Invenpro (M) Sdn Bhd *v* JCS Automation Pte Ltd and another
[2012] SGHCR 19

Case Number : Suit No 525 of 2009 (Summons No 5379 of 2012)

Decision Date : 12 December 2012

Tribunal/Court : High Court

Coram : Kevin Tan Eu Shan AR

Counsel Name(s) : Low Wei Ling and Kelly Chan (Rajah & Tann LLP) for the plaintiff; Low Chai Chong, Alvin Lim, Sandeep Menon and Vernon Chua (Rodyk & Davidson LLP) for the defendants.

Parties : Invenpro (M) Sdn Bhd — JCS Automation Pte Ltd and another

Civil Procedure – Discovery of documents – Electronic discovery

12 December 2012 Judgment reserved

Kevin Tan Eu Shan AR:

Introduction

1 This is an application by the Plaintiff, Invenpro (M) Sdn Bhd, for electronic discovery ("e-discovery") under Part IVA of the Supreme Court Practice Directions ("the e-discovery PD"). The application was opposed by the Defendants, JCS Automation Pte Ltd and JCS-Echigo Pte Ltd.

Facts relevant to the application

Background facts

2 The Plaintiff, a Malaysian company, manufactures batch scrubber machines that clean hard disk platters ("Invenpro Batch Scrubbers"). The Defendants are Singapore companies that are in direct competition with the Plaintiff.

3 On 1 January 2003, the Plaintiff entered into a Non-Disclosure Agreement ("the NDA") with Komag USA (M) Sdn Bhd, which was subsequently acquired by Western Digital Corporation ("WDC"). Under the NDA, the Plaintiff agreed to supply the Invenpro Batch Scrubbers to WDC. The NDA provided for mutual obligations of confidentiality in exchange for the passing of technology and designs between the parties.

4 The Plaintiff's case is that on or about October 2008, the 1st and/or the 2nd Defendants obtained confidential information from WDC relating to the design and manufacture of the Invenpro Batch Scrubbers ("the confidential information"). It alleges that the Defendants used some or all of the confidential information in designing and manufacturing their own batch scrubbers, which were sold to WDC. The Plaintiff also alleges that the Defendants used the confidential information to make presentations to Seagate Technology International and/or its associated companies (collectively "Seagate"). Allegedly infringing batch scrubbers were sold by the Defendants to Seagate as well.

5 The Defendants' position is that they have neither received the confidential information from WDC nor utilised the said information for the purpose of manufacturing their own batch scrubbers.

History of proceedings relevant to the present application

6 On 21 February 2012 and 22 March 2012, the Plaintiff obtained certain discovery orders from an Assistant Registrar and a Judge respectively. These orders were related to Development and Operating documents of the Defendants' batch scrubber machines that were sold to and/or delivered to WDC and Seagate ("the Discovery Orders"). In the Discovery Orders, the definitions of the documents were as follows:

> "Development Documents" shall mean all correspondence, emails, internal memos, sketches, design drawings publications, manuals (external or otherwise), photographs, blue prints, or evidence thereof related to, relied upon, referred to, and/or used in, the design, development, and/or manufacture of the batch scrubber machines or devices or modules (where applicable);
>
> "Operating Documents" shall mean all records and documents related to the product history of the batch scrubber machines or devices or modules (where applicable) which would show *inter alia* all upgrades, retrofits, software changes, hardware changes, mechanical changes, functionality changes etc. These said records and documents would include without limitation, the product manuals (provided at about the time of manufacture/delivery), service and maintenance records, upgrade reports (collectively "the Operating Documents").

In compliance with the Discovery Orders, the Defendant filed their supplementary list of documents on 12 April 2012.

7 The Plaintiff asserted that the documents disclosed by the Defendants in their supplementary list of documents appeared to be sales documents, which do not fall within the ambit of the Discovery Orders. In view of the Defendants' purported non-compliance with the Discovery Orders, the Plaintiff took out the present application for e-discovery on 18 October 2012. This involves, *inter alia*, running a search of 75 keywords through the electronic databases of at least 14 of the Defendants' employees.

