



[2019] EWHC 2089 (Ch)

Date: 25/07/2019

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
BUSINESS LIST (ChD)

Before :

MR JUSTICE MANN

Between :

Case no.: BL-2019-001252

A **Claimant**
- and -
B **Defendant**

David Cavender QC, Tom Cleaver, and Flora Robertson (instructed by **Mishcon de Reya LLP**) for the **Claimant**

Anthony Peto QC, Daniel Burgess (instructed by **Jones Day**) for the **First and Second Defendants**

Jane McCafferty QC, Simon Forshaw (instructed by **HSF LLP**) for the **Third Defendant**

Hearing date: Thursday, 18th July 2019

AND

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST

Case no. :IL-2019-000077

Hewlett Packard Enterprise Company **Claimants**
Schneider Electric IT Corporation and others
- and -
Manchester Technology Data (Holdings) Ltd & ors **Defendants**

Robert Howe QC and Andrew Trotter (instructed by **Mishcon de Reya LLP**) for the
Claimant

Michael Hicks (instructed by **JMW Sols LLP**) for the **First to Third Defendants**
Ben Longstaff (instructed by **gunnercooke**) for the **Fourth Defendant**

Hearing date: Friday, 19th July 2019

APPROVED JUDGMENT

I direct that pursuant to CPR PD 39A para. 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

Mr Justice Mann :

Introduction

1. These two cases raise a similar point involving the interrogation of imaged digital data taken during the execution of a search and seizure order (an “SSO”). At the risk of over-simplification, the question can be distilled to the following: Who goes first in inspecting and interrogating that data (after the filtering out of privileged material) – the claimant or the defendant? The point arose (by coincidence) on two successive days in the applications court when these two cases had their return dates from the original orders (an adjourned return date in the case of A v B). Because it seemed to me that the point involved a careful consideration of the nature and purpose of an SSO, and was capable of arising in a number of similar cases (it was described in the proceedings as “standard”, but I am not sure that is quite accurate), I reserved judgment on the first of those (A v B), and when the same point arose the next day (in the HP case) I reserved that judgment as well for a joint judgment with the first.
2. This is that judgment. Because of the way in which the point arose, I think it is fair to say that no party had quite the opportunity to consider all the jurisdictional and analytical questions that might arise, and in particular to chart the historical development of SSOs (which might be relevant) but they have managed, I think, to put before me the relevant authorities (particularly in the HP case) which are necessary for the purposes of the review which this judgment requires.
3. The point has arisen in a similar manner in each of these two cases. As will appear, each SSO contained a provision entitling the claimant(s) to search disk images, but the return dates in each case occurred before the searches started. The defendants in each case have taken the opportunity to challenge that mechanism on the return date, without formal applications to vary the SSO. Sensibly, no point was taken on that.
4. As part of the introduction of these cases, I should say that the parties in A v B are anonymised in this judgment because I have already ordered, probably unusually, that the defendants be not identified as being subject to an SSO until their application to discharge the SSO in that case has been dealt with. I do not need to go into the reasons for that in this judgment. In due course, when the discharge application has been dealt with, I expect it will be possible for the anonymisation to be removed.

The facts of the two cases in brief

5. I shall need to return to a bit more detail of the facts of the two cases when I come to consider what should happen in each of them, but in sufficient outline their facts are as follows.

A v B

6. This is an action for breach of confidence in which it is alleged that the individual defendants, and a company which is their vehicle for apparently carrying out activities which would compete with those of the claimant, have acquired and misused confidential information of the claimants which would be capable of being of material benefit to the competing venture. The claim is based on contract and equity in the case of both individuals. Part of the evidence in support of the application for the SSO was information from someone to whom the defendants are said to have touted their business and, if true, amounts virtually to an acknowledgment to that enterprise that the defendants had confidential information of the claimants which they were in a position to deploy. An SSO was granted by a judge of this court in relation to various venues which I do not need to identify. The order provided that the defendants should allow access to the premises, containers within the premises and digital devices:

“so that [the search party] can search for, inspect, photograph, electronically copy or photocopy, and deliver into the safekeeping of the Applicants’ Solicitors all the documents and articles which are listed in Schedule C to this order (“Listed Items”) or which the Supervising Solicitor believes to be Listed Items.”

