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**Docket: T-2058-12**

**Citation: 2014 FC 161**

**Toronto, Ontario, February 20, 2014**

**PRESENT: Kevin R. Aalto, Esquire, Prothonotary**

**BETWEEN:**

**VOLTAGE PICTURES LLC**

**Plaintiff**

**and**

**JOHN DOE AND JANE DOE**

**Defendants**

**REASONS FOR ORDER AND ORDER**

“... the rise of so-called ‘copyright trolls’ – plaintiffs who file multitudes of lawsuits solely to extort quick settlements – requires courts to ensure that the litigation process and their scarce resources are not being abused.”<sup>1</sup>

**INTRODUCTION**

[1] Do persons who download copyrighted material from the internet using a peer to peer (P2P) network and the BitTorrent Protocol (BitTorrent) through the auspices of an Internet Service Provider (ISP) have a right to privacy such that their contact information not be revealed to the party whose copyright is being infringed? If they are infringing copyright what remedy, if any, should the

Court impose? These are the questions at issue on this motion. While at first blush the answer may seem simple enough, in reality given the issues in play the answers require a delicate balancing of privacy rights versus the rights of copyright holders. This is especially so in the context of modern day technology and users of the internet.

[2] In essence, in this proceeding the Plaintiff (Voltage) seeks the names and addresses of some 2,000 subscribers (Subscribers) of an ISP known TekSavvy Solutions Inc. This type of order is often referred to as a *Norwich*<sup>2</sup> Order – a litigation tool requiring non-parties to a litigation to be subject to discovery or being compelled to provide information.

[3] Voltage seeks the names and addresses so that they can pursue litigation against the Subscribers for the unauthorized copying and distribution of Voltage's copyrighted cinematographic works (Works). The case engages provisions of the *Copyright Act*, RSC, 1985, c C-42 and the *Personal Information Protection and Electronic Documents Act*, SC 2000, c. 5 (PIPEDA).

[4] Pursuant to an order of this Court, the Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic (CIPPIC) was granted leave to intervene on this motion in order to enhance the record and provide arguments and evidence to assist the Court in determining the issue and to put the position of the Subscribers and Voltage in an appropriate context. To that end, CIPPIC filed evidence by way of affidavit and cross-examined the main deponent who gave evidence on behalf

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<sup>1</sup> Judge Ronald Guzman, *TCYK, LLC v. Does 1 – 88*, 2013 U.S. Dist LEXIS 88402, (U.S. District Court for the Northern District of Illinois) p. 3.

<sup>2</sup> *Norwich Pharmacal Co. v. Customs & Excise Commissioners*, [1974] AC 133. This type of order first came to light in this case. These types of orders are now part of the Canadian litigation landscape and require innocent third parties to disclose information in their possession regarding unlawful conduct. A discussion of these orders is found later in these reasons.

of Voltage. CIPPIC also filed extensive written representations. TekSavvy, the ISP took no position on the motion.

[5] CIPPIC has raised a number of objections to Voltage's motion. It argues that privacy considerations and broader interests of justice should prevail in the particular circumstances of this case.

[6] Specifically, CIPPIC alleges that Voltage's true intentions are not motivated by any rights it may hold under the *Copyright Act*, RSC 1985, c C-42. CIPPIC characterizes Voltage and Canipre Inc. (Canipre) the forensic investigation company retained by Voltage to track the names of the Subscribers as "copyright trolls" engaged in "speculative invoicing" which seeks to intimidate individuals into easy settlements by way of demand letters and threats of litigation. It is alleged that the cost and the uncertainty or stigma of litigation coerces most individuals into making payments, whether or not they were involved in the unauthorized copying and distribution of films on the internet. The Court is cautioned not to become an inadvertent tool assisting parties in this type of business model.

## **FACTS**

[7] Extensive affidavit evidence was filed on the motion as well as extensive case briefs. Voltage filed the affidavit of Barry Logan (Logan Affidavit) the owner and principal forensic consultant of Canipre. Voltage also filed two affidavits of John Philpott (Philpott Affidavits), an associate with the law firm representing Voltage which attached the affidavit of Michael Wickstrom of Voltage and the affidavit of Mathias Gartner, an information technology expert. CIPPIC also

filed evidence in the form of an affidavit of Timothy Lethbridge (Lethbridge Affidavit) which also dealt with technical issues relating to the internet. CIPPIC also filed the affidavit of Alexander Cooke (Cooke Affidavit), a law student who conducted searches to locate file-sharing lawsuits commenced by Voltage.

[8] Voltage sought to strike the Lethbridge Affidavit on the grounds that the witness had no direct knowledge of the matters in issue and was not an expert on the areas on which he opined. Voltage pointed to lengthy sections of the cross-examination to demonstrate that Mr. Lethbridge lacked expertise on issues relating to the case and the use of BitTorrent. However, in the end result, the Lethbridge Affidavit should be accepted subject to the qualifications advanced by Voltage.

[9] Voltage is a film production company which among other films produced the Oscar nominated film *The Hurt Locker*. The second of the Philpott Affidavits provides evidence both directly and indirectly through the Michael Wickstrom affidavit that Voltage in fact owns copyright in the Works.

[10] In 2012 Voltage retained Canipre to investigate whether any of Voltage's cinematographic works (Works) were being copied and distributed in Canada over P2P networks using BitTorrent.

[11] Apparently, BitTorrent is a P2P file sharing protocol that facilitates the distribution of large amounts of data over the internet. The non-party TekSavvy is an ISP based in Canada which provides its customers with access to the internet.

[12] There appears to be little dispute about how the technology works. When a file is uploaded to a BitTorrent network that is referred to as “seeding”. Other P2P network users, called “peers”, can then connect to the user seeding the file. BitTorrent breaks a file into numerous small data packets, each of which is identifiable by a unique hash number created using a hash algorithm. Once the file is broken into packets other peers are able to download different sections of the same file from different users. Each new peer is directed to the most readily available packet they wish to download. Peers copy files from multiple users who may have the file available on the BitTorrent network. The peer then becomes a seeder as the data packet is distributed to other peers connected to the BitTorrent network. Once a packet is downloaded it is then available to other users who are also connected to the BitTorrent network.

[13] Voltage retained the services of Canipre to conduct a forensic investigation of the Works that had been downloaded from BitTorrent networks. The software used by Canipre was able to identify the IP address of each seeder and peer who offered any of the Works for transfer or distribution. This software was able to identify the IP address of the user; the date and time the file was distributed; the P2P network used; and, the file’s metadata including the name of the file and its size (collectively the File Data).

[14] The File Data was reviewed and transactions were isolated geographically to Ontario and to TekSavvy customers. This forensic investigation has resulted in some 2000 Subscribers being identified by their unique IP address assigned to them by TekSavvy.

[15] CIPPIC, in its evidence, qualifies the extent to which useful information can necessarily be obtained from the ISP. That is, IP addresses do not necessarily result in obtaining the person who may have engaged in downloading the Works. For example, on an open non-password protected WiFi network, any stranger could use a BitTorrent client to download connect. This frequently happens at internet cafes and the like. Thus, the particular infringer may not be able to be identified.

[16] Voltage has had a history in the U.S. of commencing file-sharing lawsuits such as this. According to the Cooke Affidavit there are 22 file-sharing lawsuits in the American Federal Court system where Voltage is listed as a Plaintiff. The majority involve unknown alleged infringers. The total number of unknown alleged infringers is in the range of 28,000.

### **POSITIONS OF THE PARTIES TO THE MOTION**

[17] As there is no “real” Defendant in this proceeding other than the named John Doe and Jane Doe, there was no party which could oppose this motion. Thus, CIPPIC sought intervener status which was granted which argued against making the order requested by Voltage.

### **Position of Voltage**

[18] Voltage’s position on this motion is relatively straightforward. That is, the identified Subscribers have infringed the copyright of Voltage by downloading or distributing the Works and are therefore *prima facie* liable under the *Copyright Act* for infringement. Thus, TekSavvy should be ordered to produce the contact information for the Subscribers who are all potential Defendants to this action.

[19] Relying primarily upon *BMG Canada Inc. v Doe*, 2005 FCA 193 (*BMG*) (discussed in greater detail below) Voltage argues that it has met all of the principles enunciated in *BMG* and TekSavvy should be ordered to release the information on the Subscribers. It is to be noted as well that the position of Voltage was that it fully intends to pursue claims against the Subscribers.

### **Position of CIPPIC**

[20] The position of CIPPIC is that no information should be released by TekSavvy, as this will infringe the rights of privacy rights of the Subscribers and may affect the scope of protection offered to anonymous online activity.

[21] They argue that there are important public policy issues involving the intersection of law and technology which require careful consideration and balancing by the Court before ordering third parties to reveal private information. They argue that this type of request of the Court may extend beyond mere infringers to require information about whistle-blowers and confidential sources of documents leaked in the public interest.

[22] To that end, CIPPIC argues that the right to privacy is implicitly a protected right under sections 7 and 8 of the *Charter of Rights and Freedoms*. Thus, it is argued, the Court should not readily compel innocent third parties to divulge information which breaches the privacy expectations of individuals and which, in a rapidly changing technological environment, may not provide the real information relating to the unlawful conduct.

[23] CIPPIC points to the jurisprudence evolving in other jurisdictions, particularly the U.S. and United Kingdom, to argue that Canadian Courts should not be quick to issue this kind of order without first considering the real objective of the party seeking the information.

[24] CIPPIC argues that this type of litigation is, in fact, merely a business model to coerce payments from individuals who do not wish to incur the cost of defending a lawsuit and would rather pay something to an entity such as Voltage than pay lawyers. This type of business approach has been the subject of discussion in those other jurisdictions (discussed in greater detail below). Therefore, the Court should not be an unwitting tool of “copyright trolls”.

[25] However, it must be noted that on this motion, that whether Voltage is or is not a “copyright troll” in pursuing information from TekSavvy is not for determination. The only issue is whether the test for granting a *Norwich* order has been met in accordance with the jurisprudence.

### **Relevant Legislation**

[26] Before embarking on a consideration of the issues raised by the parties it is useful to set out the relevant legislation and rules which are engaged in this motion.