Issue in the application

8 At the hearing before me, the Plaintiff's counsel, Ms Low Wei Ling, confirmed that she had taken out this application in order to obtain what had already been ordered in the Discovery Orders. Thus, the issue is whether I should allow the Plaintiff's application for e-discovery for the sole purpose of enforcing the Discovery Orders.

Submissions of parties

9 The Plaintiff asserts that e-discovery can be used to enforce non-compliance with the Discovery Orders. It relies on O 24 r 16(1) of the Rules of Court (Cap 224, R 5, 2006 Rev Ed) ("Rules"), which provides as follows:

> If any party who is required by any Rule in this Order, or by any order made thereunder, to make discovery of documents or to produce any document for the purpose of inspection or any other purpose, fails to comply with any provision of the Rules in this Order, or with any order made thereunder, or both, as the case may be, then, without prejudice to Rule 11 (1), in the case of a failure to comply with any such provision, *the Court may make such order as it thinks just* including, in particular, an order that the action be dismissed or, as the case may be, an order that the defence be struck out and judgment be entered accordingly.

[emphasis added]

It submits that as the Defendants have not fully disclosed their Development and Operating documents, an e-discovery order to enable it to obtain the said documents would be "just" in the circumstances.

10 The Defendants argue that while a literal reading of O 24 r 16 suggests that the court has broad powers to make orders regarding non-compliance of one's discovery obligations, e-discovery should be used only when it is proportionate and economical to do so and not as a method of enforcing compliance with discovery orders.

My decision

11 Admittedly, O 24 r 16 confers a wide discretion on the court to make any order that is "just" if a party defaults in its discovery obligations. However, there is no justification for the court to use e-discovery purely as an enforcement mechanism when there is an allegation that a discovery order has not been complied with.

12 The *raison d'être* of e-discovery is to provide an efficient and cost-effective method of conducting discovery, particularly where documents are voluminous and in electronic form. In *Sanae Achar v Sci-Gen Ltd* [2011] 3 SLR 967, Lee Seiu Kin J observed (at [13] and [14]):

> 13 With technology fuelling an unprecedented explosion of the volume of discoverable documents and the ease of their duplication, it is not surprising that the traditional manner in which discovery has been carried out is proving increasingly inefficient in achieving the purposes for which the discovery process was developed.
>
> 14 One way to cope with the burgeoning volume of discoverable documents is to rely on technology itself. Technology has thrown up countless tools which make editing, copying, reviewing and searching through the textual content of documents considerably less cumbersome than before. For example, parties need not manually trawl through heaps of printed documents in order to identify relevant documents and weed out irrelevant ones. Running simple keyword searches using easy-to-use desktop search engines would suffice. It is also easier to manage and organise electronically stored documents, especially where printed copies of such documents run into tomes and cartons. The e-Discovery PD recognises the tremendous potential of technology in modernising the discovery process. Thus, it encourages the exchange and supply of copies of discoverable electronic documents in soft copy by creating a framework for the inspection and discovery of electronically stored documents within boundaries established by existing legal principles. In supplementing the traditional tests for whether applications for discovery of documents should be granted (the applicable tests remain that of relevancy and necessity either for the fair disposal of the matter or for saving costs) *vis-à-vis* electronically stored documents, the e-Discovery PD identifies specific factors which are to be considered ... These factors were principally adapted from the UK Practice Direction Part 31B on "Disclosure of Electronic Documents". At the same time, the e-Discovery PD also acknowledges that the costs of e-discovery could potentially be disproportionate to the value of the claims and the significance of the issues in dispute. Accordingly, the e-Discovery PD also introduced mechanisms in anticipation of this problem. For instance, the e-Discovery PD contemplates the conduct of general discovery in stages - see para 43B of the e-Discovery PD and also *Goodale v The Ministry of Justice* [2010] EWHC B40 (QB), at [22]-[23]. It also sets out rules which require limits to be imposed on the scope of requests for discovery by keyword searches. The factors listed at para 43D of the e-Discovery PD were also introduced to keep costs within reasonable limits.