7. Paragraph 21 of the order provides for an independent expert to take an image of any relevant digital devices and paragraph 26 provides for an inspection of the images:

“26. Any copy or image taken of an Electronic Data Storage Device will be handed over by the Independent Computer Specialist to the Supervising Solicitor who will keep it safely in his custody to the order of the court. After the search of the Premises is completed, at the instruction, and according to the directions of the Supervising Solicitor, the Independent Computer Specialist will organise the material on the copies as appropriate in order to expedite the search of their contents. The Applicants’ Solicitors... and the Independent Computer Specialist shall then be entitled to search for Listed Items upon such electronic copies on condition that:

- (a) the Respondent be given 24 hours written notice of such search by the Applicants’ Solicitors;
- (b) the search take place under the Supervising Solicitor’s supervision;

(c) the Respondent and its legal advisers shall be entitled to be present at such search;

(d) a representative of the Applicants shall be entitled to be present at such search for the purpose of assisting in identifying the Listed Items...; and

(e) the Applicants' solicitors shall be entitled to take copies of any Listed Items found, subject to the Respondent's right to prevent the Applicants' solicitors from taking a copy of any part of a document which the Supervising Solicitor believes to be privileged..."

8. Paragraph 21 provided for the Respondent to notify the Supervising Solicitor in advance of any claim to privilege for any document on any device.
9. There is a dispute about the definition of Listed Items which is the subject of a separate judgment. For present purposes it is important to note that under the regime set out in paragraph 26 it is the claimant's solicitors who do the searching, albeit in the presence of the respondents' solicitors. The respondents say that that is the wrong way round, and the respondent should review the documents first as they would if this were a disclosure exercise during the course of more conventional proceedings.

Hewlett Packard v Manchester Technology Data (Holdings) Ltd

10. These proceedings are brought by companies in the well-known IT group and Schneider against the defendants who are companies who supply IT hardware including hardware ultimately sourced (or apparently sourced) from the claimants ("HP" for short), and against the owner of the corporate defendants. HP has brought a claim against the defendants claiming that they have been dishonestly selling parallel imports, counterfeit goods or goods which were originally sold by HP on the footing that they would be sold to specific end users and not for resale and/or into a different part of the market. The claimants say this is a bad case of very substantial sales of a large quantity of illicit goods (which they are entitled to restrain and seek compensation in respect of) over a significant period of time, but they do not know the full extent of the claim, and cannot know that until they get to see the defendants' documentation. They also wish to use the documentation in order to consider taking action against those in the supply chain who are damaging their business.
11. On 28th June Morgan J made an SSO in respect of the trading premises of the defendants. As in the A v B case, the order provided for access to data storage items (physical and digital):

“ ... so that the [search party] can search for, inspect, photograph, electronically copy or photocopy, and deliver into the safekeeping of the Applicants’ Solicitors all the documents and articles which are listed in Schedule C to this order (“Listed Items”).

12. Paragraph 22 of the order provided for images to be taken of any digital storage devices and for access to a number of email accounts including online message accounts and online bank accounts. Paragraph 26 provided for the independent computer specialist to index the electronic copies according to the directions of the Supervising Solicitor and then:

“The Applicants’ Solicitors and the Independent Computer Specialist shall then be entitled to search for Listed Items in such Electronic Copies on the following conditions: [conditions requiring 48 hours notice to the respondents, and for the entitlement of the respondents and their legal advisers to be present at the search and for the search to take place under the Supervising Solicitor’s supervision.

(d) the Applicants’ Solicitors shall be entitled to take copies of any Listed Items found (any dispute as to whether an item is a Listed Item to be resolved by the Supervising Solicitor), subject to the Respondents’ right to prevent the Applicants’ solicitors from taking a copy of any part of a document which the Supervising Solicitor believes to be privileged.”

13. As in the A v B case, the defendants in this case, through Mr Michael Hicks, say that once the documents have been preserved by imaging one is into a disclosure phase, where the normal rule requires that it is the defendant, not the claimant, who should go through the documents which have by now been preserved, in order to disclose relevant documents. The claimants say that they should go first both as a matter of principle and by reference to the particular facts of this case.

The proper approach to the question of who goes first

14. The two orders in these cases, providing for the claimants’ solicitors to carry out the first inspection of the digital images, are in a form familiar to any judge who has exercised the SSO jurisdiction over the past few years. They are certainly familiar to me. It cannot be said that it is general practice to include such a regime, because as

will appear in at least one prior reported case the order was silent as to what should happen to the images once they were obtained, but they are not unusual. I suspect that it is thought that they flow in a quasi-automatic way from the way in which SSOs, and their subject matter, have evolved over the years. But whether or not that is the case, the point arises for consideration now, and in order to consider what is at least the correct starting point one has to go back and consider how it is that we got to where we are.