[27] First, Rule 238 of the *Federal Courts Rules* provides for granting leave to examine non-parties to an action. It reads as follows:

*Examination of non-parties  
with leave*

238. (1) A party to an action

*Interrogatoire d'un tiers*

238. (1) Une partie à une action

may bring a motion for leave to examine for discovery any person not a party to the action, other than an expert witness for a party, who might have information on an issue in the action.

*Personal service on non-party*

(2) On a motion under subsection (1), the notice of motion shall be served on the other parties and personally served on the person to be examined.

*Where Court may grant leave*

(3) The Court may, on a motion under subsection (1), grant leave to examine a person and determine the time and manner of conducting the examination, if it is satisfied that

(a) the person may have information on an issue in the action;

(b) the party has been unable to obtain the information informally from the person or from another source by any other reasonable means;

(c) it would be unfair not to allow the party an opportunity to question the person before trial; and

(d) the questioning will not cause undue delay, inconvenience or expense to the

peut, par voie de requête, demander l'autorisation de procéder à l'interrogatoire préalable d'une personne qui n'est pas une partie, autre qu'un témoin expert d'une partie, qui pourrait posséder des renseignements sur une question litigieuse soulevée dans l'action.

*Signification de l'avis de requête*

(2) L'avis de la requête visée au paragraphe (1) est signifié aux autres parties et, par voie de signification à personne, à la personne que la partie se propose d'interroger.

*Signification de l'avis de requête*

(3) Par suite de la requête visée au paragraphe (1), la Cour peut autoriser la partie à interroger une personne et fixer la date et l'heure de l'interrogatoire et la façon de procéder, si elle est convaincue, à la fois :

a) que la personne peut posséder des renseignements sur une question litigieuse soulevée dans l'action;

b) que la partie n'a pu obtenir ces renseignements de la personne de façon informelle ou d'une autre source par des moyens raisonnables;

person or to the other parties.

c) qu'il serait injuste de ne pas permettre à la partie d'interroger la personne avant l'instruction;

d) que l'interrogatoire n'occasionnera pas de retards, d'inconvénients ou de frais déraisonnables à la personne ou aux autres parties.

[28] As discussed below, Rule 238(3) is very much aligned with the principles set out in *BMG*.

[29] The two statutes engaged are the *Copyright Act* and *PIPEDA*. The relevant sections referred to by the parties to this motion are as follows:

***Copyright Act, R.SC, 1985, c C-42***

*Liability for infringement*

35. (1) Where a person infringes copyright, the person is liable to pay such damages to the owner of the copyright as the owner has suffered due to the infringement and, in addition to those damages, such part of the profits that the infringer has made from the infringement and that were not taken into account in calculating the damages as the court considers just.

*Proof of profits*

(2) In proving profits,

(a) the plaintiff shall be required

*Violation du droit d'auteur : responsabilité*

35. (1) Quiconque viole le droit d'auteur est passible de payer, au titulaire du droit qui a été violé, des dommages-intérêts et, en sus, la proportion, que le tribunal peut juger équitable, des profits qu'il a réalisés en commettant cette violation et qui n'ont pas été pris en compte pour la fixation des dommages-intérêts.

*Détermination des profits*

(2) Dans la détermination des profits, le demandeur n'est tenu d'établir que ceux provenant de la violation et le défendeur doit

to prove only receipts or revenues derived from the infringement; and

(b) the defendant shall be required to prove every element of cost that the defendant claims.

R.S., 1985, c. C-42, s. 35; 1997, c. 24, s. 20.

### *Statutory damages*

38.1 (1) Subject to this section, a copyright owner may elect, at any time before final judgment is rendered, to recover, instead of damages and profits referred to in subsection 35(1), an award of statutory damages for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally,

(a) in a sum of not less than \$500 and not more than \$20,000 that the court considers just, with respect to all infringements involved in the proceedings for each work or other subject-matter, if the infringements are for commercial purposes; and

(b) in a sum of not less than \$100 and not more than \$5,000 that the court considers just, with respect to all infringements involved in the proceedings for all works or other subject-matter, if the infringements are for non-commercial purposes.

prouver chaque élément du coût qu'il allègue.

L.R. (1985), ch. C-42, art. 35; 1997, ch. 24, art. 20.

### *Domages-intérêts préétablis*

38.1 (1) Sous réserve des autres dispositions du présent article, le titulaire du droit d'auteur, en sa qualité de demandeur, peut, avant le jugement ou l'ordonnance qui met fin au litige, choisir de recouvrer, au lieu des dommages-intérêts et des profits visés au paragraphe 35(1), les dommages-intérêts préétablis ci-après pour les violations reprochées en l'instance à un même défendeur ou à plusieurs défendeurs solidairement responsables:

a) dans le cas des violations commises à des fins commerciales, pour toutes les violations — relatives à une oeuvre donnée ou à un autre objet donné du droit d'auteur —, des dommages-intérêts dont le montant, d'au moins 500 \$ et d'au plus 20 000 \$, est déterminé selon ce que le tribunal estime équitable en l'occurrence;

b) dans le cas des violations commises à des fins non commerciales, pour toutes les violations — relatives à toutes les oeuvres données ou tous les autres objets donnés du droit d'auteur —, des dommages-intérêts, d'au moins 100 \$ et d'au plus 5000 \$, dont le montant est déterminé selon ce

*Infringement of subsection 27(2.3)*

(1.1) An infringement under subsection 27(2.3) may give rise to an award of statutory damages with respect to a work or other subject-matter only if the copyright in that work or other subject-matter was actually infringed as a result of the use of a service referred to in that subsection.

*Deeming — infringement of subsection 27(2.3)*

(1.11) For the purpose of subsection (1), an infringement under subsection 27(2.3) is deemed to be for a commercial purpose.

*Infringements not involved in proceedings*

(1.12) If the copyright owner has made an election under subsection (1) with respect to a defendant's infringements that are for non-commercial purposes, they are barred from recovering statutory damages under this section from that defendant with respect to any other of the defendant's infringements that were done for non-commercial purposes before the institution of the proceedings in which the election was made.

que le tribunal estime équitable en l'occurrence.

*Violation du paragraphe 27(2.3)*

(1.1) La violation visée au paragraphe 27(2.3) ne peut donner droit à l'octroi de dommages-intérêts préétablis à l'égard d'une oeuvre donnée ou à un autre objet donné du droit d'auteur que si le droit d'auteur de l'une ou de l'autre a été violé par suite de l'utilisation des services mentionnés à ce paragraphe.

*Violation réputée: paragraphe 27(2.3)*

(1.11) Pour l'application du paragraphe (1), la violation du droit d'auteur visée au paragraphe 27(2.3) est réputée être commise à des fins commerciales.

*Réserve*

(1.12) Toutefois, le titulaire du droit d'auteur qui a choisi de recouvrer des dommages-intérêts préétablis auprès de la personne visée au paragraphe (1) pour des violations qu'elle a commises à des fins non commerciales ne pourra pas recouvrer auprès d'elle de tels dommages-intérêts au titre du présent article pour les violations commises à ces fins avant la date de l'introduction

*No other statutory damages*

(1.2) If a copyright owner has made an election under subsection (1) with respect to a defendant's infringements that are for non-commercial purposes, every other copyright owner is barred from electing to recover statutory damages under this section in respect of that defendant for any of the defendant's infringements that were done for non-commercial purposes before the institution of the proceedings in which the election was made.

*If defendant unaware of infringement*

(2) If a copyright owner has made an election under subsection (1) and the defendant satisfies the court that the defendant was not aware and had no reasonable grounds to believe that the defendant had infringed copyright, the court may reduce the amount of the award under paragraph (1)(a) to less than \$500, but not less than \$200.

*Special case*

(3) In awarding statutory damages under paragraph (1)(a) or subsection (2), the court may award, with respect to each work or other subject-matter, a lower amount than \$500 or \$200, as the case may be, that the court considers just, if

de l'instance et qu'il ne lui a pas reprochées dans le cadre de celle-ci.

*Réserve*

(1.2) Si un titulaire du droit d'auteur a choisi de recouvrer des dommages-intérêts préétablis auprès de la personne visée au paragraphe (1) pour des violations qu'elle a commises à des fins non commerciales, aucun autre titulaire du droit d'auteur ne pourra recouvrer auprès d'elle de tels dommages-intérêts au titre du présent article pour les violations commises à ces fins avant la date de l'introduction de l'instance.

*Cas particuliers*

(2) Dans les cas où le défendeur convainc le tribunal qu'il ne savait pas et n'avait aucun motif raisonnable de croire qu'il avait violé le droit d'auteur, le tribunal peut réduire le montant des dommages-intérêts visés à l'alinéa (1)a) jusqu'à 200 \$.

*Cas particuliers*

(3) Dans les cas où plus d'une oeuvre ou d'un autre objet du droit d'auteur sont incorporés dans un même support matériel ou dans le cas où seule la violation visée au paragraphe 27(2.3) donne ouverture aux dommages-intérêts préétablis,

- (a) either
- (i) there is more than one work or other subject-matter in a single medium, or
  - (ii) the award relates only to one or more infringements under subsection 27(2.3); and
- (b) the awarding of even the minimum amount referred to in that paragraph or that subsection would result in a total award that, in the court's opinion, is grossly out of proportion to the infringement.

le tribunal peut, selon ce qu'il estime équitable en l'occurrence, réduire, à l'égard de chaque oeuvre ou autre objet du droit d'auteur, le montant minimal visé à l'alinéa (1)a) ou au paragraphe (2), selon le cas, s'il est d'avis que même s'il accordait le montant minimal de dommages-intérêts préétablis le montant total de ces dommages-intérêts serait extrêmement disproportionné à la violation.

*Société de gestion*

*Collective societies*

- (4) Where the defendant has not paid applicable royalties, a collective society referred to in section 67 may only make an election under this section to recover, in lieu of any other remedy of a monetary nature provided by this Act, an award of statutory damages in a sum of not less than three and not more than ten times the amount of the applicable royalties, as the court considers just.

