

Business Software Alliance and Others v SM Summit Holdings Ltd and another and other
appeals
[2000] SGCA 23

Case Number : CA 176/1999, 177/1999, 178/1999, 179/1999
Decision Date : 24 April 2000
Tribunal/Court : Court of Appeal
Coram : Chao Hick Tin JA; L P Thean JA
Counsel Name(s) : Harry Elias SC, Tan Chee Meng, Michael Palmer, Valerie Tan and Andy Lem (Harry Elias Partnership) for the appellants in CA 176/1999 and 177/1999; VK Rajah SC, Lionel Tan and Simon Cheong (Rajah & Tann) for the appellants in CA 178/1999 and 179/1999; Engelin Teh SC and Thomas Sim (Engelin Teh & Partners) (instructed), Manjit Singh and Govin Menon (Manjit Samuel & Partners) for the respondents in CA 176, 177, 178 and 179/1999

Parties : Business Software Alliance — SM Summit Holdings Ltd and another

*Civil Procedure – Discovery of documents – Appellants conducting raid on respondents' premises
– Respondents' seizing documents – Order of court prohibiting discovery of documents seized
– Whether discovery barred by order of court – Whether discovery barred by implied undertaking
– Scope of order for discovery*

Civil Procedure – Discovery of documents – Whether discovery barred by appellants' implied undertaking – Scope of implied undertaking – Whether appellants' can rely on information obtained independently of raid – Test of relevancy

Civil Procedure – Striking out – Whether respondents' applications for striking out of discovery appropriate

Tort – Defamation – "Fishing expedition" – Discovery of documents and information

(delivering the judgment of the court): These are four appeals against the interlocutory orders made by the High Court in the libel action, Suit 1323/98, taken out by SM Summit Holdings Ltd and its subsidiary, Summit CD Manufacture Pte Ltd, the plaintiffs, against seven defendants, Microsoft Corporation, Adobe Systems Incorporated, Autodesk Inc, Business Software Alliance, Stuart Ong, Lee Cross and Ronald T Eckstrom, the defendants. We shall continue to refer to the parties here as the plaintiffs and the defendants. The appeals arise out of the same facts, and it is convenient to deal with them together in this judgment.

The matters under appeal had their origin in a raid carried out by the defendants at the plaintiffs' premises on 12 August 1997 pursuant to two search warrants obtained by the defendants before a magistrate. These search warrants authorised representatives of the defendants to carry out a search at the plaintiffs' premises for alleged copyright and trade mark offences. In the course of carrying out the raid, the parties representing the defendants found that the two warrants did not authorise them to seize various documents and papers at the premises. For that reason, the fourth defendant, Business Software Alliance (`BSA`), on the same evening applied to a judge of the High Court and obtained a third search warrant, and acting on these warrants they seized and took away a large number of documents (and copies thereof) and other items. Immediately after the raid (`the Summit raid`), the defendants, on 13 August 1997, called a press conference and at the conference they published or caused to be published a press release which now forms the subject of the present libel action.

Soon after the Summit raid, the plaintiffs applied by way of criminal revision to the High Court to quash the search warrants. Almost simultaneously BSA applied by way of criminal motion for an order

permitting their solicitors to take copies of the documents and requiring the plaintiffs to deliver further documents. Both the applications were heard before the learned Chief Justice, and at the conclusion of the hearing on 29 September 1997 the learned Chief Justice decided as follows: (i) he upheld the two search warrants issued by the magistrate but quashed the third search warrant granted by the judge of the High Court; (ii) he ordered all the documents (and copies) seized pursuant to the first two search warrants and all items seized pursuant to the third search warrant be returned to the plaintiffs, and (iii) he dismissed the application taken out by BSA: see **SM Summit Holdings Ltd & Anor v PP** [1997] 3 SLR 922.

Reverting to the present action, Suit 1323/98, the plaintiffs claimed damages against the defendants for libel contained in the press release published or caused to be published by the latter at the press conference held on 13 August 1997. After the commencement of the action, the plaintiffs applied for a determination of the meaning of the words complained of and also for summary judgment. The application was of course opposed by the defendants. Prior to the hearing of the application, the defendants filed their joint defence to the claim and pleaded, inter alia, justification and the meaning they sought to justify. They also filed affidavits in opposing the plaintiffs' application. At the hearing of the application, counsel for the plaintiffs raised a preliminary objection to the reference by the defendants, in the defence and affidavits, to certain documents and information, which were obtained by the defendants as a result of the Summit raid, on the grounds first, that there was an implied undertaking on the part of the defendants not to use those documents and information in unrelated civil proceedings, such as Suit 1323/98, and secondly, that by reason of the order made by the learned Chief Justice on 29 September 1997 ('the Chief Justice's order') the use of such documents and copies thereof and information derived therefrom was impermissible. The assistant registrar who heard the application overruled the objection, and determined that the words complained of bore the meaning as pleaded by the plaintiffs and gave leave to the defendants to amend the pleadings. Subsequently, the pleadings were amended. Against the assistant registrar's decision both the plaintiffs and the defendants appealed to a judge-in-chambers, each appealing against that part of the decision that was against them. Three appeals were filed: one by the plaintiffs and two by the defendants, the defendants being in two groups, namely, the first, second, third and seventh defendants being one group, and the fourth, fifth and sixth defendants being the other group, each group being represented by separate firms of solicitors. The learned judge, after hearing the arguments, on 3 March 1999 affirmed the decision below and dismissed all the three appeals. Again, both the plaintiffs and the defendants appealed against the decision of the learned judge, and three appeals were filed, namely: CA 39/99 filed by the plaintiffs and CA 37 and 38/99 filed by the defendants ('the three appeals').

