

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2020] SGHCR 4

HC/S 959 of 2018
HC/SUM 1938 of 2020

Between

Genk Capital Pte Ltd

... Plaintiff / Applicant

And

Zhang Changjie

... Defendant / Respondent

JUDGMENT

[Civil Procedure – Discovery of Documents – Confidentiality
Undertaking]

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Genk Capital Pte Ltd

v

Zhang Changjie

[2020] SGHCR 4

High Court — Suit No 959 of 2018 (Summons No 1938 of 2020)

Justin Yeo AR

28 May 2020

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Justin Yeo AR:

1 This judgment concerns an application relating to two clauses of a draft confidentiality undertaking, to be executed prior to the discovery of allegedly confidential documents under O 24 of the Rules of Court (Cap 322, R 5, Rev Ed 2014) (“Rules of Court”).

Background

2 Genk Capital Pte Ltd (“the Plaintiff”) is a proprietary trading firm involved in the business of arbitrage and market-making in various financial assets. In relation to iron ore, it trades in TSI Iron Ore CFR China (62% Fe Fines) Index Futures and Iron Ore CFR China (62% Fe Fines) Swaps (collectively, referred to as “SGX Iron Ore Futures”). Mr Zhang Changjie (“the Defendant”) was formerly employed by the Plaintiff as a trader. In that capacity, he traded in SGX Iron Ore Futures, making both screen trades and over-the-

counter trades. After resigning from the Plaintiff's employ, the Defendant commenced employment with a new firm, Megawell, and traded in SGX Iron Ore Futures.

The Application

3 Given the nature of the documents involved in the present suit, the parties agreed that the discovery of documents would be subject to the Defendant's execution of a confidentiality undertaking. After several rounds of correspondence and exchanges of draft undertakings, the parties managed to agree on most of the clauses in a draft confidentiality undertaking ("the Undertaking"). The two clauses that they were unable to find agreement on were Clauses 3 and 6 (reproduced below). The Plaintiff wished to include both clauses in the Undertaking, while the Defendant rejected their inclusion.

...

NOW THIS DEED WITNESSETH THAT [THE DEFENDANT] HEREBY:

...

3. **Undertakes** that [the Defendant] may view the Allegedly Confidential Disclosed Documents, only in the presence of his solicitors, for the purpose of giving instructions to his solicitors in the Suit, and [the Defendant] shall not take or retain any copies of the Allegedly Confidential Disclosed Documents;

...

6. **Agrees** [that the Plaintiff] shall be entitled to seek injunctive or other equitable relief against [the Defendant] without proof of actual damage to prevent any further or continuing breach of [the Defendant's] obligations under this Undertaking; ...

...

4 The parties proposed to address the court at a pre-trial conference in relation to whether the two clauses should be included in the Undertaking. It

transpired that the pre-trial conference had to be postponed in the light of the COVID-19 (Coronavirus Disease 2019) situation, the “circuit breaker” measures implemented in Singapore, as well as Supreme Court Registrar’s Circulars No 4 and 5 of 2020. In the circumstances, and in view that the discovery process would be further delayed if these issues remain unresolved, the parties agreed to make the necessary application for the court’s determination (with filing fees to be shared equally between the parties) and to dispense with the need for affidavits. The parties further agreed to proceed by way of written submissions and to dispense with the need for an oral hearing of the application. In relation to the last mentioned point, Plaintiff’s counsel submitted that there was no express legal prescription on the procedure for determining the application, and that the Court had a “generous measure of discretion” to use and dispense with procedural tools as deemed appropriate (citing *The Royal Bank of Scotland NV (formerly known as ABN Amro Bank NV) and others v TT International Ltd (nTan Corporate Advisory Pte Ltd and others, other parties)* [2015] 5 SLR 1104 at [75(c)]).¹ Plaintiff’s counsel further submitted that it would be appropriate to determine the application without oral arguments given the limited nature of the issues involved and the fact that both parties have consented to such an arrangement.² Defendant’s counsel agreed with Plaintiff’s counsel, and further stated that the Court may rely on its inherent powers to make orders to prevent injustice, the injustice in the present case being “long delays in discovery timelines as a result of the need to await ... a

¹ Letter from Wong & Leow LLC, dated 13 May 2020, at paragraphs 5 to 8.

