



[2017] JMSC Civ 168

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA**

**CIVIL DIVISION**

**CLAIM NO. 2007 HCV 03840**

<b>BETWEEN</b>	<b>HASSAN ASWAN T/A H.M.A. SOLUTIONS LTD. (Software Development &amp; Consultancy Services)</b>	<b>1<sup>ST</sup> CLAIMANT</b>
<b>AND</b>	<b>CHRISTOPHER DONALDSON T/A H.M.A. SOLUTIONS LTD. (Software Development &amp; Consultancy Services)</b>	<b>2<sup>ND</sup> CLAIMANT</b>
<b>AND</b>	<b>NATIONAL COMMERCIAL BANK JAMAICA LTD.</b>	<b>DEFENDANT</b>

**IN OPEN COURT**

Ms. Ayana Thomas and Ms. Stephanie Forte for the claimants instructed by Nunes, Scholefield, DeLeon & Co.

Ms. Maliaca Wong and Ms. Shani Nembhard for the defendant instructed by Myers, Fletcher & Gordon.

**Heard:** 4<sup>th</sup>, 5<sup>th</sup> & 6<sup>th</sup> March 2013, 30<sup>th</sup> April 2013, 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> May 2013 and 9<sup>th</sup> November 2017.

**Civil Law - Intellectual Property Law - Copyright - Claimants claim Breach of Copyright - Contract Law - Agreement to provide and customize Top-Up Application in Banking Environment - Oral and Written Contract - Terms of Agreement - Breach of Contract - Breach of Confidence - Whether the Defendant disclosed the Claimants' Specification Document for Top-Up Application- Whether the Claimants are entitled to Wrotham Park Damages.**

**CAMPBELL J;**

[1] The 1<sup>st</sup> claimant, Mr. Hassan Aswan, is a Software Development Solutions Specialist trading as H.M.A. Solutions Limited, a Software Development and Consultancy Service. The 2<sup>nd</sup> claimant, Mr. Christopher Donaldson, is a Software Developer, who is a business partner of Mr. Aswan.

[2] The defendant, a commercial financial institution, is a registered company in Jamaica by virtue of the **Companies Act** with its registered office at The Atrium, Trafalgar Road, Kingston 5, Saint Andrew (hereinafter "the Bank").

[3] In May 2005, the parties entered into discussions whereby HMA Solutions Limited ("HMA") would provide and customize a unique Top-Up Application ("Application") to meet the needs of the defendant's banking environment. The arrangement, described as a joint venture would allow the defendant to use the unique feature of HMA's Application to deliver an electronic cell phone recharge direct delivery system to its customers. The unique feature was a voucher-less system of top-up using a debit or credit card at the point of sale terminal.

[4] The Application would work by only one swipe of a customer's credit card or debit card which would effect two transactions namely; the charge of the customer's account and the top-up of the phone credit. The parties on the 17<sup>th</sup> January 2006, entered into a written agreement.

[5] The Bank wanted a launch deadline of the Application for September 2005. Concerns about the deadline were raised. The relationship between the parties deteriorated. The Bank sought assistance of, a third party, eFunds. It was contended that the Application had deficiencies which the claimants refused to rectify. The claimants argued that the scope of change was too drastic, posed risks and did not add any benefit to the Application.

[6] The claimants are now asserting that their interface specifications in relation to their Application were divulged to eFunds by agents of the Bank, in breach of a Notice of Confidentiality in the contract. The 1<sup>st</sup> claimant by way of emails dated 1<sup>st</sup> June 2006 and 4<sup>th</sup> June 2006 terminated the Agreement, for reasons other than breach of confidentiality.

## **The Claim**

[7] On 27<sup>th</sup> September 2007, HMA filed a claim alleging that the claimants were the owners of the copyright to the Top-Up Application. That the parties had entered into a joint venture agreement. It was agreed that the defendant would not divulge details of its copyright interface document to a third party without written permission. This had been breached, the claimants sought the following reliefs; damages for breach of contract, a declaration and an injunction.