While the three appeals were pending, the defendants on 5 July 1999 filed two applications for, inter alia, a further and better list of documents and specific discovery of certain documents from the plaintiffs, namely, Summons for Further Directions Entered 4236 and 4237/99. The two applications were filed by the parties as follows: one application by the first, second, third and seventh defendants, and the other by the fourth, fifth and sixth defendants; and both the applications were identical in all material respects. Among the documents sought were the following five categories of documents:

(1) all the invoices, sales orders, delivery orders and/or correspondence of the second respondents, Summit CD Manufacture Pte Ltd ('Summit CD'), relating to the following persons or companies:

(a) Hardware House Computer and Electronic Shop; and/or

(b) Hardware House Computer Pte Ltd, and/or

(c) Power Multivision; and/or

(d) Ivan Yee Multi-vision; and/or

(e) PLL Computer Trading; and/or

(f) PT Tomato; and/or

(g) PT Dynamitra

(2) all documents generated during Summit CD`s CD ROM manufacturing process, namely:

(a) sales orders (including those that had been cancelled on the grounds of copyright infringement and/or related problems);

(b) work orders;

(c) printouts;

(d) records of incoming orders; and

(e) other records maintained during the said manufacturing process, but not limited to:

(i) order processing;

(ii) pre-mastering;

(iii) glass mastering;

(iv) nickel plating;

(v) polishing;

(vi) re-cycling; and

(vii) quality control checking

(3) any and all reference documents used during the alleged root directory checks which are purportedly conducted by Summit CD`s personnel;

(4) all documents relating to debts owed by the following parties, including but not limited to, sales orders and/or work orders and/or invoices and/or all correspondence from the respondents to the following customers requesting that payment of their debts be made and/or records of any payments received from the said customers:

(a) Hardware House Computer and Electronic Shop; and/or

(b) Hardware House Computer Pte Ltd, and/or

(c) Power Multivision; and/or

(d) Ivan Yee Multi-vision; and/or

(e) PLL Computer Trading; and/or

(f) PT Tomato; and/or

(g) PT Dynamitra

(5) all documents which support Summit CD's annual turnover figures for the period 1995 to 1998.

Initially, there were other categories of documents sought to be discovered; however, these categories were later withdrawn pursuant to a court order to expunge all references to those documents from the cause papers in this suit.

Not to be outdone, the plaintiffs a few days later, on 9 July 1999, filed two applications, namely, SIC 4302 and 4303/99, seeking to strike out the defendants' two applications for discovery.

These are the four applications which ultimately give rise to the present appeals. All the four applications came on for hearing before the assistant registrar on 12 July 1999 and he allowed the defendants' applications for discovery and dismissed the plaintiffs' applications for striking out. In his view, the present defamation action was a 'distinct and independent' action from the earlier civil suit brought by the BSA to enforce their intellectual property rights (Suit 1596 of 1997). Therefore, whilst the defendants may have been barred from using the improperly seized documents in that earlier suit, they were entitled under the rules governing civil procedure to apply for the necessary documents to defend this action. The applications for discovery were 'not a collateral attack on a final decision nor [were they] an abuse of process of the court.' Further, the documents sought to be discovered were relevant, necessary and expedient to ensure a fair disposal of the matter and to save costs.

The plaintiffs appealed from the decision of the assistant registrar on the four applications. When the appeals came on for hearing before a judge in chambers, the three appeals were still pending before the Court of Appeal, and in view of that, the learned judge adjourned the hearing until the disposal of the three appeals. However, he expressed a tentative view that he was in broad agreement with the assistant registrar's decision.