² Letter from Wong & Leow LLC, dated 13 May 2020, at paragraphs 5 to 8.

hearing date for the Application, which may only be fixed after [the] circuit breaker [period] ends”.³

5 On 20 May 2020, the parties electronically filed their written submissions and respective bundles of documents and case authorities. On 21 May 2020, Defendant’s counsel sought leave to file reply submissions in the light of points raised in the Plaintiff’s submissions. I granted leave for both sides to file reply submissions, and these were filed by 27 May 2020.

6 Having considered the parties’ submissions and reply submissions, I allow Clause 3 but disallow Clause 6, for the reasons set out below. For completeness, references to “Plaintiff’s counsel” and “Defendant’s counsel” are references to counsel named on the cover sheet of the Plaintiff’s written submissions dated 20 May 2020.

Clause 3 – Viewing documents only in presence of solicitors

7 Clause 3 requires that the Defendant undertake to view the “Allegedly Confidential Disclosed Documents” only in the presence of Defendant’s counsel and for the purpose of giving instructions in this suit. It further requires that the Defendant shall not take or retain any copies of the documents.

8 Clause 3 must be read in the light of the Recitals in the Undertaking.

(a) Pursuant to Recital (C) of the Undertaking, the “Allegedly Confidential Disclosed Documents” refer to information of a

³ Letter from NLC Law Asia LLC, dated 14 May 2020, at paragraph 7.

confidential character as defined at paragraph 6A of the Statement of Claim (Amendment No 1), as well as other documents or information that the Plaintiff alleges are commercially valuable and confidential to the Plaintiff. Paragraph 6A of the Statement of Claim provides a non-exhaustive list of such allegedly confidential material. These include information relating to the Plaintiff's products and services (*eg* trading ideas and strategies, trading software and algorithms, product know-how, formulas, software code, *etc*), business model and commercial strategies (*eg* how the Plaintiff offers more competitive prices than other competitors), other business-related information (*eg* current and pending business strategy and plans, markets and marketing methods, trading limits, *etc*), brokerage agreements, and so on.

(b) Recital (D) of the Undertaking states that the Plaintiff will identify the Allegedly Confidential Disclosed Documents in writing, such as by marking the documents "Confidential" in the Plaintiff's list(s) of documents filed in the suit.

9 In the context of discovery, there is an oft-cited tension between (a) on the one hand, the public interest in ensuring a fair trial where parties have unfettered access to all relevant material; and (b) on the other, the competing public interest in ensuring that confidential information is not misused as a result of legal proceedings (see, *eg*, *B2C2 Ltd v Quoine Pte Ltd* [2018] SGHC(I) 04 ("*B2C2*") at [16] and *Diacor Bioscience Incorporated Ltd v Chan Wai Hon Billy* [2015] HKCU 1853). This tension comes to the fore particularly where the parties are direct competitors and the confidential information in question is commercially valuable.

10 I pause here to acknowledge the observation by Defendant’s counsel that *B2C2* was a decision of the Singapore International Commercial Court, and the case was subject to a different set of document disclosure rules.⁴ Specifically, Defendant’s counsel pointed out that O 110 r 17(2)(b)(v) of the Rules of Court (pursuant to which the Singapore International Commercial Court may order production if there is no objection on compelling “grounds of commercial or technical confidentiality”) has no express analogue in O 24 of the Rules of Court. Nevertheless, *B2C2* remains a relevant and useful authority in the present case, particularly because the court surveyed a range of cases in common law jurisdictions “having discovery rules equivalent to those in O 24”. Furthermore, the court in fact came to the conclusion that the guidance obtained from the range of common law authorities was “equally applicable” to the case at hand (see *B2C2* at [17]–[20] and [35], and the authorities cited therein).

