CROSS BORDER ISSUES IN DISCOVERY/DISCLOSURE ORDERS AND SEARCH ORDERS

THIRD JUDICIAL SEMINAR ON COMMERCIAL LITIGATION

SYDNEY
21-23 MARCH 2011

The Honourable Justice P A Bergin
Chief Judge in Equity
Supreme Court Of New South Wales

1 Many of the issues that have been discussed at this Seminar[1] are relevant to cross border issues that arise when disclosure orders and search orders are made in international litigation. What I intend to do in this discussion is to take some examples to highlight the cross border issues that may arise and to suggest some principles that can be gleaned from these examples. In conclusion I will suggest some alternatives for the future.

Discovery/Disclosure Orders

2 The first example relates to orders made in Australia in relation to documents in Kazakhstan. *Michael Wilson & Partners Ltd v Nicholls* [2008] NSWSC 1230; (2008) 74 NSWLR 218 was a case in which the plaintiff firm of solicitors sued its former employees and the corporate entities they established to compete with the plaintiff in the provision of legal services in Kazakhstan. The main claim included allegations of breach of contract and breach of fiduciary duty.

[1] Judges from Australia, China, Hong Kong SAR, India, Japan, Macao SAR, New Zealand, Papua New Guinea, Singapore, South Korea and Sri Lanka attended the Seminar. Issues included "*International Commercial Arbitration: Recent Developments*"; "*Forum Shopping: Asserting and Declining Jurisdiction*"; and "*Cross Border Insolvency Issues*".

3 The plaintiff applied for an order for production of documents for inspection in a category that was described, for convenience, as "client files" of the corporate entities that were in competition with the plaintiff in Kazakhstan. Those files were located in Kazakhstan and the defendants' principal objection to producing them was that such production would place them in contravention of the criminal and/or civil law of Kazakhstan. The relevant provisions of the *Criminal Code of the Republic of Kazakhstan*, the *Civil Code of the Republic of Kazakhstan* and the *Code on Administrative Violations of the Republic of Kazakhstan* can be summarised as follows:

> Persons who divulge or use information that constitutes a commercial or banking secret, for venal or personal purposes and which caused considerable damage and without the owner's consent, are subject to criminal sanction: Art. 200(2), Criminal Code.
>
> Protection of information that constitutes a commercial secret that has actual or potential commercial value because it is unknown to third parties – if there is no access thereto on a legitimate basis and the possessor makes efforts to protect its confidentiality.
>
> Persons who divulge such secrets are obliged to compensate for any damage suffered due to the disclosure: Art. 126, Civil Code.
>
> A violation of the duty to preserve the confidentiality of a commercial secret is subject to a fine: Art. 158, Code on Administrative Violations.

4 There has been quite a deal of discussion over the last two days in relation to the possible development of a practice of referring questions of foreign law to the relevant foreign court for determination. The cases that I will discuss with you in relation to this topic involve expert evidence in relation to questions of foreign law that were not referred to the foreign court for determination but decided by each of the judges hearing the application for production of the documents. In the case under discussion numerous issues in relation to the foreign law were raised in argument and it is a good example of the types of questions that may arise if questions of foreign law were referred to a foreign court for determination. It will obviously depend upon the individual case and the nature of the issues

that arise for determination as to whether the judge seized with the application should determine the issues relating to the foreign law as opposed to referring it to the relevant foreign court.

5 The plaintiff posed a number of propositions as to why the defendants would not be in breach of the relevant Kazakh Codes in producing the documents in accordance with an order of the New South Wales Supreme Court. The first was a submission that the Codes did not apply beyond the geographical limits of Kazakhstan. Brereton J rejected this submission on the basis that the conduct, that is the production of the client files for inspection, would take place in Kazakhstan. It may be that the plaintiff anticipated that the conduct in question (production and inspection) was to occur in New South Wales. However it is obvious that the process for the production of the files would have commenced in Kazakhstan and to that extent the submission was, as Brereton J said, “beside the point”.

6 The plaintiff’s second submission was that the Criminal Code only applied to natural persons and not to the corporations that held the client files. This was an issue dealt with by only one of the experts and then only in reply. The experts had filed reports with the Court and neither was cross-examined. Brereton J was therefore left with the untested competing opinions of the two experts. His Honour was in “some state of doubt” as to whether the Criminal Code only applied to natural persons but concluded that the defendants had not proved that it imposed criminal liability on corporations. His Honour therefore proceeded on the basis that the Criminal Code did not apply to corporate entities.

7 The plaintiff’s third submission was that the Civil Code did not apply where the parties had chosen a foreign law to govern their relationship, in this instance the law of the United Kingdom. Brereton J decided that the provisions of the Civil Code that did not necessarily depend upon contract (for instance in relation to confidentiality) applied to the parties’ conduct irrespective of the law that they had chosen to govern their contractual relationship.