The three appeals were heard by the Court of Appeal on 18 August 1999, and its judgment was handed down on 21 September 1999. The court held as follows: first, the Chief Justice's order prohibited the use of all documents and copies thereof obtained in those criminal proceedings, as well as the use of all information extracted from such documents, for any collateral purpose; secondly, aside from the Chief Justice's order, there was an implied undertaking by the defendants that they would not use the documents or copies thereof obtained by them in those criminal proceedings in unrelated civil proceedings ('the implied undertaking'): see **Microsoft Corp & Ors v SM Summit Holdings Ltd & Anor and other appeals** [1999] 4 SLR 529.

This court's decision sparked off a flurry of activity on the part of the defendants. On 1 October 1999, they filed a number of new applications. First, there were applications to expunge various portions of the cause papers, affidavits, documents and submissions which had been filed in court. These applications were allowed on 13 October 1999 and the expunging exercise was completed on 4 November 1999. Secondly, they filed two applications in CM 6 and 7/99 for a variation of the Chief Justice's order to the extent that the defendants be allowed to refer to and rely on the documents and information therein solely for the purposes of defending the present defamation action and also for a release from or a variation of the implied undertaking for the same purpose. While these applications were pending before the learned Chief Justice, the applications for discovery and striking out were restored for hearing before the learned judge on 5 October 1999. He allowed all the appeals

of the plaintiffs with costs. In other words, he refused discovery and struck out the applications for discovery. In his grounds of decision, he said at [para] 3:

Learned counsel for the defendants did not submit that the Court of Appeal decision [in CA 37, 38 and 39/99] did not have the effect of binding me in the present matter to a decision in favour of the plaintiffs. For my part, I am satisfied that the effect of the decision of the Court of Appeal is clear, ie that the defendants are bound by an implied undertaking not to use the documents and information seized in the raid for any other purpose including their defence in this action. As the defendants are not permitted to use those documents for the purposes of their defence in the present action, they are not entitled to the order for discovery that they seek ...

Against this decision, the defendants now appeal to this court. Four appeals have been filed, namely, CA 176-179/99. In CA 176 and 178/99, the defendants appeal against the High Court`s decision disallowing the discovery of the documents sought on the ground of the implied undertaking, and in CA 177 and 179, they appeal against the court`s decision striking out their applications for discovery of documents.

In the meanwhile, on 27 October 1999, the defendants` applications in CM 6 and 7/99 for a variation of the Chief Justice`s order and for a release or variation of the implied undertaking were heard before the Chief Justice and were dismissed: **Microsoft Corp & Ors v SM Summit Holdings Ltd & Anor** [2000] 1 SLR 343. The defendants appealed and their appeals were dismissed by this court on 9 March 2000, on the ground that there was no appeal against such an order of the High Court and this court had no jurisdiction to hear the appeals: **Microsoft Corp & Ors v SM Summit Holdings Ltd & Anor** [2000] 2 SLR 137.

The appeals

We turn first to the appeals against the decision below refusing the application for discovery, namely, CA 176 and 178/99. These appeals raise two questions: first, whether as a matter of principle the defendants have a right to discovery of any of the documents falling within the ambit of the Chief Justice`s order and/or the implied undertaking; and second, if the answer is in the affirmative, whether the defendants are entitled to the discovery of all or any of the documents sought. As for CA 177 and 179/99 which relate to the striking out applications, the question raised is whether it can be said that the applications for discovery were an abuse of process of the court, scandalous, frivolous and vexatious and that they might prejudice, embarrass or delay the fair trial of the action. To some extent, the answer to this question depends on the outcome of CA 176 and 178/99.

The defendants` case

The defendants` case is that they first acquired information about the documents which they are now seeking discovery before the raid was carried out on the plaintiffs` premises on 12 August 1997. This information came from three sources. First, there was information from Pan Wen Hui (`Pan`), a former employee of the plaintiffs. Pan was employed by Summit CD Manufacture Pte Ltd (`Summit CD`) between 28 July 1995 and 12 September 1996. During this period, he worked at their premises at 45 Ubi Road 1, being engaged at various times in different stages in the manufacture of CD stampers. In his affidavit of 18 September 1998, he deposed to, inter alia, the following at [para] 24:

I also noticed that some of [Summit CD's] Order sheets had customers such as 'Ivan Yee', 'PLL', 'Power Multivision', and 'Hardware House' listed on them. These were some of the regular customers.

The second source of information came from another former employee of Summit CD, Shi Jian Chuan ('Shi'). Shi was employed by Summit CD from 25 April 1996 to 30 April 1997. He too worked at their premises at 45 Ubi Road 1, however, unlike Pan, Shi was employed in the CD replication division. Through Pan, Shi provided BSA with a list of some of the plaintiffs' customers, together with information about CD masters produced for those customers. According to a statutory declaration sworn by him on 24 July 1997, he had copied a list from a computer in the plaintiffs' premises in or about March 1997, which appeared to be a document comprising approximately 500 printed pages of information about orders made by various customers of the plaintiffs, including references to the following entities or persons: 'Hardware House', 'Ivan Yee', 'PLL', 'Power Multivision'. The list also provides the titles of various CD-ROMS which the plaintiffs allegedly replicated for these customers.

