

ANTON PILLER ORDER VACATED DUE TO FAILURE BY COUNSEL TO MEET PROCEDURAL REQUIREMENTS

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The Federal Court of Canada recently vacated an Anton Piller Order based on, amongst others, the failure by the Plaintiff's counsel to file the requisite affidavits of the attending and supervising solicitor, as required by the Anton Piller Order. (*Ayngaran International Video & Audio Inc. v. Universal DVD Inc.*, 2006 FC 948, (Von Finckenstein, J., August 2, 2006.))

The Facts

Plaintiff purports to be the owner of the copyrights in numerous cinematographic works. It also imports and sells the cinematographic works through its retail stores.

Plaintiff initiated an action against several Defendants, alleging that they had infringed its copyrights in certain cinematographic works. Plaintiff also sought and obtained an Anton Piller Order which was executed against the Defendants. The Plaintiff was required to bring a motion for review of the grant and execution of the Order within fourteen days of the execution, which it did. Defendants sought to have the Anton Piller Order vacated on several grounds, including the improper execution of the Order.

The Federal Court Judgement

On the motion for review, the Defendants raised the fact that, contrary to the Anton Piller Order, the materials filed by the Plaintiff on the review motion did not contain any affidavit of the supervising and attending solicitor; furthermore, the only document recounting the process of execution of the

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Anton Piller Order was a “report” filed by Plaintiff’s attorneys, who incidentally also argued the review of the execution of the Order.

Justice von Finckenstein was seized of the review motion. He first considered the procedural objections raised by the Defendants and rules them to be well-founded. In the Court’s view, the Anton Piller Order clearly set out the requirement that the supervising and attending solicitor was obligated to file an affidavit pursuant to the execution of the Order. The only documents attesting to the manner in which the Order was executed were Plaintiff’s attorneys’ “reports”, both of which were signed by counsel for the Plaintiff, including counsel who argued before Justice von Finckenstein.

Although there is no requirement in Canada that the attending and supervising solicitor be separate or independent from counsel for the Plaintiff, (as is the case, for example, in the United Kingdom), the Court stated that the “reports” filed in support of the review motion were insufficient as they did not enable the Court to ascertain how the Order was executed and what was seized. The other materials filed in support of the review motion, such as the affidavits of interpreters, officers of the Plaintiff and accompanying police officers, all of whom assisted in the execution of the Order, were also insufficient as they contained no direct evidence of how the Order was executed and what was seized.

Given that an Anton Piller Order is an extraordinary remedy, failure by Plaintiff to file the supervising and attending solicitors’ affidavit constituted a fatal flaw to the Plaintiff’s review motion and therefore to the Anton Piller itself. The Court also reiterated the well established principle that a person cannot act as counsel and give evidence at the same time. Based on these procedural deficiencies, Justice von Finckenstein concluded that the execution of the Anton Piller Order was improperly conducted and that the Order should be vacated.

If he were to be wrong on the issue of the procedure, Justice von Finckenstein also considered the review of the Order from a substantive law perspective. There are five criteria that the Court should consider at time of review of Anton Piller Order (re: *Netbored Inc. v. Avery Holdings Inc.*, 2005 FC 1405 (F.C.)):

- “1. The Plaintiff must show an extremely strong *prima facie* case;
2. Damage, potential or actual, must be very serious for the applicant;
3. There must be clear and convincing evidence that the Defendants have in their possession incriminating documents and that there is a real possibility that they may destroy such material before an application *inter partes* could be made;

4. The inspection would do no real harm to the Defendant or his case; and
5. Whether full and frank disclosure of all relevant facts was made to the judge granting the Order.”

Upon reviewing the facts of the case, Justice von Finckenstein found that Plaintiff had not established a strong *prima facie* case: he found that there were discrepancies in the chains of title for the various copyrights in suit and therefore there was doubt in the Court’s mind as to whether Plaintiff had sufficient rights to the copyrights in litigation.

Since the Plaintiff failed to establish that the Anton Piller Order was properly executed and that, in any event, it did not have a strong *prima facie* case sufficient to justify the issuance of an Anton Piller Order, Justice Von Finckenstein vacated the Order with costs to follow.

The Court, *in obiter*, wrote that notwithstanding his determination on the motion for review, he could not readily accept the Defendants’ submission that they were authorized to make copies of the cinematographic works in suit. He therefore specifically set out in his judgement that the Plaintiff would be able to apply for another Anton Piller Order, or to proceed directly with its action for copyright infringement. He also delayed the return of the seized goods for a period of one month to give the Plaintiff the opportunity to remedy the substantive and procedural defects and to bring another motion for the issuance of an Anton Piller Order, if necessary.

Conclusion

There has recently been a flurry of decisions in Canada regarding Anton Piller Orders, most notably a ruling by the Supreme Court of Canada in *Celanese Canada Inc. v. Murray Demolition Corp.*, 2006 SCC 36 (S.C.C.).

The Supreme Court of Canada and the Federal Courts have clearly stated that there is a heavy burden on the shoulders of counsels who seek and obtain Anton Piller Orders to ensure that the parties put their “best foot forward” when applying for such an Order, and at the time of review of the Order, they must demonstrate that it has been flawlessly executed.

All of the relevant facts, even those that may adversely affect the case, should be disclosed to the Court. Failure to respect the terms and conditions of an Anton Piller Order and/or to make honest and frank disclosures to the Court may inevitably result in its dismissal. In this particular case, the Federal Court ordered costs to be in the cause, but there are other cases where the

dismissal of an Anton Piller Order carried a very high award of costs to the successful defendant.

These recent decisions are a reminder that an Anton Piller Order is an exceptional remedy, granted in exceptional circumstances and therefore the parties and their counsel must show exceptional compliance and deference to its substantive and procedural requirements.

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