15. It would seem that the earliest reported case of this sort of relief was *EMI Ltd v Pandit* [1975] 1 WLR 302. Templeman J made a form of SSO which covered the preservation of items (potentially infringing material in terms of copyright), inspection of typewriters (relevant to a forgery claim) and the inspection and photographing of various documents relating to the importation and distribution of tapes. The relief was found to be justified on the following basis:

“In the present case I am satisfied that, if notice were given to the defendant, that would almost certainly result in the immediate destruction of the articles and information to which the plaintiffs are entitled and which they now seek.” (p305-6)

Templeman J was satisfied that what he was doing was granting a form of “discovery”:

“In essence, the plaintiffs are seeking discovery, but this form of discovery will only be granted where it is vital either to the success of the plaintiffs in the action or vital to the plaintiffs in proving damages ...” (p307-8)

And the form of relief was considered to be appropriate because, so far as documents went, it went to the process of discovery:

“That limits the object of the entry to the infringing materials, which belong in any event to the plaintiffs, by virtue of being infringing material, and to the documents which are vital to their case for the purposes of discovery.”

In other words, so far as documents were concerned, Templeman J considered that the exercise was justified in order to preserve documents which it was necessary to preserve for the purpose of discovery (now disclosure). I consider that it is important to bear in mind those two underlined features.

16. The point next arose in the case which gave its name to this class of orders, namely *Anton Piller KG v Manufacturing Processes Ltd* [1976] Ch 55, in which the plaintiffs sought an order that they be admitted to the defendants' premises and allowed to inspect all documents relating to the design, manufacture and supply of the plaintiffs' equipment, and to remove certain classes of documents. The order was refused at first instance, but allowed by the Court of Appeal. It was allowed on the footing that it was:

“Essential that the plaintiff should have inspection so that justice can be done between the parties: and if the defendant were forewarned, there is a grave danger that vital evidence will be destroyed, that papers will be burnt or lost or hidden, or taken beyond the jurisdiction, and so the ends of justice would be defeated: and when the inspection would do no real harm to the defendant or his case.”

17. Although the terms of the proposed order do not seem to allow for the documents to be searched for, it was presumably implicit that that should be permitted, because it does not seem that there was any obligation on the defendant to point out the relevant documents when the search party arrived, and in the absence of that then there would be no other way that the search party could find the documents for inspection other than by carrying out a search themselves. Again, it is important to note that the purpose of the order was preservation, and it is implicit that the documents in question would otherwise have been disclosable as part of the disclosure process.
18. Thereafter there grew up a degree of uncertainty as to the juridical basis of the order, which resulted in the enactment of section 7 of the Civil Procedure Act 1997:

“7 Power of courts to make orders for preserving evidence, etc

(1) The court may make an order under this section for the purpose of securing, in the case of any existing or proposed proceedings in the court—

(a) the preservation of evidence which is or may be relevant,
or

(b) the preservation of property which is or may be the subject-matter of the proceedings or as to which any question arises or may arise in the proceedings.

(2) A person who is, or appears to the court likely to be, a party to proceedings in the court may make an application for such an order.

- (3) Such an order may direct any person to permit any person described in the order, or secure that any person so described is permitted—
 - (a) to enter premises in England and Wales, and
 - (b) while on the premises, to take in accordance with the terms of the order any of the following steps.
- (4) Those steps are—
 - (a) to carry out a search for or inspection of anything described in the order, and
 - (b) to make or obtain a copy, photograph, sample or other record of anything so described.
- (5) The order may also direct the person concerned—
 - (a) to provide any person described in the order, or secure that any person so described is provided, with any information or article described in the order, and
 - (b) to allow any person described in the order, or secure that any person so described is allowed, to retain for safe keeping anything described in the order.
- (6) An order under this section is to have effect subject to such conditions as are specified in the order.

Once more, this section makes it clear that the purpose of the jurisdiction is preservation (see subsection (1)), and in order to achieve that it provides for search, inspection and copying. It does not in terms contain any words which expressly deal with the situation which arises in the present case, doubtless because it was not intended to be that specific and the technique of on-site imaging and subsequently inspecting was not widespread (if it existed at all in a practical sense) at that time.

19. The current Practice Direction to CPR 25 contains a standard form search order which does not refer to computer imaging. It assumes that documents on a computer will be searched by looking at documents on screen and relevant documents copied out one by one. It therefore presupposes that the search party will themselves carry out a search across the whole universe of potentially relevant documents in order to identify what that search party (usually the claimant's) considers to be relevant. This is not, of course, the standard disclosure procedure. Under the standard disclosure procedure the disclosing party carries out the search across the relevant classes of documents and, generally, forms a view as to relevance before allowing inspection (usually by copying).