(4) Si le défendeur n'a pas payé les redevances applicables en l'espèce, la société de gestion visée à l'article 67 — au lieu de se prévaloir de tout autre recours en vue d'obtenir un redressement pécuniaire prévu par la présente loi — ne peut, aux termes du présent article, que choisir de recouvrer des dommages-intérêts préétablis dont le montant, de trois à dix fois le montant de ces redevances, est déterminé selon ce que le tribunal estime équitable en l'occurrence.

*Factors to consider*

(5) In exercising its discretion under subsections (1) to (4), the court shall consider all relevant factors, including

- (a) the good faith or bad faith of the defendant;

*Facteurs*

(5) Lorsqu'il rend une décision relativement aux paragraphes (1) à (4), le tribunal tient compte notamment des facteurs suivants :

- a) la bonne ou mauvaise foi du défendeur;

(b) the conduct of the parties before and during the proceedings;

b) le comportement des parties avant l'instance et au cours de celle-ci;

(c) the need to deter other infringements of the copyright in question; and

c) la nécessité de créer un effet dissuasif à l'égard de violations éventuelles du droit d'auteur en question;

(d) in the case of infringements for non-commercial purposes, the need for an award to be proportionate to the infringements, in consideration of the hardship the award may cause to the defendant, whether the infringement was for private purposes or not, and the impact of the infringements on the plaintiff.

d) dans le cas d'une violation qui est commise à des fins non commerciales, la nécessité d'octroyer des dommages-intérêts dont le montant soit proportionnel à la violation et tienne compte des difficultés qui en résulteront pour le défendeur, du fait que la violation a été commise à des fins privées ou non et de son effet sur le demandeur.

*No award*

(6) No statutory damages may be awarded against

*Cas où les dommages-intérêts préétablis ne peuvent être accordés*

(a) an educational institution or a person acting under its authority that has committed an act referred to in section 29.6 or 29.7 and has not paid any royalties or complied with any terms and conditions fixed under this Act in relation to the commission of the act;

(6) Ne peuvent être condamnés aux dommages-intérêts préétablis :

(b) an educational institution, library, archive or museum that is sued in the circumstances referred to in section 38.2;

a) l'établissement d'enseignement ou la personne agissant sous l'autorité de celui-ci qui a fait les actes visés aux articles 29.6 ou 29.7 sans acquitter les redevances ou sans observer les modalités afférentes fixées sous le régime de la présente loi;

(c) a person who infringes copyright under paragraph 27(2)(e) or section 27.1, where the copy in question was made with the consent of the

b) l'établissement d'enseignement, la bibliothèque, le musée ou le service d'archives, selon le cas, qui est poursuivi dans les

copyright owner in the country where the copy was made; or

circonstances prévues à l'article 38.2;

(d) an educational institution that is sued in the circumstances referred to in subsection 30.02(7) or a person acting under its authority who is sued in the circumstances referred to in subsection 30.02(8).

c) la personne qui commet la violation visée à l'alinéa 27(2)e) ou à l'article 27.1 dans les cas où la reproduction en cause a été faite avec le consentement du titulaire du droit d'auteur dans le pays de production;

*Exemplary or punitive damages not affected*

(7) An election under subsection (1) does not affect any right that the copyright owner may have to exemplary or punitive damages.

d) l'établissement d'enseignement qui est poursuivi dans les circonstances prévues au paragraphe 30.02(7) et la personne agissant sous son autorité qui est poursuivie dans les circonstances prévues au paragraphe 30.02(8).

*Dommages-intérêts exemplaires*

(7) Le choix fait par le demandeur en vertu du paragraphe (1) n'a pas pour effet de supprimer le droit de celui-ci, le cas échéant, à des dommages-intérêts exemplaires ou punitifs.

[30] These sections of the *Copyright Act* provide a complete code for the recovery of damages for copyright infringement. Voltage argues that it has demonstrated a *bona fide* case of infringement and is entitled to pursue the alleged infringers for damages in accordance with these sections of the *Copyright Act*.

[31] The relevant sections of *PIPEDA* are as follows:

***Personal Information Protection and Electronic Documents Act (SC 2000, c 5)***

*Disclosure without knowledge or consent*

7. (3) For the purpose of clause 4.3 of Schedule 1, and despite the note that accompanies that clause, an organization may disclose personal information without the knowledge or consent of the individual only if the disclosure is

[...]

(c) required to comply with a subpoena or warrant issued or an order made by a court, person or body with jurisdiction to compel the production of information, or to comply with rules of court relating to the production of records;

[...]

(i) required by law.

[...]

*Disclosure without consent*

(5) Despite clause 4.5 of Schedule 1, an organization may disclose personal information for purposes other than those for which it was collected in any of the circumstances set out in paragraphs (3)(a) to (h.2).

*Communication à l'insu de l'intéressé et sans son consentement*

7. (3) Pour l'application de l'article 4.3 de l'annexe 1 et malgré la note afférente, l'organisation ne peut communiquer de renseignement personnel à l'insu de l'intéressé et sans son consentement que dans les cas suivants:

[...]

c) elle est exigée par assignation, mandat ou ordonnance d'un tribunal, d'une personne ou d'un organisme ayant le pouvoir de contraindre à la production de renseignements ou exigée par des règles de procédure se rapportant à la production de documents;

[...]

i) elle est exigée par la loi.

[...]

*Communication sans le consentement de l'intéressé*

(5) Malgré l'article 4.5 de l'annexe 1, l'organisation peut, dans les cas visés aux alinéas (3)a) à h.2), communiquer un renseignement personnel à des fins autres que celles auxquelles il a été recueilli.

[32] CIPPIC relies on these sections of *PIPEDA* to argue that the Court should weigh carefully releasing any information about the Subscribers. Such information can be released by TekSavvy if “required by law”.

### **ISSUES**

[33] Should an order be made granting Voltage the right to examine TekSavvy as a non-party to the litigation in order to obtain contact information of the Subscribers?

[34] If such an order is made what protections should be built into the order to protect or minimize the invasion of the privacy interests of internet users?

[35] As noted briefly above and discussed more fully below, there are important competing policy considerations as to whether the *Norwich* Order should be granted in this kind of situation. Such an order is a discretionary and extraordinary order. For the reasons discussed below, given that Voltage has demonstrated a *bona fide* case of copyright infringement, a *Norwich* Order will be granted. This Order will be granted with qualifications intended to protect the privacy rights of individuals, and ensure that the judicial process is not being used to support a business model intended to coerce innocent individuals to make payments to avoid being sued.

### **ANALYSIS**

[36] There is developing jurisprudence in Canada and in this Court dealing with *Norwich* Orders. The leading case in Canada is *BMG*, and the Court of Appeal for Ontario recently waded into this area in *1654776 Ontario Limited v. Stewart*, 2013 ONCA 184. A consideration of these cases must

be conducted to determine whether the threshold facts demonstrate that Voltage is entitled to the order requested.

**Bona Fide v Prima Facie Standard in Canada**

[37] In *BMG*, the Honourable Justice Edgar Sexton on behalf of the Federal Court of Appeal addressed the tension between the privacy rights of internet users and copyright holders in the context of illegal downloading and sharing of music.

[38] The Court determined that the legal principles which apply to the equitable bill of discovery apply to the test that a plaintiff must satisfy under Rule 238 of the *Federal Courts Rules*. An order is warranted where a plaintiff has a *bona fide* claim and meets the criteria of Rule 238.

[39] *BMG* provides a framework for consideration of the issues on this motion. The observations of the Court on the requirement of a *bona fide* claim have been put in issue by CIPPIC. In *BMG* it was held that a *bona fide* standard was preferable to the higher standard of a *prima facie* case because the burden of establishing the higher standard would have the effect of stripping the plaintiffs of a remedy. Justice Sexton noted the difficulty of requiring a plaintiff to establish copyright infringement when it has neither the identity of the person they wish to sue nor the details of what was allegedly done by that person.

[40] According to the Court, establishing a *bona fide* claim requires a plaintiff to show: 1) that they really do intend to bring an action for infringement of copyright based upon the information

they obtain, and 2) that there is no other improper purpose for seeking the identity of these persons.

The Court said this at para. 34:

In my view, it would make little sense to require proof of a *prima facie* case at the stage of the present proceeding. The plaintiffs do not know the identity of the persons they wish to sue, let alone the details of precisely what was done by each of them such as to actually prove infringement. Such facts would only be established after examination for discovery and trial. **The plaintiffs would be effectively stripped of a remedy if the Courts were to impose upon them, at this stage, the burden of showing a *prima facie* case. It is sufficient if they show a *bona fide* claim, i.e. that they really do intend to bring an action for infringement of copyright based upon the information they obtain, and that there is no other improper purpose for seeking the identity of these persons.** (emphasis added)

[41] With respect to the balancing of competing interests, Justice Sexton identified the privacy issue raised by the case as “an important consideration” and noted that the balance between privacy interest and public interest are in play where confidential information is sought to be revealed. The Court made the following observations:

#### Privacy Issues

[36] I agree with the Motion Judge's characterization of the 5<sup>th</sup> criteria - that is - the public interest in favour of disclosure must outweigh the legitimate privacy concerns of the person sought to be identified if a disclosure order is made.

[37] All respondents raise the privacy issue. It is an important consideration. Pursuant to PIPEDA, ISPs are not entitled to “voluntarily” disclose personal information such as the identities requested except with the customer's consent or pursuant to a court order. Indeed, pursuant to subsections 7(3)(c), 8(8) and 28 of PIPEDA, any organization that receives a request for the release of personal information must “retain the information for as long as is necessary to allow the individual to exhaust any recourse” under PIPEDA. Failure to comply could result in the organization being found guilty of an offence punishable on summary conviction or an indictable offence.

[39] The delicate balance between privacy interests and public interest has always been a concern of the court where confidential information is sought to be revealed. Although PIPEDA had not been enacted at the time of the *Glaxo* decision, Stone J.A. nonetheless noted at paragraph 62:

I am not persuaded that this is a sufficient justification for refusing to disclose the identity of the importers in the present case. While section 107 implies that information collected pursuant to the Act will be treated as confidential, section 108 indicates that it is susceptible to disclosure in certain situations. I am thus doubtful that importers have a high expectation of confidentiality regarding the information which they furnish to customs officials. More important, I am sceptical about the expectation and degree of confidentiality associated with the nature of the information which the appellant seeks. As the House of Lords observed in *Norwich Pharmacal, supra*, the names of the importers are likely to pass through many hands before reaching those of customs officials. It is therefore not reasonable to regard the identity of the importers as particularly sensitive information. In my opinion, in the circumstances of this case the public interest in ensuring that the appellant is able to pursue in the courts those who have allegedly violated its patent rights outweighs the public interest in maintaining the confidentiality of the importers' names.