8 The plaintiff's fourth submission was that the relevant provisions of the Civil Code only imposed obligations of confidentiality where "certain stringent procedures" had been implemented to protect the documents. The opinions of the respective experts differed on this issue with the first expert suggesting that stringent measures had to be implemented to attract the protection of the Code, such as physical isolation of the documents, individual markings and inventory with constant updating, perhaps on a daily basis. However after seeing the other expert's opinion that there did not appear to be any legal grounds to support such an approach, the first expert withdrew "somewhat" from the stringency of the steps required. Brereton J was satisfied that for the Code to apply it would have to be shown that some "measures" to protect the confidentiality were taken, but not all of the stringent procedures that were identified by the first expert.

9 The plaintiff's fifth submission as to why the defendants would not be in breach of the Codes was that the New South Wales Court's order for production of the documents for inspection would create a "legitimate basis" for the production, such that the prohibition in Article 126 of the Civil Code would not apply. His Honour concluded that a foreign court order could not render legal what would otherwise be illegal in Kazakhstan.

10 The sixth submission was of a similar nature and his Honour concluded that a foreign court order would not be legal grounds for access to documents in Kazakhstan. The next submission raised by the plaintiff was that damage or potential damage must be demonstrated before the protection against disclosure under the Codes can arise. His Honour concluded as follows:

> [23] Assuming, for present purposes, that there was evidence from which it could be concluded that the documents, production of which is sought, were commercial secrets within Kazakh law, I have come to the conclusion that their production in accordance with an order of this Court would not contravene the criminal law of Kazakhstan. I reach that

> conclusion primarily because one essential component of criminal liability under Art 200(2) of the Criminal Code is that the disclosure or divulgence be for selfish, personal, or venal interests. A disclosure pursuant to an order, even of a foreign court, in compliance with the order of that Court, would not be for selfish, personal, or venal interests. Accordingly, it seems to me that the Temujin defendants would not contravene the Criminal Code of Kazakhstan so as to be exposed to criminal liability if they were to produce all client files in compliance with an order of this Court for their production. That conclusion is reinforced, in respect of the third to seventh defendants, by my inability to be satisfied that corporate criminal liability is known to Kazakh law (although given the possibility that officers might be liable, I would have reached my conclusion less readily if that were its only basis).
>
> [24] I come secondly to the question of civil liability. For the reasons I have already given, I do not accept that there can be no civil obligation without damage, although liability to pay damages would not arise in the absence of damages (*sic*). As I have already foreshadowed, I do not accept the argument that disclosure in accordance with a foreign court's order would be a lawful disclosure for the purposes of Kazakh law. Accordingly, disclosure of the relevant documents would potentially involve infraction of civil obligations imposed by Kazakh law. However, if accompanied with appropriate protections, it would not likely result in liability to pay damages, and this would be relevant to the weight this factor might otherwise attract as a discretionary consideration.

11 Brereton J then considered the question of administrative liability under the Code on Administrative Violations. After reviewing the expert opinions and noting that the evidence was probably far from complete, his Honour concluded that it nevertheless supported the view that administrative liability would be incurred by a violation of the duty to preserve the confidentiality of a commercial secret and thus by the disclosure in Kazakhstan pursuant to an order of a New South Wales Court of documents containing confidential commercial secrets. However, after thorough analysis of the opinions that had been tendered to assist his Honour in respect of whether the defendants would be in breach of the Codes by compliance with an order for production, his Honour turned to the pivotal question of whether the “client files” contained confidential commercial secrets. It was in this area that the defendant had failed to call evidence to establish that the files could be categorised as confidential

commercial secrets. There was no evidence before Brereton J that anything in the files would have commercial value arising from the documents being kept secret. His Honour concluded that there was no basis upon which he could uphold the claim of confidentiality in respect of the client files. After consideration of the other points not relevant to this discussion, production was ordered.

12 The second example relates to orders made in Canada in relation to documents affected by laws in Switzerland. *Comaplex Resources International Ltd v Schaffhauser Kantonalbank* (1991) 84 DLR (4th) 343;and (1989) 42 C.P.C. (2d) 230 was a complicated corporate case in Ontario in which the plaintiff alleged that the defendant bank, Schaffhauser Kantonalbank, and other defendants acted in violation of the securities legislation regulating take-over bids. The bank alleged that the acquisition by it of more than 65% of the shares in the plaintiff was the result of a fraudulent scheme perpetrated by a former assistant manager of the bank in concert with other defendants, whereby approximately $33 million of the funds of the bank and its customers were used to purchase shares in the plaintiff contrary to the rules of the bank.

