eyes Only Information”.

[24] The Defendant’s argument is that the use of the capitalized expression “Solicitor’s Eyes Only Information” imports into paragraph 32 the definition of that term, including the “good faith belief” criteria. If accepted, this interpretation would mean that when challenged, the designating party only needs to establish, on a balance of probability, that “as a matter of fact” it has a good faith belief that:

- a) it maintains the information as confidential,
- b) that it could be harmed if the information were made available to other party or the information is of commercial value to the other party; and
- c) the information contains [commercially sensitive information] not otherwise known or available to the public [...].

[25] The interpretation proposed by the Defendant is circular and fails to achieve the purpose or intent of the Protective Order. If accepted, all that the challenge provision would achieve is to establish that the designating party was in good faith in believing that the criteria of sub-paragraph 4(b) are met, without even requiring a demonstration that the belief is reasonably held.

[26] In the interest of promoting efficient and cost-effective litigation, protective orders may be granted simply on evidence of the parties' good faith belief that their interests could be harmed by disclosure. The existence of an effective challenge provision is an important consideration in the exercise of the Court's discretion to grant such an order, but also, undoubtedly, in the parties' decision to consent to it, especially where it contains the extraordinarily restrictive category of counsel's eyes only information. When a protective order is granted based on the belief of the designating party and the designation is also based on the party's belief, the right to challenge the designation would be rendered nugatory if the required test to prove confidentiality were also based on the designating party's subjective belief.

[27] I do not agree with the Defendant's submissions to the effect that the purpose of the challenge provision in a protective order is simply to guard against potential abuse of the ability to designate information as SEO. A party who designates information as SEO, or even as Confidential Information, without a good faith belief that it meets the criteria is not simply abusing the rights conferred by the Order, it is breaching it. There should be no need for an express challenge provision to enforce an order or to sanction its breach. A challenge provision whose sole purpose is to guard against a deliberate breach of the order or the bad faith of the parties essentially presumes that parties may abuse its provisions. This cannot be correct given the language at issue. Rather, the default position should be that good faith is presumed in the absence of evidence to the contrary.

[28] Successfully challenging a party's professed good faith is an extremely difficult task. Limiting the possibility of a challenge to the narrow and ineffectual grounds of verifying that the

designating party holds a good faith belief that the information merits the designation given would require exceptionally clear language. Such language is simply not present in this case. In contrast, the challenge provision's requirement that the designating party bear the burden of establishing that the information is "in fact" SEO information points to an objective, rather than a subjective, test.

[29] The Protective Order defines the expression "Solicitors Eyes' Only Information" by reference to the provision that allows the designation, rather than by reference to the kind of information that may be designated. This does not pose any difficulty in understanding and applying the majority of the provisions of the Protective Order, since they dictate how information that has been designated as SEO is to be treated, but it is perhaps less apt when applied to the challenge provision. Still, the provisions of the Protective Order can be read harmoniously to achieve the purpose of the challenge provision, which is to establish an effective method to challenge designations on objective, rather than subjective grounds.

[30] The definition of SEO Information in sub-paragraph 1(q) does not refer to "information that has been designated pursuant to sub-paragraph 4(b)", but to "the Information referred to in" that sub-paragraph. Sub-paragraph 4(b) specifies that "Information may be designated as" SEO, "where" the producing party believes in good faith that it meets certain criteria. The criteria enumerated (confidentiality, the potential to cause harm, and the type of information it contains) are attributes of the information. The designating party's good faith belief that the information possesses those attributes is what allows it to make the designation. In order to constitute an effective challenge provision, paragraph 32 must be read as requiring the designating party to

establish, on a balance of probability, that the information it has designated as SEO in fact possesses the attributes enumerated in sub-paragraph 4(b). In other words, it must establish that it in fact maintains the information as confidential, that it could in fact be harmed if the information were made available to its opponent or that the information is in fact of commercial value to its opponent, and that it in fact contains technical, sales, customer, marketing, financial, business strategy or other commercially sensitive information or proprietary information not otherwise known or available to the public.