20. The forms of imaging and search with which these two applications are concerned have evolved against that background. The ability to take a computer image is far quicker, far easier and far less labour intensive than a document by document inspection and copying. That operates in the interests of a claimant who can preserve material more easily, and it operates in the interests of the defendant in that the search can be less physically intrusive in terms of the occupation of its premises and engagement with its computers. It is a natural evolution from the original processes given the newer technology which allows it to be done efficiently, and is an easier preservation mechanism for the greater quantity of digital documentation which now exists when compared with the earlier days of *Anton Piller* orders. However, that sort of evolution does not necessarily have to carry with it the ability for a searching claimant, as a matter of course, itself to embark on the next phase, which is inspecting the contents of the resulting images.
21. In my view one should answer the question of what should now happen in relation to inspection by going to the central purpose of a search and seizure order, by reference to the authorities and statute, and carefully considering how it fits into the normal established way of conducting litigation.
22. If one starts from the disclosure end, then the general rule is that the disclosing party has to carry out the disclosure exercise itself, applying a relevance test as best it can. It is assumed in the first instance that it will do that bona fide. In most cases comfort can be taken (at least to a degree) by the fact that solicitors are involved, and they are better placed to assess relevance than the party (and not inclined to suppress a relevant but damaging document). If one party considers that the disclosing party has not carried out its obligations properly then the remedy is an order for specific disclosure which focuses the issue more sharply. That order is not generally an order which involves the receiving party itself conducting a search and assessment of a very large body of the disclosing party's documents in order to see what relevant documents might be found, though I accept that in theory such an order would be possible under the "any other order" head under CPR 31.5(7). What is more likely to be ordered than that (if there is a problem which justifies it) is disclosure of a specified class of documents as a whole without any test for relevance being carried out by the disclosing party, though even then the disclosing party is the party which looks for that class in the first place.
23. With that in mind it becomes necessary to look at the problem from the search and seizure end. As pointed out above, the prime reason for making such an order (in relation to documents) is preservation of those documents, in order to avoid the risk that they will not be available at the disclosure stage, whenever that might be. Its main source is not a jurisdiction to give the claimants a form of disclosure exercise which is (a) early and (b) a do-it-yourself form of exercise which would not normally

be done as part of standard disclosure. Section 7 is not even aimed primarily at documents, though it undoubtedly covers them.

24. The reason that, to a degree, the old form of SSO in relation to documents seems to involve a disclosure exercise is because the exercise of preservation in relation to physical documents necessarily involves a search and assessment by the claimant. If one is preserving physical documents from a potentially predatory party then there is no other way of going about it. The same is true of digital documents which are not imaged (see the standard form of order). But that should not disguise the fact that the exercise is usually intended to be a preservation one, not (at that stage) a disclosure one.
25. In my view that informs an assessment of what should normally be done with an image of digital data once it is secured. Once the image is taken the documents on it are preserved and safe from the risk of destruction, and it is that wish which the order was primarily intended to meet. It is not necessary to carry out any searching or identification for that purpose; the image is safe. Any searches carried out in relation to those documents cannot be justified on the footing that it is necessary for the preservation of those documents. I can see no justification for a search of those documents being, as a general rule, carried out by the claimant and/or at that stage.
26. I therefore agree with the submissions of the defendants in both cases that if there is to be an inspection of documents on the images at this stage and by the claimants then it needs to be justified as a separate exercise, and analysed in terms of the disclosure jurisdiction. The process of looking for relevant documents is akin to disclosure if it is not actual disclosure (as that process is understood under the CPR). I do not accept the submissions of Mr Cavender QC, for the claimant in A v B, that the inspection of the image is ancillary to the SSO, or at least it is not ancillary in any meaningful way. If anything, the search and seizure order is ancillary to disclosure, because it enables documents to be preserved for that purpose, but without necessarily determining who should do the disclosure. That would be another way of expressing the views of Templeman J (see above).
27. This conclusion is consistent with the decision of King J in *Phaestos Ltd v Ho* [2012] EWHC 2756 (QB), in which he ordered imaging for the preservation of evidence, but not (at that stage) a search of the image, which in essence he thought would be part of a disclosure stage which had not been reached. His imaging did not take place in the context of a search and seizure order, but it seems to me that he was applying reasoning and analysis consistent with mine.