Finally, there was the information provided by a private investigator, Jimmy Chew Chong Poh. Chew was engaged by the BSA to verify their suspicions about the allegedly illicit activities of the plaintiffs. In a statutory declaration sworn on 30 July 1997, he said he brought eight counterfeit masters of CD-ROMS to the plaintiffs and invited them to replicate those masters, which they did.

Mr Elias, counsel for the fourth, fifth and sixth defendants, points out that the defendants have pleaded the information concerning the documents sought in their re-amended defence filed jointly by the defendants: see [para] 8(2), 8(3)(i), 8(3)(ix) and 8(7) of the defence (as amended). Given that the defendants had information on the alleged software pirates before the Summit raid, and that the information has been pleaded, Mr Elias argues that the implied undertaking should not diminish or in any way affect the defendants' rights to discovery in these proceedings.

Mr Elias relies on **Sony Corp v Time Electronics** [1981] 3 All ER 376[1981] 1 WLR 1293. In that case, the plaintiffs were manufacturers of cassette tapes. On evidence given in camera by the plaintiffs against the intended defendant (no writ had been issued yet), the court ordered the defendant forthwith, on service of the order, to disclose to the person serving the order the names and addresses of the defendant's suppliers and to produce certain documents and to deliver up to him the apparently improper goods. The order was subject to undertakings by the plaintiffs, including an undertaking not without leave of the court to use any document or information obtained as a result of the execution of the order, save for the purpose of civil proceedings against the defendant in connection with the subject matter of the action. On visiting the defendant's premises, the solicitor serving the order found out that not only goods of the type to which the order related, but also other goods of a type manufactured by the plaintiffs, which he thought might be counterfeit. The solicitor instructed an employee to make a test purchase of the goods, which was carried out and the goods so purchased turned out to be in fact a counterfeit. The plaintiffs therefore wanted to commence another action against the defendants in respect of these goods, and they applied for a second order similar to the first one. Goulding J held that the proposed new action was founded not on something the court had ordered to be disclosed in the earlier order but on evidence provided by the test purchase of the second type of goods, in respect of which there was only a collateral connection with the disclosure ordered by the court in the first order.

Turning to the Chief Justice's order, Mr Elias submits that the learned Chief Justice in his judgment (in CM 6 and 7/99) in **Microsoft Corp** (supra) made it clear that his order does not prohibit the defendants from alluding to the existence of information and items which the raiding party saw or

observed in the course of the raid. The learned Chief Justice said at [para] 44:

*The Court of Appeal had held that, under the order of court, it was impermissible for the respondents to use the documents and copies and information derived therefrom in the summary judgment application. It was impermissible to **rely on those documents** falling within the order of court. However the Court of Appeal had also held that the order of court did not prohibit the **existence** of information and items which the raiding party saw or observed in the course of execution of the search warrants, or to what such party heard and said at the raid.*

Counsel submits that in this application for discovery of the documents, the defendants are merely **alluding to the existence** of those documents.

In conclusion, Mr Elias argues that the defendants are, as a matter of principle, not barred from seeking discovery of the documents sought whether by reason of the Chief Justice`s order or the implied undertaking. Mr VK Rajah for the first, second, third and seventh defendants associates himself fully with the submissions of Mr Elias.

The plaintiffs` case

The plaintiffs` case is relatively straightforward. Mrs Teh, counsel for the plaintiffs, submits that this court (in CA 37, 38 and 39/99) in **Microsoft Corp v Summit Holdings** (supra) has confirmed the scope and effect of the Chief Justice`s order, and also held that the implied undertaking existed. In view of the Chief Justice`s order and the implied undertaking, there is no room for the defendants` applications for discovery. The applications are an attempt to circumvent both the Chief Justice`s order and the implied undertaking and therefore an abuse of process. For this reason, the registrar`s appeals were rightly allowed by the High Court.

Mrs Teh cites three cases in support: **Reichel v Magrath** [1889] 14 App Cas 665, **Hunter v Chief Constable of the West Midlands Police** [1982] AC 529[1981] 3 All ER 727 and **Wright Norman & Anor v Oversea-Chinese Banking Corp Ltd & Anor** [1992] 2 SLR 710. The first two cases are authority for the proposition that where an issue has been fully litigated in a case, whether civil or criminal, it is an abuse of process to attempt to reopen it in subsequent litigation. This is simply the well known and accepted principle of res judicata. However, this principle has no application here. In particular, the question now before us was expressly left open in this court`s decision in **Microsoft Corp v Summit Holdings** (supra). We therefore do not find it necessary to consider these cases further.