[8] It was particularised that the defendant had, divulged to a third party, to wit, eFunds, interface specifications document in order for eFunds to develop a Host backend to enable it to communicate with the claimants' EPIN@POS terminal Top-up Application.

[9] That the disclosure to a third party of the claimants' creation interface specifications document in detail, enabled the defendant and/or the third party to create a built-in Host logic into their existing Application. As such, the claimants were no longer the sole and exclusive owners of their creation and/or their copyright to the One Swipe, Two Transactions Protocol.

[10] On 27<sup>th</sup> June 2008, the Claim Form was amended to include Hassan Aswan and Christopher Donaldson as 1<sup>st</sup> claimant and 2<sup>nd</sup> claimant, respectively, trading as HMA.

## **The Defence**

[11] On 9<sup>th</sup> November 2007, the Bank filed a Defence, which contended that "*the claimant is not a limited liability company registered in Jamaica as alleged in the Claim Form. The claimant cannot properly commence a claim...*"

[12] The Defence was amended on 28<sup>th</sup> July 2008, to specifically contend, that "*the defendant had no contract with or knowledge of the 2<sup>nd</sup> claimant. The defendant has caused a search to be conducted at the Companies Office of Jamaica and the only proprietor registered*

*to trade as HMA Solutions is Aswan, the 1<sup>st</sup> claimant*". The defendant therefore denies that it has any contractual or otherwise arrangement with the 2<sup>nd</sup> claimant.

[13] The parties entered into an agreement, which was partially contained in a written document signed on behalf of the claimant on January 17, 2006, partially contained in various emails between the parties and partially oral to provide a Top-Up Application for the Bank.

[14] The defendant denies that it has divulged any confidential information which is the subject of the interface specification agreement. Further, eFunds was the Vendor for the Host which was already in use at NCB at the commencement of the Agreement between the 1<sup>st</sup> claimant and the defendant.

[15] The only information provided to any third party, to wit, eFunds was the Bank's own interface specifications. The Bank states that it was not necessary to communicate, nor was it ever communicated to eFunds the contents of the Agreement between the 1<sup>st</sup> claimant and the Bank.

[16] The Bank uses an interface between systems which is based on the internationally accepted ISO 8583 standard that is utilised by the Bank's Host system for interfacing with external systems. This interface and the settings relating to it was the only information communicated to eFunds to facilitate communication between the Banks pre-existing Host and the 1<sup>st</sup> claimant's system.

[17] The Bank rejected the offer of the use of the 1<sup>st</sup> claimant's Host. The Bank states that there was no need to develop a Host as the Bank at all times had a pre-existing Host.

[18] As a consequence of the wrongful termination of the agreement between itself and the 1<sup>st</sup> claimant along with the 1<sup>st</sup> claimant's refusal to provide support services, the Bank has suffered loss and is unable to offer the service in the absence of the 1<sup>st</sup> claimants' system.

## **The Claimants' Submissions**

[19] The 1<sup>st</sup> and 2<sup>nd</sup> claimants are business partners and the sole developers and owners of EPIN Point of Sale Top-up Application. The claimants, trading as HMA Solutions Limited negotiated and entered into an agreement, with the Bank to customize and to provide a turnkey solution for the Bank's use, to enter into cell phone recharge market which include;

- i. *Electronic cell phone direct delivery customer interaction device (point of sale terminal application or front end);*
- ii. *Electronic cell phone core management delivery system (Host application or back end); and*
- iii. *Communication DNA tool propriety to the backend Host and the front end terminal application alone (Interface application).*

[20] It was further agreed that the electronic cell phone direct delivery system on 1000 of their VeriFone 3750 debit/credit card point of sale terminals would increase the terminal count monthly ending with 14000 within the first year of the business venture. The rates payable to the claimants under the agreement were US\$0.30 cents per Digicel, US\$0.50 cents per Cable and Wireless and US\$0.50 cents per Mi-phone transaction.

[21] In May 2005, HMA met with the Bank's Technical Analysts. It was agreed that HMA would provide the EPIN@POS Application, inclusive of a Host, interface specification and terminal software top-up.