13 In addition, it must be borne in mind that proportionality is a key concern in e-discovery. Paragraph 43A (1) of the e-discovery PD states that e-discovery "provides a framework for proportionate and economical discovery, inspection and supply of electronic copies of electronically stored documents". In *Breezeway Overseas Ltd v UBS AG* [2012] SGHC 41, SAR Yeong Zee Kin stated (at [16]):

> An order for discovery in stages has to be tailored to the facts of each case, the issues in dispute and the custodians involved. Crucially, the extent of the order must be *proportionate* to the amounts at stake and the significance of the issues in dispute. Ultimately, the order is calculated to enable the cost-effective management of the discovery stage of the proceedings.
>
> [emphasis added]

14 When the question of discovery first arose, the Plaintiff could have, but *did not* apply for e-discovery on the basis that it is a proportionate and cost-effective means to obtain discovery. Instead, having opted for the traditional mode for discovery of documents, it now seeks e-discovery of the same documents which the Defendants have already been ordered to produce because it believes that the Defendants have not fully complied with the Discovery Orders. This cannot be countenanced. As Professor Jeffrey Pinsler explains in *Singapore Court Practice 2009* (Jeffrey Pinsler, gen ed) (LexisNexis, 2009) at para 24/5/8: "Further discovery will not be allowed if the process is used merely to find out whether there has been full compliance with the rules [*Berkeley Administration v McClelland* [1990] FSR 381 ("*Berkeley*")]".

15 In my view, the Plaintiff's basis for applying for e-discovery is misconceived. The Plaintiff appears to be using e-discovery as a "final sweep" of the evidence to ensure that all of the Defendants' Development and Operating documents have been disclosed. If e-discovery can be used to enforce discovery orders, parties who suspect that their opponents have not fully complied with their discovery obligations would invariably want to rely on e-discovery in addition to traditional discovery to assure themselves that all documents have been disclosed. This is contrary to the spirit of e-discovery. It is worth noting that in *Digicel (St Lucia) Limited and ors v Cable & Wireless plc and ors* [2008] EWHC 2522 (Ch) ("*Digicel*"), Morgan J stressed (at [46]):

> …it must be remembered that what is generally required by an order for standard disclosure is a "reasonable search" for relevant documents. *Thus, the rules do not require that no stone should be left unturned. This may mean that a relevant document, even "a smoking gun" is not found.* This point is well made by Jacob LJ in *Nichia Corporation v Argos Limited* [2007] EWCA Civ 741 at [50] to [52]. [emphasis added]

16 It cannot be overemphasised that the framework of the discovery process is set out in the Rules. The e-discovery PD is meant only to *supplement* the discovery framework established by the Rules and *not change the law on discovery* by adding an enforcement mechanism with regard to discovery orders. In *Breezeway Overseas Ltd and another v UBS AG and others* [2012] SGHC 170, Lee Seiu Kin J clarified (at [22]):

> In this connexion, the Supreme Court Practice Direction No 3 of 2009 ("the e-discovery PD"), recently amended on 1 March 2012, ***attempts to supplement the traditional tests of relevancy and necessity*** (see *Sanae Achar* at [10]). It works within the framework of traditional discovery, seeking a pragmatic compromise between the obligation to give discovery of all relevant documents and the potentially prohibitive costs of identifying those documents by way of ocular review**... It should be emphasised that the e-discovery PD does** *not* **set out to change the law on discovery** (see *Deutsche Bank AG v Chang Tse Wen and others* [2010]

SGHC 125 at [14]); *a fortiori*, it does not aim to resolve the problems associated with traditional principles of discovery.