13 The bank moved for an order relieving it from any obligation to produce documents on discovery concerning customer identification, or information that could reasonably lead to customer identification, on the ground that to do so would contravene the laws of Switzerland, the relevant provisions of which can be summarized as follows:

> Prohibition on the disclosure of secrets entrusted to a person in his/her capacity as an employee of a bank: Art 47, Swiss Banking Code.
>
> Prohibition on disclosure of a business secret that a person is legally or contractually bound to preserve: Art 162, Swiss Criminal Code.
>
> Prohibition on making business secrets accessible to foreign authorities, organisations or private businesses: Art 273, Swiss Criminal Code.

14 Once again there was competing expert evidence in relation to whether the defendant bank would be in breach of the Swiss laws by reason of compliance with an order of the Canadian Court. The Master of the Court[2] decided that even if the Swiss laws prohibited disclosure they could not provide a valid ground for opposing an order for the production of relevant documents. However, the Master held that such laws could be raised in response to a motion to impose sanctions for non-compliance with any order for production. The matters that were considered as to whether sanctions should be imposed for such non-compliance can be summarised as follows:

> The foreign law, how it applies, and the extent to which it prohibits disclosure.
>
> The competing interests of the nations whose laws are in conflict, in particular any position that either government has taken in relation to the issues raised by the case.
>
> Potential hardship the party against whom the disclosure order is made may suffer if disclosure did/did not occur.
>
> Whether waivers of prosecution in the nation prohibiting disclosure could be obtained and whether they have been sought by the non-disclosing party.
>
> Whether a prosecution against the non-disclosing party would be likely to be successful.
>
> The importance of the non-disclosed documents in comparison with documents already available.
>
> Efforts the non-disclosing party has made to comply with the order - whether there has been a strategy of concealment.

15 After the Master's decision the parties then decided to adjust the application before the Court on the basis that the bank was assumed to be a non-compliant party seeking relief from sanctions for such non-compliance. It was in that circumstance that the Court[3] considered the competing and conflicting expert evidence on the effect of Swiss law. The issues included whether the Swiss *Banking Code* and Swiss *Criminal*

[2] (1989) 42 CPC (2d) 230 (Sandler M).
[3] (1991) 84 DLR (4th) 343 (Southey J).

Code were intended to have any extraterritorial effect; whether the customers of the bank could be deemed to have waived secrecy protection because of the participation of the bank in the litigation; whether insistence by customers on bank secrecy could be viewed as an "abuse of the law"; and whether the bank could release information because it was permitted to follow the principles of "safeguarding of justified interests".

16 Southey J decided that it was unnecessary to make findings as to what the Swiss law was on various points in dispute between the experts because the unchallenged evidence established that there had never been a prosecution of a Swiss bank or bank employee for disclosing information or documentation for use in proceedings in a foreign court, where such information was produced under the threat of sanctions pursuant to a production or discovery order of a foreign court.[4] His Honour concluded "as a fact" that the Swiss bank secrecy laws did not prohibit the production of the documents. It appears that his Honour may have reached this conclusion on the premise that even if there were such a prohibition there was probably no prospect of prosecution of the bank or its employees.

17 The next example relates to orders made in England in relation to documents in France. *Christopher Morris v Banque Arabe et Internationale D'Investissement S.A.* [2001] I.L. Pr. 37 was a case in which the liquidators of BCCI S.A. and BCCI Overseas brought proceedings against the defendant French bank in which it was contended that the bank knowingly participated in two illegal acquisitions of American banks by BCCI and knowingly participated and assisted in BCCI's fraudulent over statement of assets and earnings in certain years.

18 Directions were given which included orders for discovery and inspection as part of a timetable for the preparation of trial. The defendant bank's solicitors notified the solicitors for the liquidators that French law may prevent disclosure of discovered documents and that they had come to the

[4] Ibid., 348.

conclusion that they should obtain a release in respect of the documents to be produced "either from the French authorities" or the third parties to whom the defendants owed a duty of confidentiality. The solicitors also indicated that without the documentation it would be unlikely that the defendants could defend themselves adequately. The liquidators' solicitors refuted the contention that French law posed any problems for the defendant to give discovery and inspection. The relevant statute in question was the French Blocking Statute (Article 1 bis of Law No. 68-678 of 26 July 1968, amended by Law No. 80-538 (16 July 1980)), the relevant terms of which were as follows:

> Without prejudice to international treaties or agreements or of the statutory or regulatory laws in force, it is forbidden for any person to request, seek or produce in writing, orally or by any other means, economic, commercial, industrial, financial or technical documents or information with a view to the constitution of evidence in foreign judicial or administrative proceedings or in the scope thereof.