[22] That eFunds (IST) would be a router for HMA's top-up packets to the service providers (Digicel, Cable & Wireless and Mi Phone). After that said meeting, proposals concerning the EPIN Application were put in writing and delivered to the defendant in May 2005. This evidence is unchallenged by the defendant.

## **Terms of the Agreement**

[23] The claimants met with the defendant's representative after submitting the proposal and agreed upon the following;

- i. HMA Solutions Ltd. would customize the claimants' proprietary pre-existing direct electronic Cell Phone recharge delivery software system (Direct Top Up) for the defendant's environment; however, HMA remained the proprietor of the software system. This system was to be delivered into all of the defendant's debit/credit point of sale terminals which at the time totalled over 8000 terminals. The system utilized HMA Solutions Ltd. proprietary software referred to as Epin@Point of Sale Top up, which included the claimants' point of sale terminal Application interface specification (i.e. DNA of how the claimants' terminal can interface with the claimants' Host) and the claimants' Host (central management system).
- ii. The customized work to be done by HMA involved;
  - a. Changes on the Point of Sale Terminal Software (Customization of the Point of Sale Terminal Software) which was billable to the defendant for \$US32,000.00 plus General Consumption Tax. Sixty Percent (60%) of this was payable on agreement and the balance of forty percent (40%) on completion.
  - b. Customizing the claimants' cell phone recharge Host (i.e. our central management system) for the defendant's environment at no upfront cost. The entire system remained the property of HMA and the copyright in the system remained HMA's. Thus use of HMA's entire Direct Top Up Application system (including the customized Host) would attract a per-transaction charge/fee for each of the telecommunication companies Digicel, C & W Jamaica and Mi Phone Jamaica at rates which were to be agreed upon. These rates were eventually agreed upon in December of 2005 and formally placed in a written agreement in January 2006. The

agreed rates were US\$0.30 per transaction for Digicel Jamaica, MiPhone US\$ 0.50 per transaction and Cable & Wireless US\$0.50 per transaction, with a projection of 200,000 transactions per day.

- iii. The launch of the system was agreed upon orally for the first week in September 2005.
- iv. It was agreed for the claimants to be in the defendant's environment daily.

[24] The defendant wanted the customization to be completed by September 2005. During the customization period it was noted that a full turnkey solution was the best approach due to the fact that it does not affect the defendant's core system environment as it is a standalone solution similar to the other cell phone recharge solution.

[25] A full testing was requested by the defendant but was not carried out. Instead instructions were given to conduct the full testing of the completed Customer Interactive Device System (front end) and Core Central Management System (back end) of the Application on 4<sup>th</sup> September 2005. The solution was approved and the claimants received the sixty percent (60%) payment, with an agreement to pay the remaining forty percent (40%) as soon as possible.

[26] On 5<sup>th</sup> September 2005, the Bank requested a meeting with HMA and a change request was made, to build an in-house virtual Host backend to the Application. This pushed the launch date deadline to Mid October 2005 and raised copyright issues.

[27] In or about January 2006, the Bank requested additional changes; the building of a new Application. HMA advised that the change requested, was out of scope of the Agreement, requiring a new Point of Sale Terminal Application and to put the Host central management system in each terminal was unprecedented globally.

[28] On 11<sup>th</sup> February 2006, HMA offered the use of their existing Host free of charge. On 11<sup>th</sup> March 2006, the Bank requested the claimants' Host information contained in the

interface specification document. The information was given which was used to recreate the Application; as eFunds was now able to build a Host.

[29] The Bank was advised that the plan was unworkable. There was the major risk of lack of control of the Application. In case of defects, it could never be detected, where the fault arose. It was further explained that, HMA would not allow such changes to their creation. The Bank asked HMA to explain why the Bank's plan would not work. The Bank requested the claimants' interface specification document, which was sent to the Bank on the 5<sup>th</sup> September 2005.