11 Courts in common law jurisdictions have sought to balance the competing public interests (see [9] above) through the application of various principles. One such principle is the well-known principle in *Riddick v Thames Board Mills Ltd* [1977] QB 881, *ie*, that documents disclosed in discovery can only be used for the purposes of the action in relation to which discovery was obtained. Over and above the *Riddick* principle, additional confidentiality undertakings may be required depending on the circumstances of the case (see, *eg*, the Supreme Court’s *Intellectual Property Court Guide* (issued pursuant to Supreme Court Registrar’s Circular No 2 of 2013) at paragraphs 16 and 17). In this regard, the *Intellectual Property Court Guide* highlights the possibility of “confidentiality clubs”, which serve to facilitate the calibrated disclosure of

⁴ Defendant’s written reply submissions dated 27 May 2020, at paragraph 4.

confidential information to specified individuals (*eg* solicitors, experts or party representatives). There are, in fact, precedent cases where a court has ordered that confidential information be disclosed *only* to a party's legal advisors and experts, but *not* the party itself (see, *eg*, *Sport Universal SA v ProZone Holdings Ltd* [2003] EWHC 204 ("*Sport Universal SA*")), although such an order is "unusual" and there must be "exceptional circumstances which would justify it" (*Koger Inc v O'Donnell* [2009] IEHC 385 ("*Koger*").

12 Ultimately, whether confidentiality undertakings are required and, if so, the appropriate terms of such undertakings depend on a judicious weighing of the competing public interests and how justice can best be achieved on the unique facts and circumstances of each case (see, *eg*, *B2C2* at [21] and *Roussel Uclaf v Imperial Chemical Industries plc* [1990] RPC 45 at 49).

13 In my view, Clause 3 strikes a suitable balance between the competing public interests and provides an appropriate and proportionate confidentiality safeguard, for three reasons.

(a) First, the Plaintiff has, in previous affidavits filed when seeking an injunction in this suit, elaborated on the confidential nature of the information.⁵ As those affidavits are sealed by order of court against access or use of any person other than the parties and their counsel, I decline to go into further detail in this judgment. It suffices to say that I am satisfied, at this interlocutory stage, that the material appears confidential and deserving of confidentiality safeguards. This, coupled

⁵ Plaintiff's written reply submissions dated 27 May 2020, at p 2.

with the fact that the Defendant is presently employed by a competitor firm⁶ and trading in direct competition with the Plaintiff, means that there is heightened risk that the confidentiality of the Allegedly Confidential Disclosed Documents may be compromised. All of these weigh in favour of instituting more-stringent safeguards for the Plaintiff's disclosure of confidential information.

(b) Second, Clause 3 does not unduly fetter the Defendant's ability to conduct his defence in this suit. To be clear, Clause 3 does not preclude disclosure of the Allegedly Confidential Disclosed Documents to the Defendant; in other words, Clause 3 does not seek the highly restrictive order made in *Sport Universal SA* (see [11] above). Instead, what Clause 3 requires is that the Defendant views these documents only in the presence of Defendant's counsel, for the purposes of instructing them as necessary. It also bears emphasis that – pursuant to Clause 2 of the Undertaking – the Allegedly Confidential Disclosed Documents can be disclosed to Defendant's counsel (and support staff) and, where necessary, to the Defendant's potential or appointed experts (and support staff) as well as the Defendant's appointed witnesses.

(c) Third, while each case is to be determined on its own facts, it is notable that Clause 3 finds precedent in *Koger*. In *Koger*, the court ordered disclosure of the confidential material in question, subject to certain conditions of which two are of particular relevance to the present application:

⁶ Plaintiff's written submissions dated 20 May 2020, at paragraph 7, and Defendant's written reply submissions dated 27 May 2020, at paragraph 8.

- (i) the material must “remain within the custody of the [requesting party’s solicitors] who must give an undertaking to the court that they will not part company with such material or allow it to be copied in any way without the ... consent [of the party giving discovery] or leave of the court.”; and
- (ii) the access to the material by the requesting party “will have to be in the presence of the [requesting party’s] solicitors”.

14 I now turn to three other sets of arguments canvassed by the parties. Ultimately, save for a qualification mentioned in [21(c)] and [27(c)] below, these did not affect my view that Clause 3 ought to be included in the Undertaking.