He also approved, at paragraph 26, of the statement of Viscount Dilhorne in *Norwich* as follows:

Subject to the public interest in protecting the confidentiality of information given to Customs, in my opinion it is clearly in the public interest and right for protection of patent holders, where the validity of the patent is accepted and the infringement of it not disputed, that they should be able to obtain by discovery the names and addresses of the wrongdoers from someone involved but not a party to the wrongdoing.

[40] The reasoning in *Glaxo* and *Norwich* is compelling. Intellectual property laws originated in order to protect the promulgation of ideas. Copyright law provides incentives for innovators - artists, musicians, inventors, writers, performers and marketers - to create. It is designed to ensure that ideas are

expressed and developed instead of remaining dormant. Individuals need to be encouraged to develop their own talents and personal expression of artistic ideas, including music. If they are robbed of the fruits of their efforts, their incentive to express their ideas in tangible form is diminished.

[41] Modern technology such as the Internet has provided extraordinary benefits for society, which include faster and more efficient means of communication to wider audiences. **This technology must not be allowed to obliterate those personal property rights which society has deemed important. Although privacy concerns must also be considered, it seems to me that they must yield to public concerns for the protection of intellectual property rights in situations where infringement threatens to erode those rights.** (emphasis added)

[42] In these passages the Court viewed the conflict as one between privacy interests and “public interest” or “public concerns”. In order to protect those privacy interests the Court went on at paragraphs 42 to 45 to observe that courts granting disclosure may wish to give specific direction as to the type of information to be disclosed and the manner in which it can be used. The option of a confidentiality order was also referenced. The Court stated:

[42] Thus, in my view, in cases where plaintiffs show that they have a *bona fide* claim that unknown persons are infringing their copyright, they have a right to have the identity revealed for the purpose of bringing action. However, caution must be exercised by the courts in ordering such disclosure, to make sure that privacy rights are invaded in the most minimal way.

...

[44] Also, as the intervener, Canadian Internet Policy and Public Interest Clinic, pointed out, plaintiffs should be careful not to extract private information unrelated to copyright infringement, in their investigation. If private information irrelevant to the copyright issues is extracted, and disclosure of the user's identity is made, the recipient of the information may then be in possession of highly confidential information about the user. If this information is unrelated to copyright infringement, this would be an unjustified intrusion into the rights of the user and might well amount to a breach of PIPEDA by the ISPs, leaving them open to prosecution.

Thus in situations where the plaintiffs have failed in their investigation to limit the acquisition of information to the copyright infringement issues, a court might well be justified in declining to grant an order for disclosure of the user's identity.

[45] In any event, if a disclosure order is granted, specific directions should be given as to the type of information disclosed and the manner in which it can be used. In addition, it must be said that where there exists evidence of copyright infringement, privacy concerns may be met if the court orders that the user only be identified by initials, or makes a confidentiality order.

[43] On this issue of copyright infringement, the Court made these observations:

Infringement of Copyright

[46] As has been mentioned, the Motions Judge made a number of statements relating to what would or would not constitute infringement of copyright. (See para. 15(f)). Presumably he reached these conclusions because he felt that the plaintiff, in order to succeed in learning the identity of the users, must show a *prima facie* case of infringement.

[47] In my view, conclusions such as these should not have been made in the very preliminary stages of this action. They would require a consideration of the evidence as well as the law applicable to such evidence after it has been properly adduced. Such hard conclusions at a preliminary stage can be damaging to the parties if a trial takes place and should be avoided.

...

[53] The Motions Judge found no evidence of secondary infringement contrary to subsection 27(2) of the *Copyright Act* because there was "no evidence of knowledge on the part of the infringer." This ignores the possibility of finding infringement even without the infringer's actual knowledge, if indeed he or she "should have known" there would be infringement. *Copyright Act* subsection 27(2):

[44] Finally, the Court suggested the need to consider the costs of the party required by the order to co-operate and disclose the sought after information, in this case, TekSavvy.

[45] The principles to be taken from *BMG* are as follows:

- a) a plaintiff must have a *bona fide* case;
- b) a non-party, in this case TekSavvy, must have information on an issue in the proceeding;
- c) an order of the Court is the only reasonable means of obtaining the information;
- d) that fairness requires the information be provided prior to trial; and,
- e) any order made will not cause undue delay, inconvenience or expense to the third-party or others.

[46] Voltage argues that it has met all of these factors and therefore is entitled to the remedy it seeks. With respect to a) it argues it has demonstrated a *bona fide* case by virtue of the statement of claim issued in this case together with the results of the forensic investigation identifying IP addresses engaged in the copying of the Works. With respect to b) the IP addresses are known to TekSavvy but not Voltage and therefore TekSavvy is the only reasonable source of the information. With respect to c) TekSavvy will, quite properly, not reveal the information without a court order. With respect to d) Voltage should be allowed to protect its rights and fairness demands that persons who infringe copyright not be shielded from liability by the anonymity of the internet and its protocols. With respect to e) Voltage argues that without a remedy this case is meaningless as the information is not accessible. Those that infringe ought not to do so with impunity, and the Court can set the terms of such access to information. Further, TekSavvy will be reimbursed for its reasonable costs in providing the information.

[47] Voltage argues that support for its position is found in *Voltage Pictures LLC v Jane Doe and John Doe*, 2011 FC 1024, a case which was unopposed and in which Mr. Justice Shore relied on *BMG* to hold that Voltage had a *bona fide* claim against the defendants solely for the reason that it had brought a copyright infringement action against the two Doe defendants. It is not clear what evidence Voltage provided to link the IP addresses to the infringement in that case.

[48] CIPPIC suggests that the use of *Norwich* orders is a new development in Canada and that *BMG* is but one piece of the puzzle relating to the proper balancing of conflicting interests. It asserts that post-*BMG*, courts in Ontario and other jurisdictions have refined the test set out therein so as to “achieve a better balance among the interests of the plaintiffs, the defendants, third parties and justice.” However, I am not persuaded that on the basis of the current jurisprudence that there has been a shift from the *bona fide* standard as established in *BMG* to the higher standard of a *prima facie* case.

[49] Ontario’s Court of Appeal has very recently expressed the same view on the first criteria for a *Norwich* order. In *Stewart*, the Court of Appeal disagreed with the approach endorsed by CIPPIC and set out by the province’s Divisional Court in *Warman v Fournier et al.*, 2010 ONSC 2126 (Ont Div Ct). The Divisional Court had imposed “a more robust” *prima facie* standard because the case engaged a freedom of expression interest. The Court of Appeal in *Stewart* stated that this was inappropriate because step five of the *Norwich* analysis already allows for the balancing of competing interests.

[50] In *Stewart* the granting of disclosure was held to be designed to facilitate access to justice.

Justice Juriensz, speaking for the Court, made the following observations:

[58] What I draw from these authorities is that the threshold for granting disclosure is designed to facilitate access to justice by victims of wrongdoers whose identity is not known. Judicial treatment of the *Norwich* application procedure should reflect its nature as an equitable remedy.

[59] There is no requirement that the applicant show a *prima facie* case. The entire and apparent strength of the applicant's potential action should be weighed together with the other relevant factors.

[60] The lower threshold at step one does not make *Norwich* relief widely available. *Norwich* relief is not available against a mere witness. *Norwich* relief is only available, as Lord Reid explained in *Norwich*, at p. 175 A.C., against a person who is "mixed up in the tortious acts of others so as to facilitate their wrongdoing" even though this is "through no fault of his own". Most significantly, the apparent strength of the applicant's case may be considered in applying the other factors.

[51] The *bona fide* standard therefore does not mean that relief is readily available but it is the strength of a plaintiff's case that should be considered in applying the other *Norwich* factors. It should be noted that despite stating that the appellant before the Court had difficulty establishing the elements of an underlying cause of action, the Court found that *bona fides* were established because the appellant was not engaged in "mere fishing" and the proposed action was not frivolous (at para. 75).

[52] CIPPIC argues that the Court in *BMG* did not strike the right balance between the competing interests. However, this argument is difficult to assess when the Court in *BMG* did not actually apply the enumerated principles to the facts of that case. CIPPIC seems simply to be asserting that only a higher standard would strike the appropriate balance.

[53] One commentator has pointed out that courts have repeatedly eschewed the *prima facie* standard for interlocutory measures (Melody Yiu, “A New Prescription for Disclosure: Reformulating the Rules for the Norwich Order” (Spring, 2007) 65 UT Fac L Rev 41). There is even less of a case for applying this standard to a *Norwich* remedy because of its role as a sort of “gatekeeper to the courthouse”. In most other disputes, defeat on an interlocutory matter does not necessarily foreclose access to justice for a wronged party. The article suggests that over-inclusion is preferable to under-inclusion where *Norwich* orders are concerned.

[54] Whether this conclusion needs to be qualified when it involves wide-reaching violations of privacy is debatable. Privacy considerations should not be a shield for wrongdoing and must yield to an injured party’s request for information from non-parties. This should be the case irrespective of the type of right the claimant holds. The protection of intellectual property is *ipso facto* assumed to be worthy of legal protection where a valid cause of action is established (Yiu at p. 17). There is little dispute with the correctness of this assertion. Copyright is a valuable asset which should not be easily defeated by infringers. The difficulty in this case is that it is not clear that the protection of copyright is the sole motivating factor supporting Voltage’s claim in this Court. The import of the evidence in the Cooke Affidavit suggests but does not prove that Voltage may have ulterior motives in commencing this action and may be a copyright troll.

