Federal Court of Appeal

Cour d'appel fédérale

Date: 20191219

Docket: A-383-19

Citation: 2019 FCA 321

CORAM: **GAUTHIER J.A.**
DE MONTIGNY J.A.
LOCKE J.A.

BETWEEN:

ROVI GUIDES, INC. and TIVO SOLUTIONS INC.

Appellants

and

VIDEOTRON G.P. and VIDEOTRON LTD.

Respondents

and

TECHNICOLOR CANADA INC.,
TECHNICOLOR CONNECTED HOME,
BROADCOM CANADA LTD.,
BROADCOM, INC.,
SAMSUNG ELECTRONICS CANADA INC.,
SAMSUNG ELECTRONICS AMERICA INC.

Interveners

Heard at Ottawa, Ontario, on December 16, 2019.

Judgment delivered at Ottawa, Ontario, on December 19, 2019.

REASONS FOR JUDGMENT BY:	LOCKE J.A.
CONCURRED IN BY:	GAUTHIER J.A. DE MONTIGNY J.A.

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REASONS FOR JUDGMENT

LOCKE J.A.

I. Background

[1] The appellants appeal from the dismissal by the Federal Court (per Lafrenière J., 2019 FC 1220) of their motion seeking (i) an order for documentary production from several non-parties (pursuant to Rule 233 of the *Federal Courts Rules*, SOR/98-106 (the *Rules*)); (ii) leave to examine several non-parties (pursuant to Rule 238 of the *Rules*); and (iii) the issuance of letters of request in relation to those non-parties that are located outside Canada. The non-parties, most of whom are interveners before this Court, fall into three groups, each comprising a Canadian company and one or two related foreign companies:

i. The Broadcom companies (Broadcom Canada Ltd. and Broadcom Inc.);

ii. The Samsung companies (Samsung Electronics Canada Inc., Samsung Electronics America Inc. and Samsung Electronics Co. Ltd.); and

iii. The Technicolor companies (Technicolor Canada Inc. and Technicolor Connected Home).

[2] The appellants' motion was in the context of an action alleging, among other things, infringement of two patents by the respondents through their use and supply of certain set-top boxes (STBs) which implement functionalities that allow customers to manipulate or record their television programming. These functionalities are referred to as "trick play" and "time warp". Two of the STBs in issue were allegedly supplied by "Samsung", and another by "Technicolor",

though these suppliers' corporate names are not identified in the most recent statement of claim. Moreover, "Broadcom", again not precisely identified, allegedly supplied computer chips with software that were incorporated into the STBs in issue, the software being possibly modified later by "Samsung" and/or "Technicolor".

[3] The appellants assert that the non-parties have information concerning the details of the software that is used in the STBs in issue to implement the trick play and time warp functionalities. The appellants argue that these details are necessary for making their case for patent infringement.

[4] A trial is set to start on March 9, 2020. This trial has been arranged to be heard just before another trial involving different defendants but some of the same patents, some of the same functionalities, and the same trial judge (hereinafter, the other proceeding).

II. The Federal Court's Decision

[5] The Federal Court heard the appellants' motion on September 17, 2019 and rendered its decision on September 24, 2019. That decision cited three distinct grounds for dismissing the motion.

[6] First, it noted that the appellants had previously made a motion seeking essentially the same relief, and that it was an abuse of process to raise these matters anew. The Federal Court recognized two exceptions where aspects of the requested relief were withdrawn or dismissed in

the previous motion without prejudice to bringing a new motion. These exceptions concerned (i) Broadcom's source code, and (ii) relief in relation to the Technicolor companies.

[7] The Federal Court dealt with these exceptions under the heading of "Abuse of Process", but the analysis thereof is substantive and might instead have been situated under the second ground for dismissing the appellants' motion which concerned the requirements of Rules 233 and 238. With regard to Broadcom's source code, the Federal Court noted evidence that aspects thereof were likely modified (customized) or omitted before incorporation into the STBs in issue, and therefore the appellants had "failed to meet the fundamental relevance requirement under Rule 233." With regard to the relief in relation to the Technicolor companies, the Federal Court noted the lack of evidence that they had relevant information, and concluded that the appellants' request was based entirely on speculation and conjecture.

[8] Under the heading in its reasons dedicated to the requirements of Rules 233 and 238, the Federal Court noted that relief under Rule 233 is exceptional, and that it contemplates requests for specific documents. The Federal Court also noted the listed requirements under Rule 238, and jurisprudence to the effect that relief under this Rule "should not become common place": *BMG Canada Inc. v. Doe*, 2005 FCA 193, [2005] 4 F.C.R. 81, at para. 26 (*BMG*). The Federal Court concluded that the appellants had not established more than a speculative basis to believe that any of the non-parties named in the motion have any information relevant to the allegedly infringing functionality of the STBs in issue.