[30] The understanding in sending the interface specification was to work with eFunds, Digicel, Cable and Wireless and MiPhone in communicating the claimants' Point of Sale (POS) cell-phone message to each provider with strict control on what information each provider was to receive from HMA regarding the interface specification document.

[31] The Agreement was clear that all work created by the claimants should not be communicated to any third party without written permission. The proposal document included a confidentiality clause and that this was orally agreed to between the parties. The proposal document stated;

*"The information (data) contained on all sheets of this document/quotation constitutes confidential information of HMA Solutions and is provided for evaluation purposes only. In consideration of the receipt of this document, the recipient agrees to maintain such information in confidence and to not reproduce or otherwise disclose this information to any person outside of the group directly responsible for evaluation of its contents unless otherwise authorized by HMA in writing."*

[32] The claimants on numerous occasions stated that should confidential information escape, they would be adversely affected. The One Swipe Two Transaction Protocols would revolutionize the international financial market as to how multiple services are delivered on a debit/credit card point of sale terminal. Such act would deprive them of their copyright which in-turn would deprive them of millions of dollars.

[33] The interface specification document of the Application was produced in the international software standard protocol for financial software development referred to as ISO 8583. Within the standards are pre set private fields where developers place their proprietary confidential information as to how their software application works. This is to protect the work from copyright infringements.

[34] The claimants worked with eFunds who is to be a switch or router and not a Host. Whilst working with eFunds only certain information was given to ensure compatibility. From September to December 2005 the defendant created its own deficiencies in the Application by trying to create a virtual Host. Expert advice were offered but were refused by the defendant.

### ***Discovery of the Breach***

[35] The claimant reviewed emails with the Bank, for the period of September 1, 2005 to Mid October 2005. It was submitted that the information was being forwarded, to Miguel Moyano of eFunds Limited. That eFunds would need that information in order to build a Host for the Application. It was discovered through an accidental copy on a number of NCB's internal emails, which were not meant to be seen by the claimants.

[36] The claimants posit that on 1<sup>st</sup> September 2005, they were accidentally copied on an internal email. In that email, Angela Hamilton advised Kavin Hewitt that she would like the message format to be used for HMA's Point of Sale Top-Up as she needed to forward the information to eFunds. This showed a clear intention to breach the confidentiality term of the Agreement.

[37] In an email dated September 9, 2005, from Angela Hamilton to eFunds Ltd., she referred to HMA Solutions and the claimants' proprietary message flow within the specification document. She asked Miguel Moyano to peruse the document and give advice on improvements to create an efficient end product for the claimants' proprietary specification

document source code. Development time and cost to make changes to the already completed EPIN@POS electronic Top-Up Application was also requested.

[38] A further email, on 23<sup>rd</sup> September 2005, Angela to Miguel Moyano of eFunds makes direct reference to HMA's specification document bit map which contains HMA's proprietary interface specification source code. Angela Hamilton also discussed the contents of the specification and sought opinions from Miguel Moyano to customize the specification. These discussions were unknown to the claimants and were discovered in July 2006 after detailed reviews of email communication with NCB. The discussions constitute a clear breach of the contract with NCB concerning non-disclosure of confidential information.

[39] eFunds responded on 29<sup>th</sup> September 2005. It was submitted that, the response from eFunds showed intent to recreate the Top-Up Application into eFunds' IST switch giving it additional intelligence logics to process point of sale electronic top-up from EPIN@POS terminal application which it never had before that date. NCB and eFunds were having detailed written discussions about the confidential bit map. The contract between the parties clearly state that information within the written contract must not be passed to a third party without the written permission of HMA Solutions. No such permission had been requested or given.

[40] The email discussions from September 23, 2005 to September 29, 2005 between Miguel Moyano of eFunds and Angela Hamilton of NCB confirms the intent to recreate the EPIN@POS Top-Up Host Application in eFunds' IST financial switch software to work with the EPIN@POS terminal Application, eliminating HMA Solution Host in eFunds' IST environment. On March 2006, an email was sent by Angela Hamilton to the claimants where specific questions were asked about how the interface specification works as it relates to request and confirmation of a top up request.