### **Conclusion on *Prima facie* Case**

[55] In the end result, there is no doubt that *BMG* is binding on this Court. So far, Canadian Courts have not moved to a higher *prima facie* standard. Although the determinative issue in *BMG* proved to be the complete lack of evidence, the Court nevertheless found it necessary to address and

clarify the question of whether the plaintiffs could obtain the disclosure sought pursuant to Rule 238. The determination that a *bona fide* case was sufficient was not *obiter*.

[56] In my view of the evidence on this motion, Voltage has established that it does have a *bona fide* claim as set out in the statement of claim. That *bona fide* claim flows from the allegations in the statement of claim and from the forensic investigation evidence in support of this motion. Voltage has also provided evidence that it in fact holds copyright over the Works alleged to have been infringed. This is all in line with the principles established in *BMG*.

[57] The enforcement of Voltage's rights as a copyright holder outweighs the privacy interests of the affected internet users. However, that is not the end of the matter. As part of making any *Norwich* Order, the Court must ensure that privacy rights are invaded in the most minimal way possible, as discussed in paras. 42 to 45 of *BMG*.

### **Limitations on a *Norwich* Order**

[58] Having determined that Voltage is entitled to a form of *Norwich* Order, the question becomes what limitations the Court should impose to protect or minimize the privacy risks as it relates to the Subscribers. It is to this issue that CIPPIC's submissions better relate. It is also instructive to consider what the courts in other jurisdictions have done to balance the rights of a copyright holder versus internet user's privacy rights.

[59] Voltage argues that there is no reasonable expectation of privacy risk in using P2P networks as to do so puts private information about the individual into the public domain, and when

individuals use these types of networks they reveal publicly their IP address and the files being copied. Voltage relies upon *R. v Trapp*, 2011 SKCA 143 and *R. v Ward*, 2012 ONCA 660.

Voltage's position is that infringers ought not to be able to hide behind a veil of internet anonymity.

[60] This would be an acceptable position but for the spectre raised of the "copyright troll" as it applies to these cases and the mischief that is created by compelling the TekSavvy's of the world to reveal private information about their customers. There is also the very real spectre of flooding the Court with an enormous number of cases involving the Subscribers many of whom may have perfectly good defences to the alleged infringement. Finally, the damages against individual Subscribers even on a generous consideration of the *Copyright Act* damage provisions may be minuscule compared to the cost, time and effort in pursuing a claim against the Subscriber.

[61] CIPPIC has relied upon the experience in other jurisdictions to support its position. The issues raised by the parties have been addressed by courts in both the U.S. and the UK. The UK, in particular, provides a framework for the types of safeguards the court can employ to protect the interests of internet users.

### **United Kingdom**

[62] The nature of the order sought by Voltage is known in the UK and elsewhere as a *Norwich* Order. This form of relief draws its name from a 1974 House of Lords case involving suspected patent infringement (*Norwich Pharmacal* case) in which the House of Lords reviewed and modified the "equitable bill of discovery" remedy. The old equitable bill of discovery allowed an injured party to bring an action to discover the name of the wrongdoer where necessary to pursue redress.

Under the *Norwich* principle today, parties can seek disclosure of information if that information is required to seek redress for an actionable wrong. UK courts accept that the privacy of internet users may be sacrificed to allow redress to claimants wronged by illegal or tortious activity. However, courts remain concerned with the proportionality of orders in circumstances similar to this case brought by Voltage.

[63] There are three cases from the UK courts which highlight the concerns which *Norwich* Order cases pose as it relates to internet users. One case holds that anonymity of internet users is not an obstacle to disclosure where an actionable wrong exists. Two of the cases discuss the lawfulness of arrangements through which some parties are choosing to target P2P sharing and downloading activities.

[64] As noted by CIPPIC, the modern approach to the *Norwich* remedy was addressed by UK's Supreme Court most recently in *Rugby Football Union v Consolidated Information Services*, [2012] UKSC 55, [2013] 1 All ER 928.

[65] This case involved the resale of rugby tickets on a website operated by the defendant. The claimant Rugby Football Union (RFU) was alone responsible for the issuance of tickets for matches played at its stadium. Because it had a policy of allocating tickets in a way that developed the sport and enhanced its popularity, RFU did not allow ticket prices to be inflated. RFU alleged that arguable wrongs were involved in the advertisement and sale of tickets above face value through the defendant's website. It was not disputed before the Supreme Court that the sale of tickets via the website arguably constituted an actionable wrong. It was held that RFU had no readily available

alternative means of discovering who the possible wrongdoers were other than by means of a *Norwich* Order.

[66] In its reasons, the Supreme Court addressed the principles that should guide *Norwich* Orders. It noted that cases post-*Norwich Pharmacal* have stressed the need for flexibility and discretion in considering whether to grant disclosure. Significantly, the Court confirmed that it is not necessary that an applicant intend to bring legal proceedings in respect of the alleged wrong. Rather, any form of redress, from disciplinary action to a dismissal of an employee, would suffice to ground an application for disclosure pursuant to a *Norwich* Order. In my view, the bringing of proceedings in intellectual property cases is an essential requirement in the sense that there must be an intention to enforce intellectual property rights.

[67] However, the Court concluded that disclosure is to be ordered only if it is a “necessary and proportionate response in all the circumstances”. The Court also held that necessity does not require that the remedy be one of last resort.

[68] While this is a developing area of law, there is also a series of well-known cases brought by Media C.A.T. Ltd. (Media CAT) and lengthy discussion of the mischief which these cases can create. Media CAT alleged copyright infringement in pornographic films by way of P2P sharing software. Media CAT obtained several *Norwich* Orders which resulted in revealing tens of thousands of names and addresses of alleged infringers.

[69] In *Media CAT Ltd v Adams & Ors*, [2011] EWPC 6, Patents County Court Judge Birss addressed a number of concerns raised by Media CAT's conduct following the granting of the *Norwich* Order, but in the context of Media CAT's attempt to discontinue the 27 claims it commenced.

[70] Much of the decision concerns itself with the question of whether Media CAT had standing to bring the claim of copyright infringement, and subsequently, to seek that it be discontinued. Media CAT alleged the right to do so on the basis of its contract with a copyright owner giving it the right to claim and prosecute any person identified as having made available for download films covered by the agreement.

[71] Notwithstanding this narrow point, however, the case is worth reviewing because it illustrates the abuse that can occur when a plaintiff such as Media CAT receives a *Norwich* Order with no safeguards given to the broader context of the rights of the alleged infringers.

[72] Although Judge Birss was not actually sitting in review of the decision to grant the *Norwich* Orders, he addressed the Court's jurisdiction to grant such a remedy. He noted that the orders were granted in this case on the basis of statements from technical experts in support of the infringement claim.

[73] The Court described in some detail the letter writing campaign embarked on by Media CAT's solicitors once the *Norwich* Order was obtained. The campaign involved sending out a "letter of claim" to tens of thousands of individuals. The letter consisted of 6 pages of legal and

technical discussions, three attachments, including the Court's order for disclosure, and an invitation to look at ACS:Law's website for "Notes on evidence". The letter of claim represented Media CAT as a copyright protection society, which it was not, and sought £495 in compensation.

[74] Judge Birss identified a number of misleading statements in the letters and concluded that the impact of the letter on recipients would be significant: "The letter would be understood by many people as a statement that they have been caught infringing copyright in pornographic film, that Media CAT has evidence of precisely that and that a court has already looked into the matter..." (at para 18). In fact, he noted that the court's office had received telephone calls from people in tears on receipt of the letter.

[75] Judge Birss stated that most ordinary members of the public do not appreciate that the *Norwich* Order is not based on a finding of infringement and that people would be tempted to pay out of the desire to avoid embarrassment, whether or not they had done anything wrong.

[76] With respect to the sum sought, the Court remarked that no breakdown of the £495 sum was provided. The Court also wondered how it could be the case that out of the 10,000 letters sent, only 27 recipients, those parties to the claim before him, refused to pay.

[77] The Court concluded that the letters misrepresented Media CAT's standing to bring proceedings, it overstated the merits of its case, and asserted an untested basis for infringement, arising out of "authorized" infringement by others.

[78] The decision then discusses an interesting turn of events that took place days before the Court was to hear Media CAT's case. It appears that ACS:Law came to court offices with 27 notices of discontinuance and represented that following the discontinuance, it would reissue the claims.

[79] The concern that Media CAT and ACS:Law lacked an interest in pressing the claims was expressed as follows (at para 100):

Whether it was intended or not, I cannot imagine a system better designed to create disincentives to test the issues in court. Why take cases to court and test the assertions when one can just write more letters and collect payments from a proportion of the recipients?

[80] Finally, the Court considered whether it could restrain Media CAT from continuing its letter writing campaign. The Court noted that courts retain control over the use of documents and information obtained by the disclosure process and that parties may only use the products of disclosure for purposes of the action in which it was disclosed. From this, the Court reasoned that it had the jurisdiction to regulate the use of the information obtained through a *Norwich* Order. Thus, an order restraining the use of the information disclosed could be nothing more than an order varying the original *Norwich* Order.

[81] This case provides helpful guidance to Courts so that they craft orders that are not open-ended, leaving the party who obtains the order to use it unfairly, or abusively and without restriction.

[82] Another English decision bearing on these issues is the 2012 decision *Golden Eye (International) Ltd. et al v Telefonica UK Limited*, [2012] EWHC 723 (Ch) in which Golden Eye, a licensee of copyrights in pornographic movies, sought a *Norwich* Order in relation to over some 9,000 alleged infringers. The lengthy decision of Justice Arnold also offers guidance on the types of limits that should be placed on the use of *Norwich* Orders. As here, a public interest organization (Consumer Focus), was granted intervener status and represented the interests of the unidentified alleged infringers.

[83] Golden Eye and the other claimants alleged that 9,124 IP addresses had been obtained through the use of a tracking service to determine that subscribers had made available copyright material for P2P copying. Golden Eye sought the names and addresses from the ISP, Telefonica. Telefonica did not object to the order. Telefonica consented to a draft order and a draft letter prepared for distribution to the alleged infringers. The draft order provided that Telefonica was to receive £2.20 for each name and address requested by the claimants and £2,500.00 as security for costs. In addition, a copy of a draft letter which would be sent to the alleged infringers was attached to the draft order.

[84] The draft letter was some three pages in length and was full of legal jargon. It also included a proposed settlement to the alleged infringer in the amount of £700 as compensation.