[9] Finally, the third ground cited by the Federal Court for dismissing the appellants' motion concerned their delay in making the motion and the resulting prejudice to the respondents were it to be granted. In Rule 238, the absence of "undue delay, inconvenience or expense" is a listed requirement. No such requirement is listed in Rule 233, but the Federal Court apparently considered delay as part of its exercise of discretion. This Court noted in *Janssen Inc. v. Pfizer Canada Inc.*, 2019 FCA 188, 165 C.P.R. (4th) 173, at para. 10 (*Janssen*) that requirements listed in Rule 238 may be considered for the purposes of Rule 233. Because delay relates to consideration of both Rules 233 and 238, this section might also have been placed under the second heading concerning the requirements for these rules.

[10] The Federal Court noted that the appellants had acknowledged that "early on" they were aware that non-party discovery would be required to make their case, but that this fact was not shared with the Court until after trial dates had been set and discoveries were to have been completed. The Federal Court expressed concern about the undisputed fact that granting the appellants' motion would result in losing the trial date. The Court discussed the prejudice that this would cause to the respondents and to the parties in the other proceeding, as well as the importance of respecting the Federal Court's fixed-date system for trials.

III. Analysis

A. *Standard of Review*

[11] The standard of review applicable to a discretionary order of the Federal Court is that provided for in *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 [*Housen*]: see *Hospira Healthcare Corporation v. Kennedy Institute of Rheumatology*, 2016 FCA 215, [2016] F.C.J. No. 943, at paras. 69-72. Accordingly, the standard of correctness applies to questions of law, but findings of fact or of mixed fact and law are reviewable only where the Federal Court has made a palpable and overriding error. As stated by this Court in *South Yukon Forest Corp. v. R.*, 2012 FCA 165, 4 B.L.R. (5th) 31 at para. 46, and quoted with approval by the majority of the Supreme Court of Canada in *Benhaim v. St-Germain*, 2016 SCC 48, [2016] 2 S.C.R. 352, at para. 38:

> Palpable and overriding error is a highly deferential standard of review … "Palpable" means an error that is obvious. "Overriding" means an error that goes to the very core of the outcome of the case. When arguing palpable and overriding error, it is not enough to pull at leaves and branches and leave the tree standing. The entire tree must fall.

B. *Abuse of process*

[12] The appellants argue that the Federal Court erred in three respects on the issue of abuse of process. They argue first that the Federal Court erred by basing its decision on an issue that had not been properly argued. Second, they argue that the Federal Court misapprehended the test for abuse of process. Finally, the appellants argue that there was no abuse of process.

[13] In my view, the Federal Court made no error on this issue. It referred to abuse of process as part of its exercise of discretion rather than as a standalone basis for dismissing the appellants'

motion. This is clear from a reading of paragraph 37 of the Federal Court's reasons (Reasons). Further, the Federal Court's finding of abuse of process is limited to those aspects of the appellants' earlier motion that had not been withdrawn or dismissed without prejudice to bring a new motion; the Federal Court addressed the merits of these "without prejudice" aspects. Finally, the Federal Court did not raise this issue unprompted; the concern that the appellants' motion was attempting to cover some of the same information as had been covered in the earlier motion was argued before the Federal Court. It was entitled to consider this issue.

[14] The Federal Court's analysis of the abuse of process issue contained no error of law and no palpable and overriding error of fact or mixed fact and law.

C. *Requirements of Rules 233 and 238*

[15] As indicated above, some of the Federal Court's analysis of the substantive requirements of Rules 233 and 238 is found under other headings in its Reasons. This organization of thoughts may reflect the fact that the motion concerned rules with overlapping requirements, as well as the tight time constraints on the Federal Court in preparing its Reasons. However, reading the Reasons as a whole, I find no reviewable errors. Nothing turns on the arrangement of headings.

[16] The appellants properly do not challenge the discretionary nature of Rules 233 and 238. This was clearly stated recently by this Court, at least for Rule 233, in *Janssen* at para. 8. However, the appellants do argue that the Federal Court gave "undue weight to observations in the jurisprudence as to the exceptional character of third party discovery and the need to guard against its misuse." The appellants specifically cite the Federal Court's reference to this Court's

decision in *BMG*, and the instruction therein, noted at paragraph [8] above, that relief under Rule 238 should not become commonplace. I see no error in the Federal Court's characterization of the exceptional nature of the requested relief. Support for this conclusion (at least as regards Rule 233) is found twice in this Court's recent decision in *Janssen* (see paras. 5 and 10). I see no reason to treat Rule 238 any differently.

[17] The Federal Court correctly recognized that, even if the requirements of Rule 233 or 238 had been met, it maintained discretion to dismiss the appellants' motion based on considerations not identified in these rules (see *Janssen* at para. 10). The Federal Court considered several factors in consideration of the exercise of its discretion. It noted that Rule 233 contemplates requests for specific documents, in apparent distinction from the appellants' request for broad classes of documents. Noting that some aspects of the appellants' motion were speculative, and the appellants' acknowledgement that they could not even be sure that the alleged infringement had taken place without the requested information, the Federal Court was apparently concerned that the appellants' motion was insufficiently targeted. It was entitled to be so concerned.