[emphasis added in bold italics, emphasis in italics in original]

17 As for the Rules, the starting point is that an affidavit filed under O 24 r 5 is conclusive at the interlocutory stage. In *Singapore Civil Procedure 2007* (G P Selvam, gen ed) (Sweet & Maxwell Asia 2007), the learned authors observe at para 24/5/1:

> ... It was well-established... that statements in a party's affidavit of documents are conclusive, for example, on the question whether he has or has had any documents other than those disclosed... Thus where an affidavit or affirmation is made pursuant to an order under O 24 r 5, the other party is not entitled to contravene what is sworn or affirmed therein by a further contentious affidavit or by obtaining an order to cross-examine that party since the latter's oath/affirmation in answer is conclusive at an interlocutory stage of the action.
>
> The position is subject to two qualifications. First, a party was and is entitled to apply for a further and better list, where it appears on the face of the list already served (e.g. where a plea of privilege is taken on grounds inadmissible in law) or on the face of disclosed documents (*e.g.* letters referring to other letters) or an admission that in all probability the party has or has had other relevant documents beyond those disclosed.
>
> The second (and more important) qualification is that under the present rule an application may be made for an affidavit as to specific documents or classes of documents. This must be supported by an affidavit stating that in the belief of the deponent the other party has or has had certain specific documents which relate to a matter in question. But this is not sufficient unless a *prima facie* case is made out for (1) possession, custody or power, and (2) relevance of the specified documents (*Astra National Productions Ltd v Neo Art Productions Ltd* [1928] WN 218). ...

18 In the present case, the Plaintiff did not apply for a further and better list or for a further affidavit for specific documents or classes of documents. In view of this, the affidavit dated 12 April 2012 that was filed on behalf of the Defendants to the effect that all relevant documents pursuant to the Discovery Orders had been disclosed is, without more, the end of the matter at this stage. Under these circumstances, the Plaintiff should wait until the trial to cross-examine the Defendants' witnesses on whether there are relevant documents that have not been disclosed. In *Berkeley*, the court stated at 383:

> ...it is not a purpose of discovery to give the opposing party the opportunity to check up on whether the discovery has been properly carried out. If they do not believe the deponent they should call for him to appear and be cross-examined on his oath. Alternatively, if they wish to do so, t*hey may seek the opportunity at the trial to explor*e the matter further...
>
> [emphasis added]

19 Furthermore, it is pertinent to note that the Rules provide recourse to a party who believes that its opponent has not complied with discovery obligations. For instance, the Plaintiff may apply for an unless order to require the Defendants to comply with the Discovery Orders, failing which their defence will be struck out: see *Lee Chang-Rung and others v Standard Chartered Bank* [2011] 1 SLR 337. In short, the Plaintiff should consider the established ways to enforce compliance with the Discovery Orders against the Defendants rather than make the present application for e-

discovery.

20 Finally, the Plaintiff's reliance on *Digicel* to support its argument that a court can grant further discovery if inadequate discovery had previously been given is misplaced. In that case, in the initial round of discovery, the defendants unilaterally chose their own keywords and conducted a search of their electronic documents. The claimants were dissatisfied with the defendants' search and sought an order that the latter carry out a further search with reference to the former's set of keywords. The Court held that the defendants had failed to carry out a "reasonable search" under s 31.7 of the Civil Procedure Rules (SI 1198 No 3132) (UK) in their initial search and ordered them to conduct a further search with reference to an expanded list of keywords. As *Digicel* does not deal with the question of *enforcement* of a discovery order that has already been made, it does not assist the Plaintiff in the present application.

Conclusion

21 For the reasons stated, I do not accept that Plaintiff's argument that e-discovery is appropriate in the present case to enforce compliance with the Discovery Orders. I thus dismiss the Plaintiff's application and will hear the parties on costs.