28. My reasoning is very much closer to the decision of Tugendhat J in *CBS Butler Ltd v Brown and others* [2013] EWHC 3944 (QB). That was a case in which a limited form of order was made which required the defendants to permit access to the defendants' premises specifically to take an image of the computer disks there. No provision was included for inspection. In a subsequent application the claimant sought to have inspection by means (in summary) of its expert applying certain keywords and supplying the responsive documents to the claimant with no review for relevance (or anything else) by the defendant. Tugendhat J refused that order. He said:

“24. The form of the order sought is not referred to in any precedent (in so far as it provides that the Defendants are not to conduct the e-disclosure exercise themselves). That is not of itself any objection to it. But it does mean that it is necessary to establish what it involves, and on what legal basis, if any, it may be granted.”

Then at paragraph 33 he observed:

“33. The present case is one where Turner J did no more than "make an order for delivery up of the plaintiff's documents to his solicitor". It is apparent from Hoffmann J's words (that in many cases this will be sufficient), that it does not necessarily follow, where such an order is made, that there should subsequently be made an order which deprives the Defendants of the opportunity of considering whether or not they shall make any disclosure, contrary to the normal rule on disclosure.”

I respectfully agree. And he concluded:

“38. In my judgment, an order which would deprive the Defendants of the opportunity of considering whether or not they shall make any disclosure is (in the words of Hoffmann J) an intrusive order, even if it is made on notice to the defendant. It is contrary to normal principles of justice, and can only be done when there is a paramount need to prevent a denial of justice to the claimant. The need to avoid such a denial of justice may be shown after the defendant has failed to comply with his disclosure obligations, having been given the opportunity to do so (as in *Mueller*). Or it may be shown before the defendant has had an opportunity to comply with his disclosure obligations. But in the latter case it is not sufficient for a claimant such as the employer in *Lock v Beswick*, or the Claimant, to show no more than that the defendant has misused

confidential information or otherwise broken his employment contract. The position is *a fortiori* where the claimant has not even shown that much. What a claimant must show is substantial reasons for believing that a defendant is intending to conceal or destroy documents in breach of his obligations of disclosure under the CPR.”

29. If Tugendhat J were there intending to say that his last sentence contains the only basis on which a receiving party might inspect a body of documents without the defendant having a chance to review it then I would respectfully disagree. I consider that there may be other circumstances which justify that approach. But I do not in fact think he was saying that. He was contrasting the case before him which was not sufficient to justify the highly intrusive step, with an instance where it would or might be justified. The essence of his decision is that the decision to allow the claimants (in essence) first look at the imaged disk is a disclosure point which needs to be treated as such. I respectfully agree with that too.
30. The decision whether to allow it, like any other dispute about disclosure, has to be dealt with on the basis of the particular facts of a particular case. There will be many factors potentially in play, and they will include the following:
- (i) The order will have been obtained in the first place on the basis of a strong *prima facie* case of not only the dishonesty of the defendant but also the propensity of the defendant to cover his or her tracks by destroying evidence. That may mean that the defendant should not necessarily be trusted to carry out the disclosure (inspection) exercise properly, though this factor may be seriously ameliorated by the defendant’s solicitors being involved in the process.
 - (ii) It may be the case that, as a matter of practicality, the relevance of some important documents may be honestly missed by the defendant’s solicitors. This is something particularly relied on by the claimant in *A v B*.
 - (iii) It may be the case that urgency justifies the claimant’s carrying out the search. For example, it might be necessary, as a matter of urgency, to follow property, or to identify other wrongdoers in a supply chain, and it may be the case that having the defendant’s solicitor carry out the search will not fulfil that need.
 - (iv) It may be that the application of search terms can narrow the field to such an extent that the exercise becomes akin to the more familiar one of compelling disclosure of a class of documents, not all of which may be relevant, but which can be searched by the receiving party for relevance.
 - (v) It may be that the resources available to the claimant are greater than those available to the defendant (particularly in a lot of intellectual property

cases where the claimant is likely to be a well-heeled organisation) so that it makes practical sense, in order to further the overriding objective, to allow the claimant to go first, though this must not be allowed to become a charter for the well-heeled to get an advantage over others merely by virtue of being better-heeled.

(vi) On the other side of the argument is the very important factor, which must not be lost sight of, that the whole exercise (including the order itself) is a highly intrusive one, and any digital image of the kind in issue in these cases is likely to contain irrelevant material which is private and confidential (if not privileged) and which should not, if it can be avoided, be seen by the claimant at all. A v B is potentially a very good example of this. The business that the defendants carry on or would like to carry on is in competition with the claimant. Even if they have confidential information of the claimant on their digital devices, or evidence that they have purloined it, there is also likely to be their own confidential information about their own business which they would normally be entitled to keep from the claimants. To allow the claimants to see that at all involves a high degree of intrusion which must be acknowledged in the process.