19 The issue before the Court was whether the provisions of the recently enacted *Civil Procedures Rules* in England (the Rules) permitted a litigant to avoid giving inspection in circumstances where the litigant would be acting in contravention of the legislation of another country in which the litigant carried on business, was domiciled and resident and where the documents were situated.

20 Once again there was expert evidence in relation to the effect of the foreign law, the Blocking Statute. Neuberger J, as the Master of the Rolls then was, set out the effect of the expert evidence which may be appropriately summarised as including the opinions that: (1) the disclosure of the documents did not infringe the Blocking Statute; (2) permitting the liquidators or their advisers to inspect any of the documents, or copies of them, would involve the defendant infringing the Blocking Statute and would be a criminal offence; (3) if the defendant were successfully prosecuted for such an offence the maximum penalty would be two to six months imprisonment and/or a fine of between 10,000 and 120,000 FF; (4)

the prospect of the defendant being prosecuted if it were to permit inspection of the documents would be "weak" or "very low" or "purely theoretical" or "nil, practically speaking"; (5) there would be no breach of the Blocking Statute if an order was obtained from the French court for the provision of the documents for the purpose of the proceedings pursuant to the *Convention on the Taking of Evidence Abroad in Civil or Commercial Matters*[5] (the Hague Convention); and (6) an application under the Hague Convention could have been made to the French court by the defendants or the liquidators and that such an application would succeed.

21 Neuberger J found that the obligation to afford inspection would not be performed in France but in England. However his Lordship accepted that the obligation had "a French connection" and in that respect the removal of the documents from France involved the commission of the criminal offence in France. His Lordship also concluded that English law imposed the inspection obligations and was the applicable law to procedural questions including inspection of documents. Accordingly his Lordship was satisfied that there was jurisdiction to order inspection. After an analysis of the relevant authorities as to whether there was a discretion to refrain from ordering production his Lordship concluded that under the Rules, the Court had such a discretion particularly involving a party in possible breach of foreign law.[6]

22 Neuberger J concluded that by allowing inspection of the documents the defendant would be committing an offence under the Blocking Statue and could in theory suffer the imposition of a penalty, albeit that it appeared that the risk was "little more" and "probably no more, than purely hypothetical". After referring once again to the fact that discovery and inspection was obviously a question of procedure which under

[5] Concluded 18 March 1970.

[6] Neuberger J referred to *Brannigan v Davison* [1997] AC 238 (PC) in support of this conclusion. In that case the divergent views in *Adstream Building Industries Pty Ltd v The Queensland Cement and Lime Co. Ltd (No. 4)* [1985] 1 Qd.R 127 and *FF Seeley Nominees Pty Limited v El Ar Initiations (UK) Ltd* (1990) 96 ALR 468, as to whether there existed a privilege against production of documents where production would expose a party to a penalty under foreign law, were highlighted (at 248).

international law was to be determined in accordance with the *lex fori*, his Lordship said:

> It would, I think, be highly unusual if the French criminal authorities were to prosecute a party to an action such as this in England, in circumstances where he was required to comply with an order of the Court for production of documents for the purposes of that action. The enforcement of a law such as the Blocking Statue in a case such as this would not correspond with generally accepted notations of comity.

23 His Lordship then dealt with the effect of the Hague Convention, the relevant articles of which were:

> *Article 1*
> In civil or commercial matters a judicial authority of a Contracting State may, in accordance with the provisions of the law of that State request the competent authority of another State, by means of a Letter of Request, to obtain evidence, or to perform some other judicial act.
>
> A Letter shall not be used to obtain evidence which is not intended for use in judicial proceedings, commenced or contemplated.
>
> The expression "other judicial act" does not cover the service of judicial documents or the issuance of any process by which judgments or orders are executed or enforced, or orders for provisional or protective measures.
>
> *Article 3*
> A Letter of Request shall specify …
>
> (d) the evidence to be obtained or other judicial act to be performed …
>
> (g) the documents or other property, real or personal, to be inspected …
>
> *Article 23*
> A Contracting State may at the time of signature, ratification or accession, declare that it will not execute Letters of Request issued for the purpose of obtaining pre-trial discovery of documents as known in Common Law countries.

24 France had originally made the declaration contemplated by Article 23 but had subsequently revoked that decision. His Lordship considered whether he should refuse to order inspection or adjourn the question of inspection to allow an application to be made to the French court under the Hague

Convention. His Lordship said that this approach was "attractive" in terms of international comity and in terms of enabling the defendant to avoid even the hypothetical risk of prosecution. However his Lordship concluded that such an approach should be rejected. The basis of the rejection of that approach appears to have been the delay that had occurred in the discovery process and the fact that the defendant had not taken any steps to apply to the French courts under the Hague Convention other than to enquire of the French Ministry of Justice whether the Blocking Statue was still part of the law of France.