The third case has but slight relevance. The facts were briefly these. In November 1987, a local newspaper reported on efforts of the Oversea-Chinese Banking Corp Ltd (`OCBC`) in recruiting four top executives. Later that month, one Norman Wright, in his capacity as managing director of an executive search firm, wrote a letter to the newspaper concerning the recruitment efforts of OCBC, which was subsequently published by the newspaper. OCBC complained that the letter was libellous and the newspaper published an apology drafted by the bank. Wright refused to apologise and the bank commenced an action against him (`the 1987 action`). Subsequently, Wright took objection to the published apology and commenced an action for libel against the newspaper and the bank (`the 1988 action`).

In the 1987 action, Wright applied for interrogatories to be served on OCBC, and also a further and

better list of documents to be furnished by OCBC. Chao Hick Tin JC (as he then was) refused the applications on the basis that they amounted to a fishing expedition. Subsequently, in the 1988 action, Wright applied for further and better particulars and discovery of particular documents. Karthigesu J (as he then was) held that the application for discovery was likewise a fishing expedition. However, he went on further to say that since the appeal in respect of the 1987 proceedings was pending and a similar application had been refused in the 1987 proceedings, it was not desirable to grant the application for discovery due to the close connection between the 1987 and 1988 proceedings. Wright appealed against both the decision of Chao Hick Tin JC and Karthigesu J and when the appeals on both cases came before the Court of Appeal, the court held that since both cases were `inextricably inter-twined`, to allow Wright discovery of the documents sought in the 1988 action would circumvent the order of court made by Chao Hick Tin JC in the 1987 action, and that was not permissible. The purpose of the two applications was identical, and to have allowed the second application would clearly have rendered nugatory the earlier court order refusing the first application. That clearly is not the position here.

The success of these appeals depends on the scope of the Chief Justice`s order and the implied undertaking. We now consider each of these in turn.

Chief Justice`s order

We turn first to the Chief Justice`s order. By this order the learned Chief Justice ordered the return to the plaintiffs of (i) all documents (and copies) seized under the third warrant; and (ii) all documents (and copies) seized under the first two warrants, namely, `the two production log-books for the incoming master recording, the log book on process for polishing, all sales orders, invoices, glass master order sheets, seven empty stamper boxes, the checking report book, and the list of Summit CD`s customers allegedly downloaded from the petitioners` computer server`. In **Microsoft Corp v SM Summit Holdings** [\[1999\] 4 SLR 529](#) we said at [para] 18:

The effect of such order is that all documents and matters falling within its ambit, including copies of such documents or matters, had to be returned to the plaintiffs. The defendants or any of them were prohibited from making copies of such documents or matters; any copies, if made, would come within the terms of the order and would have to be returned to the plaintiffs. It follows from this that, in effect, the defendants were not allowed under that order to use those documents and matters and copies thereof.

Later at [para] 21 we said:

That order of court, however, has no application to the existence of the information and items which the raiding party saw or observed in the course of the raid at the premises of the plaintiffs: see [para] 47 of [the learned Chief Justice`s judgment in CM 21/98 [[1999] 3 SLR 197]]. Nor does it apply to what such party heard and said at the raid. As to how the defendants propose to prove such information or the items and whether such information and items are relevant are different questions altogether. They relate to admissibility and relevance of the evidence, if any, in relation to the information and items. To this extent, we accept the submission of Mr VK Rajah, counsel for the first, second, third and seventh defendants, that the order does not prohibit the defendants from using information obtained during the enforcement action.

The learned Chief Justice in CM 6 and 7/99 [[2000] 1 SLR 343] also accepted this position: see [para] 43 and 44 of his grounds of judgment.

It is important to appreciate that the primary purpose of the Chief Justice`s order was to remedy an improper seizure of documents by restoring to the rightful owner his title, possession and right of control over the documents. The learned Chief Justice in **Summit Holdings Ltd & Anor v Business Software Alliance** [1999] 3 SLR 197 said at [para] 48:

Once there was an order of court ordering the return of the documents (and copies), it must follow that it was not open to BSA or its solicitors to reproduce the documents in their entirety and use them in civil proceedings. The purposes of the order of court were threefold: (1) as a remedy for the improper seizure of documents, the seizure being improper because they were either not covered under the two search warrants or were pursuant to a search warrant that was quashed for want of jurisdiction; (2) to protect the owner`s copyright in the documents; and (3) to restore the true owner`s title, possession and right of control of the documents.