[18] The Federal Court was also clearly concerned about the fact that granting the appellants' motion would inevitably result in the loss of the trial date, and a substantial delay in the action, which would cause prejudice to the respondents and others. This delay was a particular concern in view of the Federal Court's other concern that granting the appellants' motion would yield information that would be used for yet another motion for discovery from another non-party.

[19] The appellants object that the Federal Court appears to have considered the prejudice to the respondents if the motion was granted, but failed to consider the appellants' arguments concerning the prejudice to them if the motion was dismissed. In my view, it is inconceivable that the Federal Court did not have the appellants' argument in mind when making its decision. Their need for the requested information was central to their motion. The Federal Court confirmed that it had this argument in mind at paragraph 34 of its Reasons in summarizing the evidence of the appellants' affiant to the effect that he needed the requested source code in order to assess whether the trick play and time warp functionalities in issue fall within the scope of the claims in suit.

[20] The appellants also argue that the Federal Court erred in placing responsibility for the late timing of their motion at its feet. They offer several reasons why they did not know until July 2019 that their motion would be needed. Central to these reasons was their desire to proceed in a stepwise fashion, only moving formally to obtain information from non-parties once they knew they needed it. I note first the appellants' own admission (noted at paragraphs 24 and 52 of the Reasons) that they knew early on that third party information would be needed to make their case. In addition, I am not convinced that any of the Federal Court's findings concerning the appellants' responsibility for their delay in making their motion amounts to a palpable and overriding error.

[21] It should be said that the difficulty facing the appellants would likely have been reduced if they had included suppliers of the STBs in issue as defendants in the action. The rules applicable to discovery of parties, including Rule 225 concerning documents in the hands of

affiliates of parties, would then have given the appellants easier ways to seek the information they need.

[22] The appellants also argue that there is no evidence that the respondents would suffer any real prejudice if their motion were granted. They argue that delay was the only inconvenience cited by the Federal Court and that, since this type of inconvenience can be compensated by costs, it should not have been considered. In the context of this issue of discretion, I disagree. Rule 238 expressly requires that relief requested under that rule not cause "undue delay, inconvenience or expense." The Federal Court was entitled to consider the delay caused in this case. Though this delay is not listed as a factor in Rule 233, it was also a permissible consideration under that rule.

[23] The appellants also argue that denying their requests for information will unfairly impair their ability to make their case at trial because they will be forced, essentially, to conduct their discovery during the trial by calling witnesses without knowing if they have relevant information. Since the judge who heard the appellants' motion is also the trial judge in both the present proceeding and the other proceeding, he was clearly in the best position to decide matters concerning the conduct of the trial. I see no palpable and overriding error here.

D. *Comment on Relevance*

[24] Though the observations above are sufficient to dispose of the present appeal, I wish to make the following observation on the relevance of the information the appellants seek.

[25] At paragraph 50 of its Reasons, the Federal Court concluded that the appellants appeared to be attempting to obtain information from non-parties which could be used as a basis for seeking further information from other non-parties. The Federal Court stated that this should not be allowed. Though this was a proper consideration in the particular circumstances of this case, we should not be understood as limiting the concept of relevance for the purposes of non-party discovery. Relevance is a concept that applies to discovery generally (see Rule 223), not just to non-party discovery, and is interpreted broadly. I see no reason to consider that relevance as contemplated in Rule 233 is narrower than in Rule 223. As acknowledged by the parties, there could be cases where information that merely identifies a source of relevant information would itself be relevant.

IV. Conclusion

[26] For the foregoing reasons, I would dismiss the present appeal. Because of this result, it is not necessary to address issues concerning the requested letters of request.

[27] The Court has fully considered several other arguments that were made by the parties but which are not mentioned in these reasons. These arguments are not necessary to the result of this appeal.

[28] At the urging of the Court, the parties have conferred on costs and most have agreed. I have considered the submissions on behalf of the Broadcom companies. I would order that the appellants pay costs in the following all-inclusive amounts:

i. To the respondents, $2500;

ii. To the Samsung companies, $3500;

iii. To the Technicolor companies, $4200; and

iv. To the Broadcom companies, $5000.

"George R. Locke"
J.A.

“I agree.
Johanne Gauthier J.A.”

“I agree.
Yves de Montigny J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-383-19
STYLE OF CAUSE:	ROVI GUIDES, INC. and TIVO SOLUTIONS INC. v. VIDEOTRON G.P. and VIDEOTRON LTD. and TECHNICOLOR CANADA INC., TECHNICOLOR CONNECTED HOME, BROADCOM CANADA LTD., BROADCOM, INC., SAMSUNG ELECTRONICS CANADA INC., SAMSUNG ELECTRONICS AMERICA INC.
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CONCURRED IN BY:	GAUTHIER J.A. DE MONTIGNY J.A.
DATED:	DECEMBER 19, 2019

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