25 His Lordship concluded that to grant an adjournment to allow such an application to be made "would clearly constitute delay, the extent of which is a matter of speculation". His Lordship also concluded that it was not clear beyond doubt that an application under the Hague Convention would succeed notwithstanding that both experts had agreed that it would. Importantly in respect of the other matter that has been discussed at the Seminar in relation to the referral of questions of foreign law to foreign courts, his Lordship said: "I cannot decide beyond doubt that the French court would take the same view as me or the experts". The order for inspection was confirmed.

Principles

26 The following principles can be gleaned from these three examples and from other analogous cases:[7]

- Discovery/disclosure is a matter of procedure and not substantive law;
- Law of the forum governs matters of practice and procedure;[8]

[7] *Bank of Valletta plc v National Crime Authority & Anor* [1999] FCA 791, (1999) 164 ALR 45; *Societe Internationale Pour Participations Industrielles et Commerciales, S.A. v Rogers* 357 US 197 (1958); *The Consul Corfitzon* [1917] AC 550.

[8] See also *Goh Suan Hee v Teo Cher Teck* [2010] 1 SLR 367; and *Shanghai Electric Group Co Ltd v PT Merak Energi Indonesia* [2010] 2 SLR 329.

- The Court will have regard to the prospect that compliance with an order for discovery may expose that party to penal or civil sanctions under foreign laws;
- Such exposure is not an absolute objection; and
- In circumstances where there is an exposure to penal or civil sanctions under a foreign law, the Court may exercise its discretion to limit or dispense with discovery/disclosure.

Search Orders

27 Before turning to the matters for discussion in relation to cross border issues in search orders, I should refer to a recent speech of Chief Justice Spigelman, "*Freezing Orders in International Commercial Litigation*", delivered at the Inaugural Distinguished Speakers Series Lecture at the Singapore Academy of Law on 6 May 2010.[9] Many of the issues discussed in that paper in relation to freezing orders (Mareva orders[10]) are generally relevant to the discussion in relation to search orders (Anton Piller orders[11]). However there are features to a search order that are of significance to cross border issues. The first is that the order is to be supervised by the Court granting the order. The second is that an officer of the Court is appointed to oversee the search of the premises. Thirdly, a search party is established to enter premises and the Court approves the constitution of that search party in the order that it makes. Fourthly, there is usually a requirement on the recipient of the order to disclose the whereabouts of items and to provide information in respect of those items. Finally, there is a power granted to the officer of the Court who accompanies the search party to remove items from the searched premises. As Hoffmann J, as his Lordship then was, said in *Lock International plc v Beswick*:[12]

> The more intrusive orders allowing searches of premises or vehicles require a careful balancing of, on the one hand, the

[9] Located on the Home Page of the Supreme Court of New South Wales – Speeches.
[10] *Mareva Compania Naviera SA v International Bulkcarriers SA* [1975] 2 Lloyd's Rep 509.
[11] *Anton Piller KG v Manufacturing Processes Ltd* [1976] Ch 55.
[12] [1989] 1 WLR 1268 at 1281.

> plaintiff's right to recover his property or to preserve important evidence against, on the other hand, violation of the privacy of a defendant who has had no opportunity to put his side of the case. It is not merely that the defendant may be innocent. The making of an intrusive order ex parte even against a guilty defendant is contrary to normal principles of justice and can only be done when there is paramount need to prevent a denial of justice to the plaintiff. The absolute extremity of the Court's powers is to permit a search of a defendant's dwelling house, with the humiliation and family distress which that frequently involves.

28 *Cook Industries v Galliher* [1979] Ch 439 was a case in which the plaintiff, a US corporation, was the assignee of an unsatisfied judgment debt of US$2.5 million obtained in New York. One factor of some importance was that the judgment was entered in an action concerning fraud and manipulation of shares in an American company. The judgment debtor who had a residence in New York removed chattels, including 20 Picasso paintings, from his New York apartment to an apartment in Paris. The apartment was leased in the other defendant's name but a corporation controlled by the judgment debtor paid the rent. Both the judgment debtor and the co-defendant, the resident in the Paris apartment, were properly served with process commenced in England. Application was made in the United Kingdom for an order to search the apartment in Paris.

29 The proceedings in England included a claim for a declaration that the lease of the apartment and its contents were held on trust for the judgment debtor or alternatively a declaration that the transfer of assets by the judgment debtor to the co-defendant, the resident in the Paris apartment, was a conveyance made with intent to defeat and delay his creditors and was thus void.