31. With all that in mind I now turn to the particular cases in which the point now arises.

A v B

32. I have set out the basic nature of the claims in this case. The order as it stands allows the claimant's solicitors to inspect the image or images taken in the search process after an expert has organised it into a useful searchable form. For the sake of completeness I should say that dealings between the parties have moved the situation on so that a more sophisticated regime is now contemplated by the claimant. It is anticipated that keyword searches will be applied which will of themselves limit the cohort of documents produced. Then the defendants have an opportunity to review those documents for privilege and confidentiality, and to remove from inspection documents which have that qualification, including documents which are only partly privileged and confidential. The remainder will then be presented for inspection. To that extent it is a rather more sophisticated form of filtering than was the case in the *CBS* case.
33. Even though that exercise seeks to take privileged and confidential information out of the fray, it remains an intrusive exercise and needs to be justified.

34. Mr Cavender sought to justify this regime on the footing that the defendants were adequately safeguarded by their right to remove documents that they considered to be, or to contain, privileged or confidential information of their own. What was left, insofar as it is irrelevant, could not damage them, but more importantly he relied on the fact that the claimant will be much better placed than the defendants (or technically their solicitors, because it is they who would be carrying out the search) to be able to identify its confidential information in documents. He posed the example of a spreadsheet with numbers on it but no reference to the claimant. It might be that a representative of the claimant could identify those numbers as being related to confidential information of the claimant, whereas the defendants' solicitors would not. The claimant had a pressing need to know what confidential information of its own had been taken and used. In terms of attributing potentially disreputable behaviour to the defendants, the claimant had already crossed a high threshold in satisfying the court that the SSO ought to be made. He also urged upon me that what he said was the source of the right (the order itself and the search and seizure jurisdiction as a whole) which showed the right "direction of travel" – the claimant should do the searching.

35. Miss McCafferty QC for one of the individuals, whose submissions were adopted by Mr Peto QC for the other defendants, disputed that analysis. They accepted that in an exceptional case the court could make an order providing for inspection by a claimant of documents which had not first been reviewed for relevance by the defendant, but the case did indeed have to be exceptional. This was not such a case. Even if there was reason to distrust the defendants (which, of course, they did not accept) a review for relevance would in fact be carried out by the defendants' solicitors, and there was no reason to suppose that they could not carry out an appropriate exercise in this case as in practically every other major piece of civil litigation. They proposed an alternative regime in which there would, essentially, be a review for relevance by the defendants' solicitors and relevant documents provided. That body of documents could be reviewed by the claimant's solicitors against a list of filenames covering all files in the imaged material (save for the unlikely filename whose name actually revealed privileged or confidential material), and they could then make a judgement as to whether to press for any further documents for the time being. If, as a result of that, the claimant considered that the disclosure was inadequate, then it had the specific disclosure regime open to it. The only risk to the claimant was that the defendants' solicitors might inadvertently fail to identify relevant documents. That was a risk which was common to all disclosure exercises. The risk of irrelevant information of the defendants, whose revelation could cause damage to the defendant, getting to the claimant by the claimant's process could not be remedied, but the inadvertent missing of a relevant document by the defendants' solicitors could be.

36. I am far from convinced that this would have been a case which would have justified the full-scale searching by the claimant first anticipated by the original form of order. That would have been almost the ultimate intrusion possible in a case such as this, and I do not think that the facts of this case justified it. I bear in mind in particular that the defendants are likely to have their own business elements which are (or could be) independent of any misuse of confidential information belonging to the claimant.

However, I do not need to dwell on that because the claimant is now proposing a very much more modified regime. A large part of the legitimate interests of the defendants is catered for by the fact that they have the first review for confidentiality and privilege (including “mixed” documents which contain one or other of those elements together with other material.). I accept that, in a case such as this, there is a reasonably strong case for saying that the claimant is in a better position to identify its own confidential information when it appears in documents in various guises, than are the defendants’ solicitors. The solicitors could, of course, have the assistance of the defendants themselves, but that might be thought to have its risks in a case such as this where such serious allegations are raised against the individuals. I accept that there is a prima facie case of serious misconduct by the individual defendants, and that there are serious questions about the manner in which they complied (or did not comply) with the original search order (details of which I shall not go into in order not to over-lengthen this judgment). That raises a question-mark as to whether or not it can be seen to be sensible, practicable and fair to allow a defendant-led process of identification of the relevant documents (bearing in mind that the process they propose would allow the participation of the individual defendants) when there is the material to which I have referred which questions their reliability. I do not, of course, make any actual finding as to their probity at this stage of the proceedings; all I can go on is the evidence as it appears before me.