15 The first set of arguments concerns the relation between Clause 3 and the deletion and destruction exercise previously ordered in this suit. By way of background, the court had previously ordered that the Defendant delete or destroy certain allegedly confidential material (referred to by the parties as the “Downloaded Materials”) in his possession, custody and power. The purpose of the deletion exercise was to ensure the removal of all traces of the Downloaded Materials from the Defendant’s possession, custody and power.⁷ Against this backdrop, Plaintiff’s counsel contended that it would be “absurd” for the Defendant to now have custody of the Allegedly Confidential Disclosed Documents, and that doing so would render the deletion exercise “completely otiose”.⁸ In contrast, Defendant’s counsel contended that the Defendant had

⁷ Plaintiff’s written submissions dated 20 May 2020, at paragraph 6(a).

⁸ Plaintiff’s written submissions dated 20 May 2020, at paragraph 6(b).

volunteered for the deletion exercise “on the assumption that the usual discovery rules would apply”,⁹ and that the deletion order did not address the issue of how the Downloaded Materials would be dealt with during discovery.¹⁰ In my view, the fact that a deletion exercise was ordered in relation to substantially the same documents constitutes, at the very least, an implicit recognition of the risks associated with the Defendant having possession, custody or power over these documents. Whether the Defendant had volunteered for the deletion or assumed that the usual discovery process would take place does not change the analysis in relation to whether – considered in all the circumstances of the case – Clause 3 strikes a suitable balance between the competing public interests as mentioned above.

16 The second set of arguments is Defendant’s counsel’s contention that courts are less inclined to impose onerous confidentiality obligations where a party seeks confidentiality protection over information *voluntarily disclosed* in support of its case, as opposed to confidential documents that a party is *compelled* to disclose. Defendant’s counsel cited *Re Application for Confidentiality Safeguards by TWG Tea Company Pte Ltd and Objection Thereto by T2 Singapore Pte Ltd & Tea Too Pty Ltd* [2019] SGIPOS 9 (“*TWG Tea Company*”) at [29]–[30] in support of this contention.¹¹ The proposition is that the court should be slow to impose onerous confidentiality obligations on the Allegedly Confidential Disclosed Documents, given that these are being voluntarily disclosed by the Plaintiff as part of the discovery process.

⁹ Defendant’s written reply submissions dated 27 May 2020, at paragraph 15.

¹⁰ Defendant’s written reply submissions dated 27 May 2020, at paragraph 14.

¹¹ Defendant’s written submissions dated 20 May 2020, at paragraph 5.

17 I reject this proposition. *TWG Tea Company* must be understood in its proper context. In that case, the Intellectual Property Office of Singapore tribunal was concerned with trade mark opposition proceedings, where there are no discovery obligations and where each party typically voluntarily puts forward evidence to support its position (*TWG Tea Company* at [21]–[22]). In that situation, the tribunal found that an applicant seeking to rely on certain figures to argue that it should be entitled to a monopoly over certain marks should make such figures available to other traders against whom the applicant’s monopoly may be asserted (*TWG Tea Company* at [30]). The tribunal’s decision did not relate to the giving of discovery in the context of civil litigation in the High Court.

18 In the present case, the Plaintiff is under an obligation, pursuant to O 24 of the Rules of Court, to give discovery of relevant documents that are within its possession, custody and power. The Allegedly Confidential Disclosed Documents are being disclosed pursuant to this obligation to give discovery. It does not withstand scrutiny to contend that – in doing so – the Plaintiff is “voluntarily” disclosing material (in the sense that the word was used in *TWG Tea Company*), and therefore that the information disclosed is less deserving of confidentiality safeguards. Indeed, to take such a position would draw a puzzling and unprincipled distinction in the level of confidentiality safeguards to be given to documents produced in general discovery (under O 24 r 1 of the Rules of Court) as compared to those sought in specific discovery (under O 24 r 5 of the Rules of Court).