30 The US Corporation obtained an ex parte injunction restraining the resident in the Paris apartment from disposing of or removing any of the contents of the apartment. There was an issue as to whether the proceedings in England should be stayed but the important matter relevant to this discussion was the application for an order for inspection of the apartment in Paris. After concluding that the action in England should not

be stayed and observing that there was jurisdiction to make such an order for inspection Templeman J, as his Lordship then was, referred to the circumspection with which the power ought be exercised and that it should be exercised "very sparingly" in limited circumstances where there was: (1) an extremely strong prima facie case; (2) the damage, potential or actual, must be very serious; (3) there must be clear evidence that the defendants have in their possession incriminating documents or things; and (4) there is a real possibility that the defendants may destroy the material before any application inter parties can be made.[13]

31 After reviewing the evidence his Lordship concluded that the only possible injustice that may occur by reason of an inspection order was that the contents of the apartment in Paris would be photographed and an inventory taken of the contents. His Lordship also concluded that any course other than ordering inspection were taken there was a very grave danger that the plaintiffs, if they were right, would be wholly frustrated and would never be able to prove that they were right.

32 One of the important features to this case is that there was no question that both defendants had been properly served in the jurisdiction and that the Court had jurisdiction to grant an inspection order over the premises in Paris. There was no mention, at least in the reported decision, of any consideration of whether it was consistent with international comity to make such an order. However in this particular case the order that was made was different to the usual form of Anton Piller order to which I have referred earlier because it was limited to the attendance by the representatives of the parties for the purpose of taking photographs and making an inventory.

33 *Altertext Inc. v Advanced Data Communications Ltd* [1985] 1 WLR 457 was a case in which the plaintiff brought proceedings against a number of defendants with whom it had entered an exclusive licence to sell and

[13] Templeman J referred in this regard to Ormrod LJ's statement in *Anton Piller KG v Manufacturing Processes Ltd* [1976] Ch 55 at 62.

distribute its computer software in Western Europe, including Belgium. The plaintiff alleged that the defendants were misusing its secret and confidential information and sought injunctions to restrain them from infringing copyright and from passing off and from procuring breaches of its agreement. The plaintiff applied for ex parte Anton Piller orders to search the defendants' premises. The first five defendants had premises in England. The sixth defendant, Advanced Data Communications (Europe) S.A., was a company incorporated in Belgium and with business premises in Belgium. It did not carry on business in England. The plaintiff sought an Anton Piller order against the sixth defendant to search its premises in Belgium.

34 A pivotal factor in the plaintiff's lack of success in obtaining the order it sought was the fact that the Belgium company had not been served with the writ in the main proceedings at the time the ex parte search order was sought. Scott J, as his Lordship then was, was satisfied that the plaintiff's fear that the defendants would take steps to destroy or conceal the documentary and other evidence of wrongdoing was a reasonable one and that the plaintiff ought be protected by the grant of an appropriate Anton Piller order. The plaintiff proposed that the writ, the notice of motion for the ex parte order and the affidavit evidence should be served on the sixth defendant together with the Anton Piller order which would be immediately executed.

35 It was necessary for the plaintiff to obtain leave to serve the writ overseas. Scott J was satisfied that leave should be granted but was concerned with what was described as the "difficulty" of granting an Anton Piller order intended to be executed in Belgium before any service of process had been effected on that Belgium company. His Lordship described the difficulties both of "jurisdiction and of discretion". As to the former he observed that the High Court had a territorial jurisdiction to make orders in

respect of goods or lands within the jurisdiction or against premises subject to the jurisdiction and said:[14]

> But a foreign defendant is, prima facie, not subject to the jurisdiction of the court. Such a defendant may become subject to the jurisdiction of the court if service of process can be effected on the defendant in England, or if the defendant submits to the jurisdiction – as, for instance, by instructing solicitors to accept service – or if the court assumes jurisdiction by authorising service under Order 11. But until service has been effected the foreign defendant does not become subject to the jurisdiction of the court. The remedy of a foreign defendant against whom an order under R.S.C., Ord. 11 for service abroad has been made is to apply to set aside that order. It is well established that such an application is not a submission to the jurisdiction. If the application succeeds, and the order is set aside, the court is, in effect, declining to assume jurisdiction over that foreign defendant.
>
> But an *Anton Piller* order is a mandatory order intended for immediate execution. The effect of execution of an *Anton Piller* order cannot, in practice, wholly be reversed by the setting aside of that order or, in the case of foreign defendants, by the setting aside of the leave given under Order 11. The foreign premises will have been entered into, the documents in those premises will have been copied or taken away by the plaintiff's solicitors. The documents taken away are likely to have be taken out of the jurisdiction of the foreign country and brought into this country. They can all be returned, but the plaintiff and his solicitors will already have seen their contents. And all this will have happened at a time when the propriety of the assumption by the court of jurisdiction has not been tested at any inter partes hearing.
>
> …
>
> An *Anton Piller* order is an in personam order. It is an order which it is within the power of the court to make in an action in which the court has jurisdiction. It ought not, however, in my view, to be made except against a party over whom the court does have jurisdiction. … In my view, where an *Anton Piller* order against a foreign defendant has to be accompanied by leave under Order 11 for service abroad, the *Anton Piller* order ought not to be executed until the foreign defendant has been given the opportunity to apply to set aside the Order 11 leave.