[41] It is submitted that all the ingredients of a contract existed between the parties by the latest June 2005. There was an offer from the claimants which was accepted and placed in

writing in the form of their proposal document and an oral acceptance of the terms of the proposal in June 2005. The EPIN Application was tested in August and the defendant paid 60% of the cost of the customization work in September 2005.

***Did the agreement between the parties involve HMA Solutions providing a Epins Host built by HMA Solutions to the defendant?***

i. What was the role of eFunds?

**[42]** It is the claimants' case that the Application consisted of three (3) components and all three (3) components were required for it to work:

1. *A Host;*
2. *Interface specification; and*
3. *Terminal software*

It is submitted that the conclusion, that the agreement was for the parties to use HMA's Host is inescapable based on the following evidence;

- a. The EPIN application was built by HMA Solutions. The defendant did not have the capability of the EPIN Application before contracting with the claimant. They therefore did not have in their environment a Host with that capability hence the reason they engaged the claimants.
- b. The claimants' evidence which is not challenged by any evidence led by the defendant is that the agreement between the parties was for the defendant to use the EPIN@POS Application Host.
- c. The claimants contend that eFunds was not the vendor of a Host in the defendant's environment at the time the Agreement was entered into. The vendor of the other Host which interacted with HMA's Host was Card Tech Ltd

(CTL) also called Online. eFunds' role under the Agreement was to act as a router only of data between the cell phone service providers and HMA's Host.

- d. The proposal referred to Electronic Top-Up Host and to the Application implementing Top-Up Host in Phase II of the project and provided for Host development by the claimants.
- e. The proposal defined the role of the IST Switch, eFunds, as that of a router. This was confirmed by Dr. Coore. The Project Charter defined the role of eFunds' Miguel Moyano as developing technical routing documentation, and for HMA, as doing development work on its Host and describes the work of eFunds, as developing routing formatter only.
- f. This signed Agreement between the parties defined the term "Host" as the Electronic Top up Host. "Electronic Top-up" refers to the claimant's Application.
- g. The expert evidence of Dr. Coore is that the flow charts and descriptions in the signed Agreement of January 17, 2006 describes the use of the claimants' EPIN Top-Up Host and that eFunds (IST Switch) acted as a router only.

[43] The first document transmitted by the claimants to the defendant contained on page 1, an important confidentiality notice, which stated inter alia;

*"The information (data) contained on all sheets of this document constitutes confidential information of HMA Solutions. In consideration of receipt of this document, the recipient agrees to maintain such information in confidence and to not reproduce or otherwise disclose this information to any person outside the group directly responsible for evaluation of its contents, unless otherwise by HMA Solutions in writing."*

[44] Further at page 58 of the document;

*"The source code for Epin Application on the POS is the sole property of HMA Solutions and any alteration/changes of sharing of the said code the defendant must have written permission from HMA Solutions inclusive of the source code for the message interface."*

## ***Non-disclosure clauses in agreements***

[45] A confidentiality agreement is a document or clause which binds the parties thereto to certain conditions preventing unauthorized disclosure or use of information that is confidential to one of the parties. The English courts have long recognised that there is a substantial public interest in requiring parties (who have with their eyes open and for valuable consideration contracted not to disclose confidences) to comply with those obligations. According to Lord Cairns LC in **Doherty v Allman** (1878) 2 App Cas 709 at page 720:

*"If parties, for valuable consideration, with their eyes open contract that a particular thing shall not be done, all that a Court of Equity has to do is to say by way of injunction, that which the parties have already said by way of covenant, that the thing shall not be done; and in such case the injunction does nothing more than give the sanction of the process of the court to that which already is the contract between the parties. It is not then question of the balance of convenience, or of the amount of damage or of injury – it is the specific performance, by court, of that negative bargain which the parties have made, with their eyes open, between themselves."*

[46] The House of Lords in **Attorney General v Guardians (No. 2)** [1988] 3 All E.R. 638 held that the duty of confidence could arise in contract or in equity and a confidant who acquired information in circumstances importing such a duty should be precluded from disclosing it to others. According to Lord Keith;