It is implicit here that the reason why the defendants were not allowed to make use of these documents or take copies thereof was that none of them had any right to these documents (and copies thereof), and that the documents (and copies thereof) should not have been in the possession, custody or control of the defendants or any of them in the first place, and therefore the documents (copies thereof) should be restored to the true owner. That is the true purpose and scope of the order, and once this is appreciated, it becomes clear that it is not inconsistent with or in contravention of the Chief Justice`s order to allow discovery of the documents that had been returned to the plaintiffs, assuming of course, they are relevant to this suit. In the circumstances, in our judgment, the Chief Justice`s order does not affect the defendants` right to discovery of documents in this suit.

Implied undertaking

The difficulty in the way of the defendants` right to discovery is the implied undertaking which, as will be apparent in a moment, is wider in scope than the Chief Justice`s order. In **Microsoft Corp v Summit Holdings Ltd** [1999] 4 SLR 529, we said at [para] 34 and 35:

*34 In this case, however, the documents and information obtained by the defendants pursuant to the search warrants taken out under the Criminal Procedure Code and the Copyright Act are not sought to be used by them in either criminal or civil proceedings in the enforcement of the defendants` intellectual property rights, as in **Ransome/Tempil**. Such documents and information or some of them, at least, are now sought to be used by the defendants in civil proceedings, unrelated to the enforcement of their intellectual property rights. In these circumstances, it seems to us that the same considerations of public interests in the protection of privacy and confidentiality of documents and information and in ensuring full and frank disclosure of documents and information in the administration of justice, which are present in the application of the **Riddick** principle, should apply. The execution of the search warrants was a clear invasion of privacy and confidentiality and the justification for this was the requirement of full and frank*

disclosure for the purpose of administration of justice. But such disclosure is to be counterbalanced by the limitation on the use of such documents and information to the proceedings in the enforcement of the intellectual property rights, and this is achieved in the form of the implied undertaking imposed on the recipients. We can see no good reason, in principle, why such implied undertaking should not be imposed with full force on documents and information obtained pursuant to the search warrants issued under the Criminal Procedure Code and/or Copyright Act, as in the present case ...

35 If the defendants had instituted civil proceedings to enforce their intellectual property rights and obtained, by the process of discovery, documents and information from the premises of the plaintiffs, the defendants would undoubtedly be subject to an implied undertaking not to use the documents and information for any purposes other than the proceedings in which the discovery was made. We can see no reason why they should not be subject to such implied undertaking merely because the proceedings they had instituted were criminal proceedings and not civil proceedings. In our opinion, the documents and information obtained by the defendants pursuant to the execution of the search warrants are subject to an implied undertaking analogous to that arising from discovery in civil proceedings, ie not to use the disclosed documents and information other than for the purpose of the proceedings in which the discovery was given.

The implied undertaking clearly affects the defendants' right to use the documents (and copies) and information, which they had obtained in or as a result of the Summit raid for the purposes of the present proceedings. In this connection, the prohibited information would include information gleaned or gathered from the documents disclosed as a result of the raid and also information which the defendants or their representatives gathered from what they had observed and heard at or during the raid. Both categories of information came about or were disclosed under the process of compulsion, ie the Summit raid pursuant to the search warrants. The case of **Taylor & Anor v Director of the Serious Fraud Office** [1998] 4 All ER 801[1998] 3 WLR 1040, which we had discussed at great length in **Microsoft Corp v Summit Holdings** [1999] 4 SLR 529, starkly illustrates this fact. In that case, the plaintiffs' action was struck out on the basis of the implied undertaking not to use documents disclosed under compulsion in subsequent proceedings without the permission of the courts.

Mr Elias submits that the implied undertaking did not apply to information and items observed during the course of the Summit raid, presumably relying on what we said in [para] 21 of our judgment in **Microsoft Corp v Summit Holdings** (supra), which we have quoted in [para] 25 above. This submission is misguided. That passage was said with reference to the Chief Justice's order and not with reference to or in the context of the implied undertaking.

In our opinion, in so far as the defendants had obtained any information as to the existence of any documents on the basis of the documents or information which the defendants obtained pursuant to the search warrants, they are clearly precluded from seeking discovery of those documents. We think that there can be no possibility of an application for their discovery on that basis. In our view, the protection provided by the implied undertaking would be illusory, if the defendants were able on that basis to obtain discovery of the documents. In **Sybron Corp & Anor v Barclays Bank plc** [1985] 1 Ch 299, 318, Scott J said:

*If the [implied] undertaking against improper use were to be limited to the documents themselves it would represent a worthless protection. Plainly, in my judgment, the undertaking must apply to the **information derived from the discovered documents** whether it be information embodied in a copy or stored in the mind. Accordingly, references in this judgment to use of documents should be taken to include use of **information derived from the documents**. [Emphasis added.]*

Hence, the defendants are precluded from seeking discovery of documents or categories of documents merely on the basis they had in the pleadings alluded to the existence of such documents, particularly when such pleadings were filed after the Summit raid. They must go further and show that they came upon these documents or categories of documents through means other than the Summit raid.