[85] While several issues were raised in the case, the issue bearing most on the facts of this case relates to whether the claimants were genuinely intending to seek redress. Consumer Focus argued that the division of revenue noted above suggested a money-making endeavor on the part of Golden

Eye. It also claimed that the sum of £700 requested in the draft letter was unsupported and unsupportable.

[86] Consumer Focus further argued that the claimants were equivocal about their willingness to pursue infringement actions. Golden Eye's discontinuance of two of the three claims brought after receiving *Norwich* Orders in similar circumstances was said to suggest a desire to avoid judicial scrutiny. Golden Eye did not explain why these claims were discontinued, nor did it provide information with respect to how many subscribers were identified with respect to those orders and how many letter of claim, if any, were sent out.

[87] However, the Court was satisfied that Golden Eye had a genuine commercial desire to obtain compensation for the infringement of their copyright. With respect to the claimants' pursuit of settlements, the Court noted that it is not a requirement for the grant of a *Norwich* Order that the applicant intend or undertake to bring proceedings against the wrongdoer: "Sending a letter before action with a view to persuading the wrongdoer to agree to pay compensation and to give an undertaking not to infringe in the future is one way of seeking redress. There is no requirement for the intending claimant to commit himself to bringing proceedings if redress cannot be obtained consensually" (at para 109).

[88] Mr. Justice Arnold also said that a claimant faced with multiple infringers is entitled to be selective as to which ones he sues. The cost of litigation may be relevant in making such a decision. He found that the evidence was "sufficiently cogent to establish a good arguable case" had been made out that unlawful file-sharing had occurred.

[89] The Court acknowledged that the monitoring software used to identify the users may misidentify users for a number of technical reasons, including an incorrectly synchronized clock. Non-technical reasons might also lead to an innocent party being identified. However, the existence of these uncertainties was not sufficient to rule that the claimants had not established on the evidence that an arguable case of infringement had occurred for the purpose of granting a *Norwich* order.

[90] The Court also addressed whether the order sought was proportional having regard to the privacy and data protection rights of the intended defendants. It noted that both the claimants' and the alleged infringers' rights are protected by specific articles of the *EU Charter* and the *European Convention on Human Rights*. Striking a balance between those rights required the following approach, set out at paragraph 117 of the decision:

- (i) neither Article as such has precedence over the other; (ii) where the values under the two Articles are in conflict, an intense focus on the comparative importance of the specific rights being claimed in the individual case is necessary; (iii) the justifications for interfering with or restricting each right must be taken into account; (iv) finally, the proportionality test – or "ultimate balancing test" – must be applied to each.

[91] Ultimately, the Court determined that it was necessary for the information sought to be disclosed to allow the claimants to protect their copyright rights. However, proportionality could still be achieved through the terms of the order granted by the Court.

[92] Noting that the draft order prepared by Golden Eye required it to attach a copy of the Court's order to its letter of claim, the Court stressed that the intended defendants should be spared

unnecessary anxiety and distress and should not be given the wrong impression with respect to the meaning of the order.

[93] With respect to the draft letter, Judge Arnold remarked that although it was not the role of the Court to supervise pre-action correspondence, the circumstances of a case such as this required the court to carefully consider the terms of the draft letter of claim. In coming to this conclusion, the Court considered that this type of order would affect ordinary consumers who may not be guilty of infringement, who may not have access to specialized legal services and who may be embarrassed and may not consider it cost-effective to defend the claim, even if innocent.

[94] Justice Arnold observed that the letter should reflect the following points:

- a) make clear the fact that an order for disclosure has been made does not mean that the court has considered the merits of allegation of infringement against the recipient
- b) the letter acknowledge that the intended defendant may not be the person who was responsible for the infringing acts. This takes into account the multiple reasons why account holders associated with certain IP addresses may not be the actual infringers;
- c) if the letter sets out the consequences to the alleged infringer of a successful claim, it must also acknowledge the consequences to the relevant claimant of an unsuccessful claim;
- d) the response time be reasonable. The letter proposed a response time in 14 days which Justice Arnold deemed unreasonable. The Court considered 28 days to be reasonable; and,

- e) threats to shut down the internet connection were unacceptable. The Court found it unacceptable for the claimant to threaten to make “an application to your ISP to show down or terminate your internet connection.”

[95] The claimant’s request for £700.00 as compensation was argued to be unsupported and unsupportable. The draft letter made no attempt to explain or justify the sum and Consumer Focus took the position that it was inconceivable that every alleged infringer caused the copyright owners a loss of £700.00.

[96] The Court accepted Consumer Focus’s position and noted that as the claimants had no information about the scale of infringement committed by each infringer, the amount claimed was inappropriate. In intellectual property cases in the UK it is usual for claimants to seek disclosure from defendants before electing between inquiry as to damages and an account of profits. The Court therefore instructed as follows regarding quantum:

134. [...] If the Claimants were genuinely interested in seeking accurately to quantify their losses, then it seems to me that they would wish to seek some form of disclosure at least in the first instance. I appreciate that it may not be cost-effective for disclosure to be pursued if the Intended Defendant is unwilling to cooperate, but I do not consider that that justifies demanding an arbitrary figure from all the Intended Defendants in the letter of claim.

[...]

138. Accordingly, I do not consider that the Claimants are justified in sending letters of claim to every Intended Defendant demanding the payment of £700. What the Claimants ought to do is to proceed in the conventional manner, that is to say, to require the Intended Defendants who do not dispute liability to disclose such information as they are able to provide as to the extent to which they have engaged in P2P file sharing of the relevant Claimants' copyright works. In my view it would be acceptable for the Claimants to

indicate that they are prepared to accept a lump sum in settlement of their claims, including the request for disclosure, but not to specify a figure in the initial letter. The settlement sum should be individually negotiated with each Intended Defendant.

[97] Finally, the Court considered but rejected a number of “safeguards” proposed by the intervener. These included notification of the alleged infringers; appointing a supervising solicitor; providing for a group litigation order; and establishing test cases. In all of the circumstances of the cases Justice Arnold did not deem them appropriate at that juncture of the proceedings.

[98] However, an alternative safeguard was proposed by Judge Arnold and accepted by the claimants. He placed a condition on the order that any resulting claims be brought in the Patents County Court, ensuring that they would be handled by a specialized tribunal. This is equivalent in our Court to having the matter specially managed which forms part of the Order made herein.

[99] In granting the *Norwich* Order, Justice Arnold concluded with comments regarding the balancing of rights as follows:

146. [...] As discussed above, I have not accepted that the agreements between Golden Eye and the Other Claimants are champertous. Nor have I been persuaded that those agreements mean that the Other Claimants are not genuinely intending to try to seek redress. It does not follow, however, that it is appropriate, when balancing the competing interests, to make an order which endorses an arrangement under which the Other Claimants surrender total control of the litigation to Golden Eye and Golden Eye receives about 75% of the revenues in return. On the contrary, I consider that that would be tantamount to the court sanctioning the sale of the Intended Defendants' privacy and data protection rights to the highest bidder. Accordingly, in my judgment, to make such an order would not proportionately and fairly balance the interests of the Other Claimants with the Intended Defendants' interests. (I do not consider Golden Eye to have any legitimate interest separate from those of the Other Claimants for this purpose.) If the Other Claimants want to

obtain redress for the wrongs they have suffered, they must obtain it themselves.

[Emphasis added.]

[100] In all, Justice Arnold's decision in *Golden Eye* provides useful guidance as to the form and restrictions of an order compelling production by a third-party. The major points from both the U.S. and the UK cases are summarized in the conclusion, below.

### **U.S. CASES**

[101] In the U.S., copyright holders seeking to ascertain the names and addresses of unnamed alleged infringers are required to file a motion for "expedited discovery", or more precisely, a motion for leave to serve third party subpoenas.

[102] There is a plethora of U.S. cases involving large numbers of alleged copyright infringers which has produced much judicial commentary about "copyright trolls". The following is a list of those cases which have been reviewed, but only some of which are discussed below: *Digital Sin, Inc. v Does 1-27*, 2012 US Dist LEXIS 78832 (SD NY, 2012); *TCYK, LLC v Does 1-88*, 2013 US Dist LEXIS 88402 (ND Ill, 2013); *Breaking Glass Pictures v Does 1-84*, 2012 US Dist LEXIS 88984 (ND Ohio, 2013); *Malibu Media, LLC v John Does, Subscriber Assigned IP Address 69.249.252.44*, 2013 U.S. Dist. LEXIS 77264 (D Pa, 2013); *Patrick Collins, Inc. v John Doe 1*, 2012 US Dist LEXIS 71122 (ED NY, 2013); *Malibu Media, LLC v John Does*, 902 F Supp 2d 690 (ED Pa, 2012); *Ingenuity 13 LLC v John Doe*, 2013 WL 1898633 (CD Cal, 2013); *Malibu Media, LLC v John Does 1-5*, 285 FRD 273 (D NY, 2012); *Third Degree Films, v Does 1-47*, 286 FRD 188 (D Mass, 2012); *Hard Drive Prods., Inc. v Does 1-90*, 2012 US Dist LEXIS 45509 (ND Cal, 2012);

*Combat Zone, Inc v Does 1-84*, 2013 US Dist LEXIS 35439 (D Mass, 2013); and, *Voltage Pictures, LLC v Does 1-198, Does 1-12, Does 1-34, Does 1-371*, (1:13-cv-00293-CL)(D Or, 2013). Many of these cases arise in the context of the pornographic film industry where an alleged infringer may settle quickly and on advantageous terms to the plaintiff to avoid embarrassment and to avoid being identified. There is no suggestion that is the case here.

[103] As in the UK, Courts in the U.S. appear to accept that identifying alleged infringers for purposes of pursuing copyright infringement claims is merited, but the Courts have expressed concern with the use of the courts' subpoena powers to "troll" for quick and easy settlements.