*"The law has long recognized that an obligation of confidence can arise out of particular relationships. Examples are the relationships of doctor and patient, priest and penitent, solicitor and client, banker and customer. The obligation may be imposed by an express and or implied term in a contract but it may also exist independently equitable principle of confidence: See; **Saltman Engineering Co Ltd v Campbell Engineering Co. Ltd.** (1948) [1963] 3 All E.R. 413.*

At page 640 of his judgment Lord Keith stated;

*"Further as a general rule it is the public interest that confidences should be respected and the encouragement of such respect may itself constitute a sufficient ground for recognizing and enforcing the obligation of confidence even where the confider can point to no specific detriment to himself. Information about a person's private and personal affairs may be of a nature which shows him up in a favourable light and would by no means expose him to criticism. The anonymous donor of a very large sum to a very worthy cause has his own reasons for wishing to remain anonymous, which are unlikely to be discreditable. He should surely be in a position to restrain disclosure in breach of confidence of his identity in connection with the donations. So I think it is sufficient detriment to the confider that information given in confidence is to be disclosed*

*to persons whom he would prefer not to know of it, even though the disclosure would not be harmful to him in any positive way."*

[47] In **Campbell v Frisbee** [2002] EWCA Civ 1374, the English Court of Appeal considered it arguable that a duty of confidentiality that has been expressly assumed under contract carries more weight when balanced against the restriction of the right to freedom of expression, than a duty of confidentiality that is not buttressed by expressed agreement.

[48] It is trite law that a court will construe commercial agreements so as to give it business efficacy or effect to the commercial purpose of the agreement. In determining the true meaning and effect of a confidentiality agreement, the correct approach of the courts was explained by Lord Clarke of Stone - cum Ebony in **Rainy Sky SA v Kookmin Bank** [2011] UKSC 50 at paragraph 21 as follows:

*"I would accept the submission made on behalf of the appellants that the exercise of construction is essentially one unitary exercise in which the court must consider the language used and ascertain with a reasonable person, that is a person who has all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract, would have understood the parties to have meant. In doing so the court must have regard to all the relevant surrounding circumstances. If there are two possible constructions, the court is entitled to prefer the construction which is consistent with business common sense and to reject the other."*

[49] It is submitted that there is evidence to support the claimants' contention of disclosure, of their interface specification document to the defendant, as was contained in the proposal document and the written agreement. Mr. Donaldson has sent the defendant the full interface specification document. It was placed in Bit Map 48 and contained the interface specification document. It has been confirmed by Dr. Coore that how it is laid out, the Bit Map 48 contained the full interface specification document. This is unchallenged.

[50] According to Dr. Coore, the application is developed in ISO 8583 which is an international standard, not available to the public to be purchased. The fact that it was requested from the defendant means it could not get it anywhere else.

[51] The defendant wanted the claimants to continue the contract using a third party's Host and their terminal Application. Dr. Coore's evidence is that for the Host and terminal application to work together they must speak the same language. The terminal Application would contain proprietary information in Bit Map # 48. The Host would also need to contain the same proprietary information in Bit Map # 48. The fact that the defendant was able to have a Host through a third party vendor which could interact with the claimant's terminal was indicative that;

1. They had the claimant's full interface specification document; and
2. The defendant disclosed it to eFunds or a third party who developed a Host which had their proprietary information and enabled it to do what the claimants' Host could do.

[52] Prior to the engagement of the claimants the Bank in its own IT Department did not have the capability to do Electronic Top-up on its Point of Sale Terminals. The Bank asserts that eFunds was the vendor of their existing Host for debit cards. The claimants counter that, and say that, at all times ONLINE was the vendor for both debit and credit cards. It is clear that eFunds at the time of the Agreement did not have the capability to create an Application to do electronic cell phone credit top-up at the point of sale terminal.