[31] I agree with the Defendant's submissions that the burden on the designating party does not include the demonstration that the receiving party does not need the information in order to properly instruct counsel or that no other alternative measures would prevent the risk. This is not to say that these factors can no longer be considered by the Court once a protective order is issued. Indeed, paragraph 37 of the Protective Order preserves the right of any party to apply for specific directions in respect of designated documents, including on the basis that the designation of information as SEO Information is unreasonably prejudicing its ability to assert a claim or defence. The balance struck by the Protective Order is that it allows designation of certain information on a relatively low standard of good faith belief, but on challenge, requires the designating party to establish that the document objectively meets the criteria for the designation. Once the designating party has met its burden, the receiving party must accept the designation, unless it can show that certain directions are needed to balance its right to fairly defend or prosecute the action against the risk of harm established by the designating party.

B. *Applying the test to the evidence*

[32] As previously mentioned, the Plaintiffs do not dispute that the identity of the Defendant's manufacturer is treated as confidential by the Defendant and that it constitutes "commercially sensitive information". They do, however, vigorously contest that the information meets the other criterion for designation as SEO: that the Defendant could be harmed if the identity of its manufacturer were made available to the Plaintiffs or that the identity of its manufacturer is of commercial value to the Plaintiffs.

[33] The Defendant bears the burden of establishing this factor. Its evidence is to the effect that, if the Plaintiffs were to know the identity of its manufacturer, they would be able to (i) "get an idea" about the Defendant's costs for its products, (ii) obtain the material composition of the Defendant's product from the manufacturer, (iii) copy the Defendant's mould design, and (iv) interfere with the business relationship between the Defendant and its supplier, either by the threat of a lawsuit or by falsely claiming that the Defendant's product infringes.

[34] The Court accepts that the Defendant would indeed be harmed if the Plaintiffs were to get an idea of the Defendant's costs, obtain the material composition of its product, or copy its mould design. What is entirely lacking from the record, however, is any evidence that the Plaintiffs could obtain any information as to the Defendants' costs, material composition or mould design merely from knowing the identity of its supplier. On the contrary, the Defendant's affiant testified, during his cross-examination on affidavit, that the Defendant has an agreement with its supplier whereby the manufacturer agreed to keep all of that information confidential.

There is no evidence on record from which one could entertain any doubt that the manufacturer might breach that agreement.

[35] The Defendant suggests that the Plaintiffs might, because it is “a very large company”, have the commercial influence required to prize that information from its manufacturer. Not only is there no evidence to support such a conclusion, but it would require the Plaintiffs to make a specific request for that information. The mere act of making such a request entails a deliberate and intentional use of the information for purposes other than the litigation and would constitute a breach of the Protective Order and of the implied undertaking rule.

[36] There is no evidence on the record to indicate a likelihood that the Plaintiffs would deliberately breach their obligations under the Protective Order. On the contrary, in its affidavit in support of the issuance of the Protective Order, the Defendant’s Vice President of Operations testified that “[the Defendant] expects that [the Plaintiffs] will likewise obey the terms of any Protective Order issued by the Court”.

[37] The Defendant argues that requiring it to establish that the Plaintiffs would breach the protective order places too high a bar, as it is tantamount to requiring it to show that harm would result rather than simply showing that it could result. I agree that the standard of proof the Defendant must meet on a challenge is not a certainty, but a reasonable likelihood that harm could result, but that does not help the Defendant. What the Protective Order requires is that the Defendant establish, on a balance of probability, that it could be harmed if the information were made available to the Plaintiffs. The nature of the information is such that it must be put to use in

order to cause harm to the Defendant. Its mere availability to the Plaintiffs can cause no harm to the Defendant, because it is not the kind of information that, once it is known, cannot be prevented from influencing the business decisions the party makes in the normal course of its operations, or that could unwittingly or mistakenly be used in a manner prejudicial to the Defendant. In order to cause harm to the Defendant, the information at issue here must be used by the Plaintiffs in circumstances that require a wilful and deliberate act.