[104] U.S. courts have not shied away from using strong language to admonish the "low-cost, low-risk revenue model" tactics of copyright owners, and in particular adult film companies: "It has become clear in many cases that the companies have no intention of pursuing litigation, but rather initiate a lawsuit to hold a proverbial guillotine over the accused downloaders' heads to extract settlement because of the fear of embarrassment over being accused of downloading pornography" (see, for example, *Patrick Collins, Inc, v John Doe 1*, 2012 US Dist LEXIS 71122 (ED NY, 2013) at p. 5).

[105] *Ingenuity 13 LLC v John Doe*, 2013 WL 1898633 (CD Cal, 2013), a decision cited by CIPPIC, is a particularly egregious example of these cases and involves a "copyright-enforcement crusade" commenced by a group of attorneys. The decision against the plaintiff was rendered by Judge Wright, one of the most vocal judicial critics of the business model employed by many plaintiffs in these cases. However, the case is not helpful in this case because the facts as they

relates to “copyright trolls” involves misrepresentation and fraudulent practices on the part of the plaintiff. No actual evidence of misrepresentation or fraudulent practices is before the Court on this motion. It is only raised as a possibility given Voltage’s approach in other litigation in the U.S. discussed below. However, in one colourful passage Judge Wright observes:

Plaintiffs have outmaneuvered the legal system. They’ve discovered the nexus of antiquated copyright laws, paralyzing social stigma, and unaffordable defense costs. And they exploit this anomaly by accusing individuals of illegally downloading a single pornographic video. Then they offer to settle-for a sum calculated to be just below the cost of a bare-bones defense. For these individuals, resistance is futile; most reluctantly pay rather than have their names associated with illegally downloading porn. So now, copyright laws originally designed to compensate starving artists allow, starving attorneys in this electronic-media era to plunder the citizenry. (page 1)

[106] Because of the U.S. civil procedure code, judges have opted to utilize the court’s discretionary powers over joinder of claims to address abuses of power. It is within this context that U.S. courts have opined on “copyright trolls” and their targeting of individuals without any concern to the differences between cases and the factual and legal culpability of numerous defendants. The potential for coercing individuals into settlement is often cited as a reason to prohibit joinder, even where the formal requirements of the rules of civil procedure are met.

[107] Stories regarding coercive litigation tactics employed by “copyright trolls” have affected courts which are hesitant to encourage such activity (see, for example, *Malibu Media, LLC v John Does 1-5*, 285 FRD 273 (D NY, 2012)). In that case, the judge permitted joinder of claims because she was of the view that many of the concerns regarding the pressure to settle could be mitigated by anonymity of the alleged infringer. The Court also took the position that the nature of work that is

protected (adult films) and its accompanying level of embarrassment should not affect the propriety of joinder.

[108] In *Third Degree Films, v Does 1-47*, 286 FRD 188 (D Mass, 2012), the judge described the approach employed by courts across the country as follows:

Against this backdrop of mass lawsuits and potentially abusive litigation tactics, courts nationwide have become sceptical of allowing the adult film companies unfettered access to the judicial processes of subpoenas and early discovery. Furthermore, many courts are eradicating these mass filings on the ground that joinder of tens, hundreds, and sometimes thousands of alleged infringers is improper, and some have admonished the plaintiff adult film companies for evading such substantial court filing fees as they have through the joinder mechanism. Still, a number of courts have upheld the joinder of Doe defendants as proper and efficient, issued subpoenas, and permitted early discovery. (page 5)

[109] The Court also described some of the more egregious tactics used by the plaintiffs, such as in one case harassing telephone calls demanding \$2,900.00 to end the litigation (page 15).

[110] The pursuit of non-judicial remedies aimed at extracting quick settlements from alleged infringers have led judges to deny remedies to plaintiffs (see, *Hard Drive Prods., Inc. v Does 1-90*, 2012 US Dist LEXIS 45509 (ND Cal, 2012)). The Court considered the plaintiff's admission that to its knowledge neither it nor any other defendant had ever served a single alleged infringer after early discovery had been granted. Thus, the Plaintiff had failed to establish that granting discovery would lead to identification of and service of the alleged infringers.

[111] However, in an Oregon case involving Voltage (*Voltage Pictures, LLC v Does 1-198, Does 1-12, Does 1-34, Does 1-371*, (1:13-cv-00293-CL)(D Or, 2013)), the Court suggested the most

appropriate method to protect against the risk of coercion is to sever the alleged infringers and require them to be sued individually (see also, *Combat Zone, Inc v Does 1-84*, 2013 US Dist LEXIS 35439 (D Mass, 2013).

[112] The Oregon Court was not merely concerned with Voltage's avoidance of filing fees, rather, it strongly criticised Voltage for its "underhanded business model" aimed at raising profits. Judge Aiken expressed doubt about Voltage's claim that it was interested in defending P2P copyright infringement. The sample demand letter before the Court showed that Voltage threatened punitive damages and, in the Court's view, suggested that liability of the alleged infringers was a foregone conclusion. The Court characterized Voltage's attempt to use scare tactics and "paint all Doe users, regardless of degree of culpability in the same light" (page 11) as an abuse of process. The Court observed:

Accordingly, plaintiff's tactic in these BitTorrent cases appears to not seek to litigate against all the Doe defendants, but to utilize the court's subpoena powers to drastically reduce litigation costs and obtain, in effect, \$7,500 for its product which, in the case of Maximum Conviction, can be obtained for \$9.99 on Amazon for the Blu-Ray/DVD combo or \$3.99 for digital rental. (page 10)

[113] This highlights an issue raised by CIPPIC to the effect that damage claims in these mass infringement cases often far exceeds any actual damage that may have occurred.

[114] Further, U.S. courts have taken a dim view of demand letters that stated that alleged infringers are being notified because they actually infringed and the case would be dropped if settlement was reached. Courts have characterized this information as erroneous because it assumes that the **person who pays** for internet access at a given location **is the same individual who**

**allegedly infringed** copyright. For example, in *Combat Zone*, following other judges, the judge characterized this assumption as tenuous and analogous to the assumption that a person who pays the telephone bill also made a specific telephone call (citing *In re BitTorrent Adult Film Copyright Infringement Cases*, 2012 U.S. Dist. LEXIS 61447 at 3).

[115] Counsel for Voltage in this case argued that this case was about nothing more than joinder of defendants. However, in my view that is a mischaracterization. Private information is being sought and the Court ought not to order its release unless there is some protection against it being misused as it has been in the U.S. copyright troll cases.

[116] Notably, no draft letter or order was provided in this case although during the course of argument counsel for Voltage outlined the contents of a proposed letter. Given the order being made herein, the letter will be subject to judicial scrutiny.

[117] Very few U.S. cases address the alleged infringers' privacy and anonymity rights. This issue was most closely canvassed in *Malibu Media, LLC v John Does*, 902 F Supp 2d 690 (ED Pa, 2012), wherein five of the alleged infringers sought to quash third-party subpoenas and moved against the filing of a single complaint joining the multiple all of them. Malibu Media, the producer of adult films and copyright holder, was one of the plaintiffs that had initiated proceedings against unidentified alleged infringers across multiple jurisdictions.

[118] In the course of the action Malibu Media's approach to litigation was described as follows:

When Plaintiff receives this information from the ISPs, it contacts the subscribers associated with the IP addresses, usually by letter, advising them of the lawsuits and offering them an opportunity to settle by payment of a monetary sum. The content of the letters is not yet in the record. Nor does the Court have any information as to the amount of money that Plaintiff typically demands, or whether and to what extent negotiations take place and ultimately lead to settlements. If the John Doe defendant who receives the letter agrees to pay, Plaintiff dismisses the complaint against that defendant with prejudice and without any further court proceedings, thus avoiding the public disclosure of the defendant's identity. If the John Doe defendant refuses to settle, or Plaintiff has been unable to serve the complaint within the 120 days required under Rule 4(m) of the Federal Rules of Civil Procedure, subject to any extension granted by the court, with whatever information is provided by the ISP, Plaintiff dismisses the complaint against that defendant without prejudice to Plaintiff's ability to commence a subsequent action against that defendant. In this fashion, Plaintiff has initiated hundreds of lawsuits in various district courts throughout the country, but has not yet proceeded to trial in any case.(page 5)

(emphasis added)

[119] This appears to be a typical description of how copyright trolling or speculative invoicing works. In that case the alleged infringers argued that their right to remain anonymous outweighed the plaintiff's potential proprietary interests in the copyright. The Court disagreed and held that the third-party subpoenas did not unduly burden these potential defendants. The court acknowledged that its order impeded the right to anonymity on the internet and implicates First Amendment rights under the U.S. Constitution. Nonetheless, the court determined that the standard used by prior courts when granting third-party subpoenas was an appropriate means of balancing competing interests at stake. This standard requires the court to balance five factors:

- (1) the concreteness of the plaintiff's showing of *a prima facie* claim of actionable harm;
- (2) the specificity of the discovery request;

- (3) the absence of alternative means to obtain the subpoenaed information;
- (4) the need for the subpoenaed information to advance the claim; and
- (5) the objecting party's expectation of privacy.

[120] These factors bear some similarity to the *BMG* factors discussed above. The Court was of the view that the factors weighed in favour of the plaintiff because any detriment to the expectation of privacy could be mitigated by granting their request to proceed anonymously.

[121] The Court also acknowledged that subscriber information may not directly identify defendants but noted that it would likely allow the plaintiff, to identify the actual infringer. Curiously, the Court did not consider whether this was likely to occur considering the plaintiff's approach to this litigation, set out above. The Court did state, however, that: "The purpose of the joinder rules is to promote efficiency, not to use Federal District Courts as small claims collection agencies, by putting economic pressure on individuals who do not have substantive liability" (page 11).

[122] Ultimately, the Court did not sever the claims but rather stayed all claims but those of the five alleged infringers who brought the motions. He ordered these to proceed forward as a "Bellweather trial" (a type of test case intended to give parties an indication of what is likely to happen in future proceedings of the same nature).