[53] How then did eFunds develop the capability to fix deficiencies in the claimants' proprietary Application, since the features of the application is confidential and not in the public domain? The starting point for the breach of the agreement is the letter from the defendant dated 17<sup>th</sup> August 2005. This letter is agreed between the parties. This is not in dispute. In the letter the defendant's legal counsel stated;

*"The decision to contract a third party to provide a solution to deficiencies in the HMA developed application was made after the solution submitted by HMA was found unacceptable. The third party contracted is the developer of the defendant's Host and HMA was aware of their involvement in the project from its beginning as the application had to interface with the Host. The defendant contends that in these circumstances it has a right to the application it has paid for and that you have an obligation to provide support to facilitate continue testing and integration of its purchased application."*

[54] According to Dr. Coore, a third party cannot make good deficiencies in an Application, without knowing the private fields in Bit Map # 48, which is a secret to the developer. The expert evidence is that the private fields in Bit Map # 48 were disclosed by the defendant to eFunds. This opinion was derived from private emails detailing the private field of Bit Map # 48. This evidence is uncontradicted by the defendant's expert witness.

### **Damages**

[55] Where the defendant has breached its contractual obligations of confidentiality, the starting point is the proposition that the claimants are entitled to damages based on the normal contractual measure, that is, compensation for the loss of their bargain. Thus the claimants can recover such sum as will put them in the position that they would have been in if the contract had been performed. In breach of confidence cases, this mean the position the claimants would have been in if the information had not been misused.

[56] In cases where the claimant cannot prove orthodox financial loss as a result of the breach of a negative contractual term, i.e. a term that restricts the defendant's activities in some way, as the "Important Confidentiality Notice" in January 2006 Agreement did, courts have held that it is appropriate to award "Wortham Park damages" or "negotiating damages". These damages assessed as the price which the claimant could reasonably have demanded as the price for agreeing to relax the contractual restriction in question. (See; **Force India Formula 1 Team Limited v 1 Malaysia Racing Team** [2012] EHW 616 (Ch) at 383). The claimants may therefore recover such sum as would be negotiated between a willing licensor and a willing licensee acting reasonably as at the date of breach.

[57] In **Force India Formula 1 Team Limited v 1 Malaysia Racing Team** the following principles were extracted;

1. The overriding principle is that the damages are compensatory; See **AG v Blake** at 298 (Lord Hobhouse of Woodborough, dissenting but not on this point), **Hendrix v**

PPX at 26 (Mance LJ, as he then was) and **WWF v World Wrestling** at 56 (Chadwick LJ.)

2. The primary basis for the assessment is to consider what sum would have arrived at in negotiations between the parties, and each been making reasonable use of their respective bargaining positions, bearing in mind the information available to the parties and the commercial context at the time that notional negotiations should have taken place (See; **PPX v Hendrix** at 45; **WWF v World Wrestling** at 55; **Lunn v Liverpool** at 25 and **Pell v Bow** at 48-49, 51 (Lord Walker of Gestingthorpe).
3. The fact that one or both parties would not in practice have agreed to make a deal is irrelevant (See; **Pell v Bow** at 49).
4. As a general rule, the assessment is to be made as at the date of the breach (See; **Lunn v Poly** at 29 and **Pell v Bow** at 50).
5. Where there has been nothing like an actual negotiation between the parties, it is reasonable for the court to look at the eventual outcome and to consider whether or not that it a useful guide to what the parties would have thought at the time of their hypothetical bargain (See; **Pell v Bow** at 51).
6. The court can take into account other relevant factors and in particular delay on the part of the claimant in asserting its rights (See; **Pell v Bow** at 54).

[58] Additionally, the specific nature of the confidential information must be considered. In **Force India Formula 1 Team Limited v 1 Malaysia Racing Team** [2012] EHC 616 (Ch) it was held that;

*[427] "If the information was not readily available from another source, then the willing licensor and willing licensee would negotiate a higher fee or royalty. The more inaccessible the information and thus the more difficult it would have been for the defendant to obtain it by lawful means, then the higher the fee that will be payable, other things being equal."*

It is therefore submitted that the Wrotham Park damages are appropriate to be awarded in this case. It can be said that some actual negotiations for the claimants' right took place, as HMA and the defendant agreed that:

- i. The claimants would provide an EPIN@POS Host built by HMA to the defendant;
- ii. The defendant would pay to the claimants a per transaction fee for each top up, which, if the contract was performed, would amount to US\$9,815,816.10 in the first year, and US\$63,985,614.39 over three years; and
- iii. Ownership of the EPIN@POS application would remain with the claimants at all times.