It follows that where the documents are sought by the defendants on the basis of information that was acquired independently of the Summit Raid, whether before or after raid, the defendants would clearly be entitled to apply for discovery of such documents. The reliance on such independent information does not in any way infringe the plaintiffs' right to privacy and confidentiality in the documents which the implied undertaking seeks to protect. The case of **Sony Corp** (supra) illustrates the point. It was there held by Goulding J that the second action against the defendant was not founded on what was disclosed in the first action, but on the test purchase which was made as a result of what the solicitor saw in the course of serving the documents on the defendants pursuant to an order of court in the first action. The learned judge said at p 1295:

In my view I ought not to refuse the plaintiffs the relief they seek. The new action is not founded on something that the court ordered to be disclosed in the earlier order. The real foundation of the present action is the evidence obtained on the test purchase. The observation by the solicitor of suspect goods, of the second class, was a merely collateral matter in the execution of the order of 12 March and did not depend on that order for its justification. In other words a solicitor saw something that was there but it was not something that the court had ordered to be disclosed. He then obtained the evidence, which is sufficient in itself, by a test purchase.

We are therefore of the view that so long as the information as to the existence of any documents was obtained by the defendants independently of the Summit raid, the defendants are entitled to apply for discovery of documents based on such information.

It is part of the case of the defendants that they acquired the information of the documents they now seek discovery independently of the Summit raid. They rely on the evidence of Pan, Shih and Chew and say that they obtained the information from these persons: see [para] 13-15 above. On the basis of these three sources of information they now seek discovery of the documents. In principle, we think that their case for discovery is well founded, and on that basis, they are entitled to apply for discovery of documents.

The relevancy

We now come to the documents the defendants seek from the plaintiffs. The question is whether the documents sought satisfy the test of relevancy. Before us, Mr Elias concedes that categories (2), (3)

and (5) set out in [para] 5 above are far too wide, and accordingly says that the defendants would be content with categories (1) and (4). His case is that the entities listed in these paragraphs were 'known software pirates', and obtaining documents relating to Summit CD's involvement with them is therefore essential to sustaining their plea of justification. He relies principally on two authorities. First, **Compagnie Financiere et Commerciale du Pacifique v Peruvian Guano Co** [1882-83] 11 QBD 55, where Brett LJ laid down the following test:

What are the documents which are documents relating to any matter in question in the action? ... the documents to be produced are not confined to those, which would be evidence either to prove or to disprove any matter in question in the action ...

*It seems to me that every document relates to the matters in question in the action, which not only would be evidence upon any issue, but also which, it is reasonable to suppose, contains information which **may** - not which **must** - either directly or indirectly enable the party requiring the affidavit either to advance his own case or to damage the case of his adversary. I have put in the words 'either directly or indirectly,' because, as it seems to me, a document can properly be said to contain information which may enable the party requiring the affidavit either to advance his own case or to damage the case of his adversary, if it is a document which may fairly lead him to a train of inquiry, which may have either of these two consequences ...*

Mr Elias submits that the documents within categories (1) and (4) clearly satisfy this test.

The second authority is the recent case of **McDonald's Corp & Anor v Steel & Anor** [1995] 3 All ER 616. That case concerned a libel action brought by the hamburger giant, McDonald's, in respect of serious allegations by the defendants about the operation of their fast food restaurants, which allegations had been published in a leaflet and distributed in the United Kingdom. The defendants pleaded justification and fair comment in their statement of defence and in response to a number of interlocutory directions served better and further particulars of their defence. They sought further discovery from the plaintiffs, but their application was adjourned until both parties had served full statements of all witnesses upon whose evidence they intended to rely at trial. After service of the witness statements the plaintiffs applied to strike out certain parts of the defence and particulars of justification and fair comment. The judge ruled that he would decide the striking out application before considering the defendants' application for further discovery, on the basis that it would be an abuse of process to allow the defendants to put forward a plea of justification when they had no clear and sufficient evidence to support it in the hope that discovery would then force the plaintiffs to produce the necessary evidence which the defendants themselves lacked. The judge heard the application and made an order striking out substantial parts of the defendants' pleadings. The defendants appealed. The Court of Appeal allowed the appeal and held that a plea of justification was not required to be supported by 'clear and sufficient' evidence before being properly placed on the record. Such a plea could be included in the defence so long as the following criteria were satisfied: (a) the defendants should believe the words complained of to be true, (b) the defendants should intend to support the plea of justification at the trial, (c) the defendants should have reasonable evidence to support the plea or reasonable grounds for supposing that sufficient evidence to prove the allegation would be available at the trial.