36 The plaintiff understandably submitted that the process that was suggested by his Lordship would render the *Anton Piller* order "valueless". However his Lordship was unwilling to grant the *Anton Piller* order without the condition that it be suspended for a period to allow the defendant the

[14] [1985] 1 WLR 457 at 461-463.

opportunity to test the grant of leave to serve the writ out of the jurisdiction.[15]

37 There is also a category of cases that are analogous to Anton Piller orders in the area that has been the subject of discussion today relating to arbitration proceedings. These are orders in the nature of inspection orders of vessels in maritime cases in which disputes have arisen and arbitrators have been appointed but the parties have sought inspection orders from a court in support of a foreign arbitration.

38 In *The owner of the ship or vessel "Lady Muriel" v Transorient Shipping Ltd* [1995] 2 HKC 320 the vessel "Lady Muriel" had been lying at anchor in Hong Kong for about a month with a series of breakdowns. There was dispute between the parties as to the condition of the vessel coupled with concern about whether the cargo could be safely carried to destination and whether to load further cargo on the current voyage. An application was made for inspection of the vessel at a time when arbitrators had already been appointed in London. An order for inspection was granted and a stay application was refused. The Court of Appeal confirmed that the Court had jurisdiction to grant an interim measure of protection pursuant to its inherent jurisdiction.[16] The Court of Appeal was satisfied that the order obtained by the plaintiff for inspection of the vessel was an "interim" measure of "protection" because it was designed to preserve evidence to be used in the arbitration, protecting the charterer against the risk of the loss of evidence which, but for the order for inspection, they would be unable to produce in the arbitration.

39 The arbitrators had not been asked to make an order for inspection of the vessel nor to approve the charterers' application to the Hong Kong Court

[15] Scott J also referred to *Protector Alarms Ltd v Maxim Alarms Ltd* [1978] FSR 442, a case in which an English party sought an Anton Piller order against a Scottish company in respect of business premises in Scotland. In that case the application was declined on the basis that the plaintiff ought to have commenced its action in Scotland.

[16] The Arbitration Ordinance (Chapter 341) in Hong Kong was recently amended in November 2010 to provide an express statutory power to grant interim protection in support of arbitral proceedings outside Hong Kong.

for such an order. In recognition of the serious intrusion of such an order, analogous to the approach adopted in relation to Anton Piller orders, the Court said:

> But it is, in my judgment, not enough that it would be just and convenient to make the order for inspection. I am of the opinion that before the Hong Kong court would be justified in making such an order in aid of a foreign arbitration, it would have to be satisfied, beyond a peradventure, that the charterers would suffer serious and irreparable damage if the order were not made. As it seems to me on the facts of the present case, the charterers are unable to do more than prove that it would be of some assistance in the resolution of their disputes with the owners if the evidence produced by the inspection were in due course to be placed before the arbitrators. This, in my judgment, is not nearly good enough.
>
> …
>
> The matter can perhaps best be put this way; where a party to an international commercial arbitration, the seat of which is in a place other than Hong Kong, seeks "an interim measure of protection" from the court of Hong Kong without having first obtained the approval of the arbitrators to his application, the Hong Kong court should refuse the application unless satisfied that the justice of the case *necessitates* the grant of the relief in order to prevent what may be serious and irreparable damage to the position of the applicant in the arbitration. If, as I think is here the case, the applicant is unable to discharge this (admittedly, very heavy) burden, the Hong Kong court should refuse him relief.[17]

40 There is a dearth of examples of search orders across borders. This appears to be consistent with a recognition of the need for international comity and also of the extremely intrusive nature of such orders, particularly sending a court approved search party into a foreign jurisdiction.

The Future

41 The *Agreement on Judicial Assistance in Civil and Commercial Matters and Co-operation in Arbitration between Australia and the Kingdom of Thailand* was signed on 2 October 1997, and has been in force since 29 July 1998. Article 1 provides:

[17] A similar application was made in *Consolidated Projects Ltd v The Owners of the Tug "De Ping"* [2000] HKCFI 27. In that case the Court concluded that it had not been established that evidence would disappear and that the plaintiff was seeking to improve its forensic position by an inspection on a fishing expedition.