[123] Interestingly, the Court also provided the following warning, suggesting that the plaintiff's intention to actually pursue claims may be relevant in future proceedings:

Although the Court cannot prevent the parties from settling these claims, the Court assumes that Plaintiff will welcome this opportunity to prove its claims promptly pursuant to the Federal Rules of Civil Procedure, the Federal Rules of Evidence, and the copyright laws, which may, if Plaintiff is successful, lead to an injunction enjoining the practices about which Plaintiff complains. If Plaintiff decides instead to continue to "pick off" individual John Does, for confidential settlements, the Court may draw an inference that Plaintiff is not serious about proving its claims, or is unable to do so. (page 11) (emphasis added)

[124] Despite these judicial pronouncements, courts in the U.S. remain somewhat ambiguous on the question of whether a plaintiff's intention to pursue litigation against alleged infringers is relevant to allowing disclosure of information.

[125] These decisions also provide almost no analysis of evidence required to establish a *prima facie* case, which is part of the good cause standard applied. In most of these cases reference is made to evidence from forensic investigators. The good cause standard was met where the evidence identified the IP address of each alleged infringer, the city in which the address was located, the date and time of the infringing activity and the ISP of the address (*Malibu Media*, 902 F Supp 2d 690).

### **Summary of UK and U.S. cases**

[126] The decisions reviewed suggest that courts in both the UK and U.S. are particularly concerned with sanctioning a business model that coerces innocent people into settlements.

[127] Both jurisdictions appear open to imposing safeguards and overseeing the disclosure process to ensure that plaintiffs do not misrepresent the effects of the *Norwich* Order.

[128] These courts have also generally accepted that users identified by the disclosure may not be the actual infringers but may have information that leads to the alleged infringer. Cases such as *Combat Zone* are particularly useful as guidelines because they prohibit plaintiffs from referring to letter recipients as defendants.

[129] With respect to privacy concerns, the cases in both jurisdictions suggest that such issues are of secondary importance as the law generally does not shield wrongdoing for reasons of privacy. Thus, the question of the extent of actual wrongdoing, once it has been established, is important.

[130] U.S. law clearly imposes a *prima facie* standard on plaintiffs but it is difficult to ascertain how the evidence mentioned in the cases meets that higher standard. It could be that U.S. courts are far more familiar with these types of claims and the evidence required to establish infringement. Interestingly, U.S. courts acknowledge that the identified IP address subscriber may not be the actual infringer for a number of reasons, but do not discuss the technical flaws of techniques used to trace IP addresses, an issue identified by CIPPIC.

[131] UK courts require claimants to establish an arguable case of infringement. In *Golden Eye* the Court held that technical and non-technical uncertainties were not sufficient to deny the request for disclosure.

[132] Thus, although CIPPIC asserts that U.S. and UK cases recognize a need to assess the strength of a cause of action as a pre-requisite, it is not clear from a review of these cases what this

actually means in practice. Based on the evidence on this motion there is a *bona fide* case of copyright infringement. The real question is the form of remedy.

### CONCLUSION

[133] Having considered all of the evidence of the parties, their submissions and the jurisprudence, there is a number of principles to be gleaned. These principles are in addition to the tests to be applied from *BMG*. The Court should give consideration to these principles to weigh and balance the privacy rights of potentially innocent users of the internet versus the right of copyright holders to enforce their rights. The Court ought to balance these rights in assessing the remedy to be granted. Where evidence suggests that an improper motive may be lurking in the actions of a copyright holder plaintiff, the more stringent the order. However, it would only be in a case where there was compelling evidence of improper motive on behalf of a plaintiff in seeking to obtain information about alleged infringers that a Court might consider denying the motion entirely. The *Copyright Act* engages the Court to enforce copyright and the rights that go with the creation of copyrighted works. Absent a clear improper motive the Court should not hesitate to provide remedies to copyright holders whose works have been infringed.

[134] In summary, the following is a non-exhaustive list of considerations which flow from cases in the U.S., UK and Canada:

- a) The moving party must demonstrate a *bona fide* case;
- b) Putting safeguards in place so that alleged infringers receiving any “demand” letter from a party obtaining an order under Rule 238 or a *Norwich* Order not be

intimidated into making a payment without the benefit of understanding their legal rights and obligations;

- c) When issuing a *Norwich* Order the Court may retain the authority to ensure that it is not abused by the party obtaining it and can impose terms on how its provisions are carried out;
- d) The party enforcing the *Norwich* Order should pay the legal costs and disbursements of the innocent third-party;
- e) Specific warnings regarding the obtaining of legal advice or the like should be included in any correspondence to individuals who are identified by the *Norwich* Order;
- f) Limiting the information provided by the third party by releasing only the name and residential address but not telephone numbers and e-mail addresses;
- g) Ensuring there is a mechanism for the Court to monitor the implementation of the *Norwich* Order;
- h) Ensuring that the information that is released remains confidential and not be disclosed to the public and be used only in connection with the action;
- i) Requiring the party obtaining the order to provide a copy of any proposed “demand” letter to all parties on the motion and to the Court prior to such letter being sent to the alleged infringers;
- j) The Court should reserve the right to order amendments to the demand letter in the event it contains inappropriate statements;
- k) Letters sent to individuals whose names are revealed pursuant to Court order must make clear that the fact that an order for disclosure has been made does not mean

that the court has considered the merits of the allegations of infringement against the recipient and made any finding of liability;

- l) Any demand letter should stipulate that the person receiving the letter may not be the person who was responsible for the infringing acts;
- m) A copy of the Court order, or the entire decision should be included with any letter sent to an alleged infringer; and,
- n) The Court should ensure that the remedy granted is proportional.

[135] On the facts of this case, there is some evidence that Voltage has been engaged in litigation which may have an improper purpose. However, the evidence is not sufficiently compelling for this Court at this juncture in the proceeding to make any definitive determination of the motive of Voltage. They have demonstrated on their evidence that they copyright in the Works; that the forensic investigation concluded that there are alleged infringers who have downloaded the Works via the P2P and BitTorrent system; that TekSavvy, a non-party is the ISP that has information such as names and addresses of its Subscribers who are alleged by Voltage to have infringed; quite properly, TekSavvy will not release any information in the absence of a court order; that it is fair that Voltage have access to the information to enforce its copyright; and, given the terms of the order made, production of such information will not delay, inconvenience or cause expense to TekSavvy or others.

[136] Counsel for TekSavvy helpfully put in perspective the issues TekSavvy has with respect to revealing information and there was evidence of notifications which TekSavvy had made available

to its customers. TekSavvy also sought payment of its reasonable costs in the event it had to release information. Any dispute regarding those costs can be resolved by the Case Management Judge.

[137] In order to ensure the Court maintains control over the implementation of the order, this action will proceed as a specially managed action and a Case Management Judge will be appointed who will monitor, as necessary, the conduct of Voltage in its dealings with the alleged infringers.

[138] Further, in order to ensure there is no inappropriate language in any demand letter sent to the alleged infringers, the draft demand letter will be provided to the Court for review. The letter should contain a statement that no Court has yet found any recipient of the letter liable for infringement and that recipients should legal assistance. The reasonable legal costs, administrative costs and disbursements of TekSavvy in providing the information will be paid to TekSavvy prior the information being provided. The information will be limited only to the name and address of the IP addresses as set out in the schedule to the affidavit of Barry Logan which schedule is attached as Schedule A to these reasons and order. Any further directions or additions to the Order will be dealt with by the Case Management Judge. All participants on this motion and any intended defendant shall be able to seek a case conference with the Case Management Judge to review issues arising in the proceeding.

[139] In my view, the Order herein balances the rights of internet users who are alleged to have downloaded the copyrighted Works against the rights of Voltage to enforce its rights in those Works. A Case Management Judge will be in a good position to maintain that balance and ensure

that Voltage does not act inappropriately in the enforcement of its rights to the detriment of innocent internet users.

**ORDER**

**THIS COURT ORDERS that:**

1. This action shall continue as a specially managed proceeding and be referred to the Office of the Chief Justice for the appointment of a Case Management Judge.
2. TekSavvy Solutions Inc. (TekSavvy) shall disclose to the Plaintiff the contact information, in the form of the names and addresses, to the extent it is able, of the TekSavvy customer accounts (Subscribers) associated with the IP addresses attached as Exhibit B to the affidavit of Barry Logan.
3. All reasonable legal costs, administrative costs and disbursements incurred by TekSavvy in abiding by this Order shall be paid by the Plaintiff to TekSavvy.
4. The reasonable legal costs and disbursements of TekSavvy referred to in paragraph 3 herein shall be paid prior to the release to the Plaintiff of the information referred to in paragraph 2 herein.
5. The Plaintiff shall include a copy of this Order in any correspondence that is sent to any of the Subscribers identified by TekSavvy pursuant to this Order.

6. Any of the Subscribers may request a full copy of these Reasons for Order and Order from the Plaintiff and the Plaintiff shall provide a copy at no charge to each Subscriber requesting a copy.
7. Any separate actions commenced by the Plaintiff against any of the Subscribers shall be case managed in connection with this case.
8. Any correspondence sent by Voltage to any Subscriber shall clearly state in bold type that no Court has yet made a determination that such Subscriber has infringed or is liable in any way for payment of damages.
9. A draft of the proposed letter to be sent to Subscribers shall be provided to the parties to this motion and to the Court and be the subject of a case conference with the Case Management Judge to review and approve the contents of the letter before being sent to any Subscriber.
10. The release of the information by TekSavvy shall remain confidential and not be disclosed to any other parties without further order of the Court and only be used by the Plaintiff in connection with the claims in this action.
11. The Plaintiff shall undertake to the Court not to disclose to the general public by making or issuing a statement to the media any of the information obtained from TekSavvy.

12. All participants on this motion and any intended Defendant shall have the right to seek a case conference with the Case Management Judge to review issues arising in the proceeding.
  
13. Any further amendments or additions to this Order shall be within the discretion of the Case Management Judge.

“Kevin R. Aalto”

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Prothonotary

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

**DOCKET:** T-2058-12

**STYLE OF CAUSE:** VOLTAGE PICTURES LLC  
v.  
JOHN DOE AND JANE DOE

**PLACE OF HEARING:** Toronto, Ontario

**DATE OF HEARING:** June 25, 2013

**REASONS FOR ORDER:** AALTO P.

**DATED:** February 20, 2014

**APPEARANCES:**

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Nicholas McHaffie Christian Tacit	FOR THE DEFENDANT
David Fewer	FOR THE INTERVENOR

**SOLICITORS OF RECORD:**

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