Mr Elias submits that the requirements set out above are satisfied on the facts. The particulars of justification state that Summit CD 'habitually accepted, processed and delivered orders for stampers and CD-Roms' from the alleged software pirates. These particulars were pleaded on the basis of the

information provided by Pan and Shi and were therefore well grounded. The defendants are therefore entitled to discovery of documents to substantiate what they have pleaded.

We are unable to accept this argument. Whilst the particulars of justification do clearly refer to dealings with the alleged software pirates, this alone does not give the defendants carte blanche to empty the plaintiffs' filing cabinets. In defamation actions, the **Peruvian Guano** principle is subject to the well established rule that a defendant is not permitted to mount a fishing expedition through the discovery process in the hope of finding something to justify his libellous words. The documents in category (1) are described as 'All the invoices, sales orders, delivery orders and/or correspondence' of Summit CD relating to the alleged software pirates. That is a remarkably wide class of documents which would encompass any letter or note on any matter whatsoever between Summit CD and the alleged pirates. The lack of specificity in this regard can only lead us to infer that, in fact, the defendants have no knowledge of any particular transactions which would substantiate their plea of justification. That being the case, they are clearly trying to empty the cupboards in the hope of finding something to substantiate their plea. This amounts to a fishing expedition. We do not read **McDonald's** case as saying that by merely pleading that a particular fact is true, a defendant in a libel action is entitled to obtain by discovery all the plaintiff's documents to see whether there is anything in them to sustain the plea. All that case says is that a plea of justification will not be struck out before the trial on the basis that there is no 'clear and sufficient' evidence to sustain it, as some previous authorities seemed to suggest. In any event, that case did not concern the issue of relevancy of the documents sought in discovery and is therefore of limited assistance to the defendants.

The description of the documents sought in category (4) is again far too wide and is susceptible to the same criticism. In our judgment, this category of documents too must be disallowed.

Conclusion

The defendants have a right to seek discovery of documents on the basis of the independent information which they have obtained. To that extent, the defendants succeed in CA 176 and 178/99. But the documents or the categories of documents sought by the defendants are much too wide and on that ground the applications for discovery would fail.

Now, the question is what order we should make. If we dismiss the applications, the defendants are, of course, at liberty to take out fresh applications for discovery and the applications will then traverse the usual path all the way from the assistant registrar level to this court, a process entailing considerable time and costs. We think that, in the circumstances, to save some time and costs below, we make the following orders with reference to the applications for discovery. First, we set aside the order of the assistant registrar, except that part of the order relating to the costs he awarded. We also set aside the order of learned judge below. Secondly, we remit the applications to the learned judge with liberty to the defendants to file: (i) a fresh list of documents or categories of documents (in substitution for the present lists) which they seek from the plaintiffs, and (ii) further affidavits, if they consider necessary, in support of the documents they wish to have discovery, bearing in mind what we have decided in relation to their right of discovery. Hopefully the defendants would in such event provide some specificity in the documents which they seek. The defendants are hereby given 21 days from the date hereof (or such extended time as the learned judge may permit) to file a fresh list, and further affidavits, if any, for consideration by the learned judge, and upon such documents being filed, or in default of such filing within the time sated, the applications for discovery be restored for hearing before the learned judge.

Civil Appeals 177 and 179/99

We now turn to CA 177 and 179/99 which are appeals against the order striking out the defendants' applications for discovery. We do not understand why the applications for striking out were made in the first place. First, as of the date when the applications for discovery were filed by the defendants they were clearly entitled as a matter of right to make the applications, as the court below had held that defendants were not precluded from relying on the documents they had obtained at the Summit raid. It may be that the classes or categories of documents which the defendants sought might be too wide but that per se would not warrant an application to be filed for striking out. Secondly, even if the defendants were not entitled to discovery of any of the documents sought, the appropriate stand for the plaintiffs to take was to ask for the applications to be dismissed. In our opinion, the applications for striking out filed by the plaintiffs are wholly unnecessary. A fortiori, since in principle there is no objection to the discovery applications, the striking out applications were clearly misconceived, and CA 177 and 179 are therefore allowed. We set aside the order made below and dismiss the plaintiffs' applications for striking out.

Costs

We now come to the question of costs. With regard to CA 176 and 178/99, since the defendants succeed in part, namely, on the issue as to their right to discovery, they should be entitled to some costs here and before the learned judge. We order that they should be awarded two-thirds of the costs before us and before the learned judge, but only one set of costs is allowed to the defendants. The order as to costs before the assistant registrar is to stand. The deposits in court as security for costs are to be refunded to the respective defendants or their solicitors.

Turning to CA 177 and 179/99, we award to the defendants the costs of these appeals and the costs before the learned judge, but only one set of costs is allowed. The deposits in court as security for costs in these appeals are to be refunded to the respective defendants or their solicitors.

Outcome:

Order accordingly.