> The two Contracting Parties agree to co-operate with each other in serving judicial documents and obtaining evidence in civil and commercial matters.

42 There is no express authorisation of search orders to be executed in the respective nations.

43 In 1999 the *Seoul Statement on Mutual Judicial Assistance in the Asian Pacific Region* was signed by or on behalf of the Chief Justices of Australia, Bangladesh, Brunei, China, Fiji, Hong Kong SAR, India, Indonesia, Japan, Kazakhstan, Republic of Korea, Marshall Islands, Micronesia, Mongolia, Myanmar, Nepal, New Caledonia, New Zealand, Solomon Islands, Sri Lanka, Northern Mariana Islands, Papua New Guinea, The Philippines, Russia and Samoa. It provides:

> 1. Increasing numbers of individuals, corporations and other forms of business associations are doing business internationally.
>
> 2. Forms of judicial administration and civil procedure differ widely among countries in the Asia-Pacific region.
>
> 3. The increasing number of commercial transactions between the individuals, corporations and other forms of business associations resident, incorporated or registered in different countries within the Asia-Pacific region creates the potential for conflict over the most appropriate forum in which to determine commercial disputes.
>
> 4. International commercial transactions may also involve capital, goods or services in any number of countries throughout the region.
>
> 5. The prompt and fair resolution of civil and commercial disputes between residents of different countries in the Asia-Pacific region requires the establishment of procedures for the efficient and effective service of process, taking of evidence and enforcement of judgments by a resident of one state in the territory of another.
>
> 6. This Conference adopts as its objective, the establishment of such procedures.
>
> 7. In order to achieve this objective, this Conference recommends the formation of a strong network of

> arrangements on the service of process, taking of evidence and enforcement of judgments between countries in the Asia-Pacific.
>
> 8. The Conference noted the provisions of the proposed treaty on Judicial Assistance in civil and commercial matters between Australia and the Republic of Korea, a copy of which forms annexure 'A' to this statement, and encourages the adoption of similar or other appropriate arrangements between countries within the Asia-Pacific region.

44 On 17 September 1999 the Governments of Australia and the Republic of Korea signed the *Treaty on Judicial Assistance in Civil and Commercial Matters between Australia and the Republic of Korea*. Article 1 provides:

> The Contracting Parties shall afford each other, in accordance with the provisions of this treaty, judicial assistance with regard to service of judicial documents, taking of evidence and exchange of legal information in civil and commercial matters.

45 There is no express reference to the granting of interim protection measures. The process adopted for the taking of evidence is similar to that of the Hague Convention, the use of a Letter of Request (Article 15). Article 16 provides that the Letter of Request should include, amongst other things, the names and addresses of the parties, the nature of the proceedings and the nature of the evidence to be obtained (Article 16(1)). Article 16(2) provides that the Letter of Request is to include where "appropriate":

> (c) The nature of the documents or other property, real or personal, to be inspected.

46 Article 20 provides:

> In executing a Letter of Request the court of the requested Contracting Party shall apply the appropriate measures of compulsion in the instances and to the same extent as are provided by its internal law for the execution of orders issued by the authorities of its own country or of requests made by parties in internal proceedings.

47 Although this Treaty contemplates discovery or disclosure it does not expressly authorise search orders.

48 Many of the delegate nations at this Seminar are signatories to the Hague Convention, Article 1 of which defines "other judicial act" as not including "orders for provisional or protective measures" thus excluding the granting and execution of search orders.

49 The more sophisticated communication mechanisms and the increase in cross border commercial transactions may see an increase in applications for search orders. A mechanism akin to that which has been introduced in relation to cross border insolvencies may present as the more cost efficient method for the granting and execution of search orders in foreign countries. However that will take a great deal of work. Notwithstanding the apparent optimism of the Chief Justices at the Seoul Conference, no further treaties have been concluded in the last 12 years.

50 There are other alternatives including bilateral or multilateral agreements, international protocols and of course a memorandum of understanding similar to that which we have been discussing at this seminar on references of questions of law to foreign courts.[18] It seems to me that a continuing dialogue amongst commercial judges in the region of the kind that we have seen develop through this Seminar will achieve better outcomes for assistance between nations in respect of this and many other aspects of international commercial litigation.

****

[18] For example the *Memorandum between the Supreme Court of Singapore and the Supreme Court of New South Wales on References of Questions of Law* dated 14 September 2010; and the *Memorandum of Understanding between the Chief Justice of New South Wales and the Chief Judge of the State of New York on References of Questions of Law* dated 20 December 2010.