37. In other words, relying on the defendants’ solicitors is not wholly satisfactory, and adding in participation by the defendants does not necessarily improve the situation. I consider that the balance of justice, and the fulfilment of the overriding objective, lies in the adoption of the claimants’ outline scheme in which they judge relevance of the documents produced to them because they are better equipped to identify their confidential information and any misuse of it. Speed is required so that the claimants can assess, at an early stage, what the scale and nature of the misuse of their confidential information has been, and so that they can protect themselves from that at this stage. The proposed scheme is swifter, provides a proper balance of the protection that each of the parties is entitled to, and is the most effective way of resolving a tricky disclosure situation.

HP v Manchester Technologies

38. Again, I have outlined the nature of this case. It is rather different from the other case.
39. The SSO in this case, as in A v B, did not set out a methodology for the claimants’ search, but the claimants have since put one forward. They propose a search of documents which will be determined by keyword searches. Those search terms are exclusionary and inclusionary, and are intended to try to exclude privileged documents and include only relevant ones. The details were not before me. The claimants intend to be in charge of the keywords in that their choice is one for them, though there was some limited negotiation with the defendants about the process.

40. Mr Howe QC, for the claimant companies, relies on three principal factors for saying that his clients, rather than the defendants, should search the imaged material:

(i) His clients need to do it, and to do it now, so that they can seek to investigate what he says are large scale wrongs committed against his clients, possibly going on for a number of years. They want to investigate the scale of the (allegedly) wrongful activities and, in particular, the source of the illegitimate goods which have allegedly been sold by the defendants. His clients do not want to wait until a disclosure process which might get long and drawn-out – see the next point.

(ii) The defendants have in effect said they cannot carry out a proper relevance assessment anyway. In their evidence in answer to the parts of the order requiring disclosure of information as to sources of offending material, they say they cannot identify what material was wrongfully sourced or counterfeit anyway. I find that he is right in saying that they have, in effect, said that.

(iii) It is said there was an agreement at the time of the execution of the search order under which the defendants agreed that the image or images could be searched in order to avoid a search of the paper documents that were present. The claimants are entitled to hold the defendants to that agreement.

(iv) Mr Howe did not oppose the idea (if it was put forward) of a preliminary search by the defendants' solicitors to exclude privileged material.

41. Mr Hicks for the corporate defendants opposed the search and proposed that the defendants should do a normal disclosure exercise, for the following principal reasons:

(i) He said that disclosure should take place at the normal time and in the normal way, though he was not opposed to acceleration of the procedure if it really needed to be done now. His submission on timing was that there did not seem to be an urgent need to carry it out now because the claimants had apparently delayed for some months to mount the application (judging by the period covering all the various test purchases relied on), and the documents go back to 2013.

(ii) The number of items to be searched was very large (500,000 mobile phone items and 2.7m computer items) and some more limited paper material. There was 5.4Tb of backups as well. The cost of the exercise apparently to be carried out by the claimants would, in the hands of the claimants, be likely to be large and the costs were not easily controlled. His clients were at risk of having to pay excessive costs. Under the claimants' search proposals two firms of solicitors and the supervising solicitor were to be involved. If the defendants were to be allowed to do a normal disclosure exercise then only they would be involved, and they would be charging lower Manchester rates (the claimants have London solicitors).

(iii) The defendants have put forward a keyword search regime which involved discussion in advance; the claimants' proposals for keywords were not to be discussed and agreed in advance. Under the defendants' proposals the claimants could make sure their words were included, so were not disadvantaged by the defendants' carrying out the searches and assessing for relevance.

(iv) It was not accepted that the agreement relied on by the claimants was actually reached.

42. I should deal first with the question of the agreement. The claimants say that during the search the question arose as to whether they were going to embark on a search of the paper as well as imaging, or confine themselves to taking an image of computer data which could be searched without a full paper search. Miss Hill, of the claimants' solicitors, has given evidence that she reached an agreement with representatives of the defendants that since she was told that the majority of the pertinent information within the physical documents was also on the computerised records (within an application called Nvision), and having ascertained from some spot checks that that seemed to be true, she reached an agreement with Ms Brown of the defendants' solicitors that they would forego their right to search the paper documentation on the basis that they would be allowed to interrogate the image when taken. She made a contemporaneous note which reads:

“I agree to not take docs but strictly on bases that can search imaged data”

A note of Ms Hamilton of the claimants' solicitors reads:

“Decision to not review hard copy files on bases that we would review image data (in particular Nvision)”

Mr Howe therefore relied strongly on that agreement.