[38] The same analysis applies to the harm that could be caused to the Defendant from the Plaintiffs' interference with the business relationship between the Defendant and its manufacturer. The kind of interference cited by the Defendant, threatening to sue or falsely claiming infringement, both require a deliberate act that would constitute a breach of the Protective Order. The Plaintiffs have suggested they might use the information to determine whether to add the Defendant's supplier as a party to this proceeding. That might, arguably, also constitute a breach of the Protective Order, since the proceeding as instituted alleges infringement by the Defendant only, and not by its suppliers. In any event, before impleading the manufacturer, the Plaintiffs would require leave of the Court, creating an opportunity for the Defendant to challenge the use of the information for that purpose.

[39] The Defendant argues that the Plaintiffs have essentially admitted that disclosure of their respective suppliers' identity would cause them harm, because both parties contemplated, at the time they jointly applied for the Protective Order, that their suppliers' identity would be considered SEO, and because the Plaintiffs themselves designated their supplier information as SEO. The evidence does not support the Defendant's submissions.

[40] As mentioned earlier in these reasons, the evidence tendered by the parties to support the issuance of the Protective Order was, as concerns the SEO category, quite cursory. The parties' evidence did not differentiate between the harm they would suffer from disclosure of their commercially sensitive information to other competitors and the harm they would suffer from disclosure of that information to the opposing party. The parties did mention "supplier and manufacturer information" as information that could merit SEO designations, but they did not specify what constitutes "supplier and manufacturer information". The expression is vague, and can include extremely sensitive information, such as costs, materials and formulations, as well as less critical information, including country of manufacture and the name of the suppliers or manufacturers. The only explicit mention of the identity of manufacturers is found in the evidence of the Plaintiffs' representative. He explained that the public disclosure of that particular information would allow competitors to negotiate directly with the suppliers to provide products manufactured to the same or similar specification at a cost equivalent or lower than the Plaintiffs, and allow customers to bypass the Plaintiffs to deal directly with its supplier.

[41] Again, that kind of prejudicial use of the supplier's identity requires a deliberate action by a competitor. It justifies a Confidential Information designation to prevent disclosure to third party customers or competitors who are not bound by the implied undertaking rule, but it does not justify a SEO in this case, because simple knowledge of the information by the opposing party, without deliberate use, cannot bring about the prejudice described.

[42] As to the Plaintiffs' designation of that same information as SEO, counsel for the Plaintiffs explained at the hearing that its SEO designations related to the general content of the

documents so designated, and did not intend to target the identity of the suppliers or manufacturers. Counsel for the Plaintiffs advised that the name of the Plaintiffs' manufacturer was not relevant, but that if it were, it would be designated only as Confidential Information. In the circumstances, I do not find that the Plaintiffs' designation of its own suppliers' identity as SEO constitutes an admission that the identity of the Defendant's manufacturer merits that designation.

[43] I find that the Defendant has not met its burden of establishing, on the balance of probabilities, that disclosure of the identity of its supplier to the Plaintiffs could, in fact, cause it harm. I would add, if a reasonably held subjective belief was the appropriate test to apply, that although the Defendant professes to hold a good faith belief that such disclosure could cause it harm, that belief is not reasonably held. I reach that conclusion because the Defendant has led no evidence to show that it believes, or has cause to believe, that the Plaintiffs would likely use the information in breach of the Protective Order.

[44] The Defendant has led no evidence to show that the identity of its supplier has commercial value to the Plaintiffs, and made no cogent argument permitting the Court to reach such a conclusion. The Defendant merely surmises that the information must have commercial value because counsel for the Plaintiffs insisted that she would not proceed to mediation if she could not share the information with her client. That argument, based on no more than conjecture and speculation, does not satisfy the Defendant's onus, whether as an objective demonstration or as a subjective belief. In any event, I am satisfied that there are good reasons, unrelated to any commercial value to the Plaintiffs, why counsel would take that position. A detailed discussion

of those reasons is unnecessary given my earlier findings, and is not included in these reasons as it might reveal information that could help identify the Defendant's supplier.

[45] Consequently, I am not satisfied that the information at issue in fact merits the designation of SEO Information. The SEO designation in respect of the identity of the Defendant's vendor/supplier/manufacture shall be removed and replaced with a Confidential Information designation.