19 The third set of arguments is Defendant’s counsel’s contention that Clause 3 is “impractical and severely prejudices the Defendant’s ability to

prepare for trial”.¹² Different strands of this argument were woven into the Defendant’s submissions and reply submissions, and may be summarised as three points:

(a) First, in modern litigation practice, discovery documents are often conveyed electronically to clients, and instructions are taken through electronic mail, text messaging, video conference or telephone calls. Requiring the Defendant to view the Allegedly Confidential Disclosed Documents only in the presence of Defendant’s counsel “would make the conduct of the Suit extremely time-consuming, costly and cumbersome, if not impossible, especially during the [COVID-19] circuit breaker period”.¹³

(b) Second, there would be an “onerous burden” on Defendant’s counsel to review documents and determine if they contain Allegedly Disclosed Documents, so as to make a decision on whether the documents can be forwarded to the Defendant.¹⁴

(c) Third, if the Plaintiff decides to classify all or almost all documents it discloses as “Allegedly Confidential Disclosed Documents”, this would make the conduct of the Defendant’s case extremely difficult.¹⁵

¹² Defendant’s written submissions dated 20 May 2020, at paragraph 11.

¹³ Defendant’s written submissions dated 20 May 2020, at paragraph 11.

¹⁴ Defendant’s written submissions dated 20 May 2020, at paragraph 11.

¹⁵ Defendant’s written reply submissions dated 27 May 2020, at paragraph 6.

20 I acknowledge that practical difficulties may arise in relation to compliance with Clause 3, particularly in view that the COVID-19 situation continues to evolve at the time of this judgment. Based on the press release issued by the Ministry of Health on 19 May 2020, Singapore will exit the “Circuit Breaker” when it ends on 1 June 2020 and embark on a three-phased approach to resume activities safely. It is envisaged that in the first phase (*ie* from 2 June 2020), Singapore will resume economic activities that do not pose high risk of transmission; in this regard, legal services are referenced in the list of businesses that can resume operations. Be that as it may, there may be some uncertainty as to whether and when the Defendant can be in the physical presence of Defendant’s counsel so as to view the Allegedly Confidential Disclosed Documents, and whether this may in turn delay the Defendant’s preparation for this suit.

21 However, these practical difficulties do not appear to be insurmountable. In particular, they do not outweigh the factors in favour of including Clause 3 (see [13] above), for three reasons.

(a) First, there is currently no evidence or contention that the Defendant is unable to comply with Clause 3 when the need to access the documents arises. There is also no evidence or contention that it is necessary for the Defendant to have personal access to the Allegedly Confidential Disclosed Documents (without the physical presence of Defendant’s counsel) in the immediate or near-term, and that without such access the preparations for the suit cannot proceed.

(b) Second, while Clause 3 may create an added burden on the Defendant’s counsel insofar as documentary review is concerned, there is no substantiation on how and why such a burden is “onerous”. Indeed,

the burden is mitigated in view that Recital (D) of the Undertaking requires that the Plaintiff identify the Allegedly Confidential Disclosed Documents in writing (see [7] above). In any event, the added burden of documentary review is par for the course when conducting litigation in cases (such as the present) involving sensitive and confidential information.

(c) Third, in the event that the Defendant's personal access to the Allegedly Confidential Disclosed Documents (without the physical presence of Defendant's counsel) is necessary, and the Defendant is unable to comply with Clause 3 for good reason, the Defendant is at liberty to propose – for the Plaintiff's consideration – a protocol enabling his personal access while providing safeguards similar to those offered by Clause 3. The parties may, for instance, agree on a protocol for the Defendant and Defendant's counsel to simultaneously view the Allegedly Confidential Disclosed Documents over remote communication technology, coupled with undertakings to the effect that the Defendant shall not take any photographs, recordings, copies or screen captures of those documents. For the avoidance of doubt, the immediately preceding suggestion does not imply this court's endorsement of the sufficiency of the described arrangement; it merely illustrates that leveraging technology may help overcome certain practical difficulties in complying with Clause 3. If such a protocol should become necessary and the parties are unable to agree on its modalities, either party shall be at liberty to apply to the court for guidance or for a decision on the matter.

(d) Fourth, the Undertaking is, pursuant to Recital (E) therein, without prejudice to the Defendant’s position that the Allegedly Confidential Disclosed Documents are neither commercially valuable nor confidential, and subject always to the Defendant’s right to apply to court to modify the obligations if necessary.