43. The defendants dispute that that agreement was reached. They say that the arrangement was simpler than that, in that the claimants, having satisfied themselves that the imaged data would suffice in place of searching the paper, decided to do that and no more. There was no agreement. Furthermore, the position taken by the claimants' solicitors was only in relation to a certain class of documents, that is to say invoices, purchase orders and the like. Whatever arrangement or agreement there was did not extend to the whole of the material, so it did not justify searching the whole of the material on the image. They procured a supplementary report from the Supervising Solicitor which does not suggest that there was such an agreement as is relied on by the claimants.

44. I cannot reach a definitive conclusion as to who is right about the agreement reached or what it was, but the claim is a relevant factor and I cannot ignore the point. In my view, and despite the supplemental report of the Supervising Solicitor, I consider that the claimants have the better of the evidence. The two contemporaneous notes of the solicitors provide prima facie cogent evidence of an agreement of the nature relied on. It may be that, when properly looked at, any agreement might have been confined to the sort of documents stored in the Nvision application, and documents outside that might not have been within the purview of the parties. However, even if that is the case, then there is a good case for saying there was an agreement covering a very large part of the documents which are likely to be on the computer, though not on the phones.
45. Balancing all the matters relied on by the parties, and acknowledging that it is for the claimants to make a case for disclosure which is (a) early and (b) to be carried out on the defendants' material by the claimants, I consider that the claimants should have their order, with a couple of provisos. I consider that the claimants have a reasonable case for getting hold of relevant documents now, and as efficiently as possible, in order that they can start to work out where the allegedly offending material came from and take whatever steps might be necessary to protect themselves from persons other than the defendants. A very telling factor is the fact that, on their own evidence, the defendants would have much more difficulty than the claimants in identifying relevant documents, and they do not have any particular incentive to be generous in their interpretation. The point is not met by the proposal of the defendants (which they make) that they could apply the claimants' keywords. The claimants are very much better placed than the defendants when it comes to identifying what I can broadly call illicit goods, and in the circumstances of this case I consider that they should have the opportunity of doing so. I do not regard Mr Hicks' costs point as of any real significance. First, the point only matters if the defendants are liable in the first place (which they deny). Second, if the claimants do go over the top then their excesses can be curbed by a proper cost assessment. It is nowadays unfashionable to leave such matters to a costs Judge, but I do not think that there is any alternative in the present situation, and it is capable of being effective. Nobody is suggesting a form of primitive costs budgeting at this stage in relation to the exercise. Third, I regard with a degree of scepticism the professed willingness of the defendants to spend many thousands of pounds on the exercise themselves at this stage. While the defendants form a group of some financial substance, the costs burden would nonetheless be significant. One really wonders why they are volunteering, or pretending to volunteer, to spend that sort of money when the exercise can be done by someone else.
46. Next there is the agreement. Whilst I have not reached a final conclusion on whether there was such an agreement, I have expressed the view that there is a good case for saying that there was. If there was then it should be upheld. If and insofar as it covers only certain categories of documents, then the existence of the agreement nonetheless reflects the common sense of the position which is that, in the circumstances, the claimants are better placed to do the necessary exercise than the defendants.

47. Last, it is of significance that the claimants have established a sufficiently strong case on liability to get a search and seizure order in the first place.

48. In the circumstances I consider that in this case, too, the review of the imaged documents for relevant documents should be carried out by the claimants. There are, however, a couple of qualifications which I would introduce. The first is that it is right that the defendants should first be able to review the documents in order to remove documents which they claim are privileged. That reflects the normal procedure. That review, if it happens, must be carried out by solicitors and not by the defendants personally. Second, I am uncomfortable about the claimants simply imposing their will in relation to keywords on the defendants. They should at least inform the defendants of the keywords that they are proposing to use, so that if the defendants have some form of objection they have an opportunity to have their concern ventilated at a hearing. Keywords are, of course, important. They are the way in which the large amounts of data relied on by the defendants in opposition to the order are reduced to manageable proportions. Anyone reviewing this data would have to do so via keyword searches. A review of the proposed keywords by the defendants is also a mechanism pursuant to which they can form a view as to whether or not the searches might go too far, though I accept that it is a pretty blunt instrument in that respect.

Conclusions

49. Having started from the position that it is for the claimants to justify their being allowed to carry out searches, and to do so at this stage of the proceedings, I have concluded that in both these cases the proper course is to allow the claimants, under the relevant constraints, to review the imaged material themselves notwithstanding that that review will or may encompass irrelevant material. My conclusions do not involve the inevitability of this sort of exercise (a claimant-led inspection in the early stages of the litigation) being done in every search and seizure order case. I have decided to allow the searches in question on the facts of these cases and with the safeguards to which I have referred.