C. *Additional relief sought by the Defendant*

[46] The Defendant has asked the Court to provide the following additional relief in the event the Plaintiffs' motion was granted:

- a) An order requiring the Plaintiffs to provide their own manufacturers' identity with only a Confidential Information designation; and
- b) A grace period of four months from the date of disposition of the motion before the Defendant is required to provide the identity of its supplier to the Plaintiffs.

[47] As to the designation of the Plaintiffs' manufacturer information, it would not be appropriate for the Court to rule as to the propriety of the Plaintiffs' designation on a motion challenging the Defendant's designations. While the information may be of the same nature and raise similar concerns, a determination made in respect of the harm that could be caused to the Defendant is not necessarily dispositive of whether the Plaintiffs might suffer harm from the disclosure of similar information to the Defendant. For example, whereas the Defendant has not

established a likelihood that the Plaintiffs would willfully breach the terms of the Protective Order, one cannot presume that the reverse would be true. The Defendant did not make a motion to challenge the Plaintiffs' designation, and the Plaintiffs were therefore not required to establish the factual foundation for their designations. Seeking relief against a moving party as part of a responding record does not afford the moving party a fair opportunity to lead the required evidence. In any event, I note that the Plaintiffs have already undertaken to provide their manufacturers' identity as Confidential Information only, if it is found relevant. The relief sought by the Defendant is therefore not necessary.

[48] The "grace period" requested by the Defendant is essentially a stay of execution of my order on this motion, to which the three-part test set out in *RJR MacDonald Inc. v Canada (A.G.)* [1994] 1 SCR 311 applies. The Defendant's request is premised on the time it needs to take steps to mitigate the harm it alleges it might suffer as a result of the disclosure of the information to the Plaintiffs. As I have not been persuaded that the Defendant stands to suffer harm from the disclosure, it follows that the Defendant does not meet at least that branch of the *RJR MacDonald* test. Its request for a four-month stay is denied.

[49] That said, I am satisfied that a stay of my order during any appeal to a Judge of this Court is necessary to avoid an appeal becoming moot. Provided that the Defendant proceeds with such an appeal in an expeditious fashion, the delay will not be prejudicial to the Plaintiffs. The stay will only be effective until the expiration of the time to appeal or the resolution of the appeal to a Judge of the Court. Any stay pending further appeals shall be within the discretion of that Judge.

D. *Costs*

[50] The Plaintiffs being successful on the motion, they should recover their costs. They submit that these should be fixed at \$7000, payable forthwith, because the motion should not have been opposed. The Defendant suggests that the amount of \$5000 would better reflect the relative complexity of the issues. I am not satisfied that this is a case where costs should be payable forthwith. Nor am I satisfied that the amount suggested by the Defendant adequately reflects the complexity of the legal and factual issues, especially given that the affiants from both parties were cross-examined on their affidavit and the paucity of case law on the issues. I am satisfied that the amount of \$7000, inclusive of disbursements, is appropriate.

ORDER

THIS COURT ORDERS that:

1. The designation “Solicitor’ Eyes Only” shall be removed from those portions of documents produced by the Defendant that identify the vendor, supplier or manufacturer of its products and from page 26, line 17 to page 29, line 13 of the Solicitor’s Eyes Only Transcript of the Examination for Discovery of Claudio Dente dated September 14, 2021.
2. The effect of this Order is stayed pending the expiration of the time to appeal this Order, if no appeal is brought, or the resolution of any motion to appeal this Order.
3. Any appeal of this Order shall be made presentable at the earliest mutually convenient general sittings of the Court, and the Defendant is required to serve and file a full motion record on such an appeal within the 10-day delay provided in Rule 51.
4. Cost of this motion, fixed in the amount of \$7000, shall be paid by the Defendant to the Plaintiffs.

"Mireille Tabib"

Case Management Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1050-20

STYLE OF CAUSE: SUREWERX USA INC. ET AL. v DENTEC SAFETY SPECIALISTS INC

PLACE OF HEARING: OTTAWA, ONTARIO

DATE OF HEARING: MAY 13, 2022

REASONS FOR ORDER AND ORDER: TABIB P.

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