22 I therefore allow Clause 3 to remain as part of the Undertaking. I also make an express order giving effect to [21(c)] above, as stated in [27(c)] below.

Clause 6 – Entitlement to seek injunctive relief

23 Clause 6 of the Undertaking states that the Plaintiff shall be entitled to seek injunctive or other equitable relief against the Defendant without proof of actual damage to prevent any further or continuing breach of the Defendant’s obligations under the Undertaking.

24 The Plaintiff’s position is that even without Clause 6, the Plaintiff has the right to seek injunctive relief as it deems fit and, in so doing, must show the Court that such relief is warranted.¹⁶ The Plaintiff’s rationale for including Clause 6 is to “reinforce” the Plaintiff’s right to *seek* injunctive or other equitable relief, and to pre-empt arguments that the Defendant’s threatened or actual breach of the Undertaking is not serious because no actual damage occurred.¹⁷ The Plaintiff further clarified that it was not asking the Defendant to consent to the injunctive relief itself.¹⁸

¹⁶ Plaintiff’s written submissions dated 20 May 2020, at paragraph 8.

¹⁷ Plaintiff’s written submissions dated 20 May 2020, at paragraph 11.

¹⁸ Plaintiff’s written submissions dated 20 May 2020, at paragraph 10.

25 The Defendant objected to Clause 6 on two main grounds:

(a) First, it is unclear whether the “injunctive relief” sought is an interlocutory injunction, a permanent injunction, or both. It is also unclear what “equitable relief” the Plaintiff would be seeking. As different legal requirements and considerations apply for each type of relief, the Plaintiff has to prove that it satisfies the legal requirements before it is granted such relief.

(b) Second, it is onerous to require an opposing party to consent to injunctive relief in the event of threatened or actual breach. For instance, in *TWG Tea Company*, the Intellectual Property Office of Singapore tribunal rejected a request for, *inter alia*, consent by the respondents to injunctive relief in the event of threatened or actual disclosure of the confidential information.

26 Given the Plaintiff’s position that it is entitled to seek the necessary relief with or without Clause 6, I am unable to see the utility of including Clause 6 in the Undertaking. Including such a clause may lead to unnecessary satellite disputes between the parties; for instance, Defendant’s counsel has already pointed out the lack of clarity as to whether the “injunctive relief” mentioned in Clause 6 is of an interlocutory or permanent nature (see [25(a)] above). As such, I disallow Clause 6.

Conclusion

27 A summary of my orders is as follows:

- (a) The Defendant shall execute the Undertaking in favour of the Plaintiff, save that Clause 6 is to be omitted and the clauses be renumbered accordingly as required.
- (b) The Undertaking shall be executed by 4 June 2020 (*ie* within 7 days of this judgment). The parties are to attempt to agree on the mode of execution of the Undertaking in the event that physical execution of the Undertaking is challenging in the light of the COVID-19 situation. Failing agreement, the parties shall be at liberty to apply to the court for guidance or for a decision on the mode of execution of the Undertaking.
- (c) The Defendant is at liberty to propose an alternative protocol for access to the Allegedly Confidential Disclosed Documents in the event that his personal access to the documents (without the physical presence of Defendant's counsel) is necessary and he is unable to comply with Clause 3 for good reason. If such a protocol becomes necessary and the parties are unable to agree on its modalities, either party shall be at liberty to apply to the court for guidance or for a decision on the matter.
- (d) The parties are to attempt to agree on costs relating to the present application. Failing agreement, the parties are to address the court on costs through written submissions by 4 June 2020.
- (e) For the avoidance of doubt, the time limited for appealing this decision runs from the date of this judgment.

- (f) When giving effect to the directions above, all relevant parties are to comply with the safe distancing and other applicable measures required, under the laws of Singapore, to minimise the risk of transmission of COVID-19.

Justin Yeo
Assistant Registrar

Mr Lim Ren Jun, Ms Vivien Teo and Ms Natalie Huang
(Wong & Leow LLC) for the Plaintiff;
Ms Jennifer Sia, Mr Alex Goh and Ms Johanna Yeow
(NLC Law Asia LLC) for the Defendants.