[59] The Project Charter produced by NCB dated the 18<sup>th</sup> September 2005, projected a 49% increase in revenue for year two of the Direct Top-Up system with a total revenue of JM\$ 5,664,880,000 broken down \$4,357,600,000 from Digicel, representing approximately 77% of overall sales, \$1,089,400,000 from Cable and Wireless Jamaica, representing approximately 20% of overall sales and \$217,880,000 from Mi Phone representing approximately 3% of overall sales. The average transaction of \$100.00 cell phone recharge would be approximately \$1.54 US since the average trading rate at the time of the agreement was \$65.00 JMD to \$1.00 USD. The revenue projected to be earned from each service provider is converted to United States Dollars using this exchange rate and then divided by the average transaction in United States Dollars in order to get the number of transaction per service provider. This would work out to approximately 43,532,465 transactions from Digicel, 10,883,117 transactions from Cable and Wireless Jamaica, and 2,176,623 transactions from Miphone in year two.

[60] Based on the transaction rate of \$0.30 USD per Digicel, \$0.50 USD for C&W Jamaica and \$0.50 MiPhone as states in the agreed contract, HMA Solutions would have stood to earn

\$13,059,740.26 USD from Digicel, \$5,441,558.44 USD from C&W Jamaica and \$1,088,311.69 USD from MiPhone transactions, totalling \$19,589,610.39USD in the second year.

[61] NCB produced a Project Charter projected at a total revenue of \$9,999,808,000 JMD, in year three of the Direct Top-Up system operation, broken down by each provider as: \$7,692,160,000 JMD from Digicel, \$1,923,040,000 JMD from C&W Jamaica, and \$384,608,000 JMD from Mi Phone. With the average transaction of \$100.00 JMD cell phone recharge that would be approximately \$1.54 USD since the average trading rate at the time of the agreement was 65.00 JMD to 1.00 USD. The revenue projected to be earned from each service provider is converted to United States Dollars using this exchange rate and then divided by the average transaction in United States Dollars in order to get the number of transactions from Digicel, 19,211,189 transactions from C&W Jamaica, and 3,842,238 transactions from Miphone in year three.

[62] Based on the transaction rate of \$0.30 USD per Digicel, \$0.50 USD for C&W Jamaica and MiPhone as stated in the agreed contract, HMA stood to earn \$23,053,426.57 USD from Digicel, \$9,605,594.41 USD from C&W Jamaica and \$1,921,118.88 USD from MiPhone transactions, totalling \$34,580,139.86 USD in the third year of operation of the Direct Top-Up System.

[63] In total therefore HMA Solutions lost revenue of approximately \$63,985,614.39 USD for the first three years of the Agreement. The Agreement was contemplated to be in perpetuity and accordingly HMA Solutions continues to suffer loss to date as a result of the breach of contract.

[64] The Host was the unique intellectual property of the claimants and was not readily available from another source. Accordingly, a mere "consultation fee" is not the correct qualification of the claimants' loss. The claimants must be compensated in a manner that will put them into the position that they would have been in had the contract not been breached

by the defendant. This translates to the actual value of the contact, as measured by the transaction fees.

[65] There has been no delay or other action on the part of the claimants which would make it inequitable to award them the fee which was contemplated and agreed to by the parties for the use of HMA's Host, that is, the per transaction fees that the claimants had contracted for. The claimants did not agree that their Host would remain in the defendant's environment at the risk of being exploited without their consent.

**Expert Evidence - Witness Statement of Daniel N. Coore PhD.**

[66] Mr. Coore is employed as a Senior Lecturer and the current Head of the Department of Computing, University of the West Indies, Mona. He has a Bachelor's and Master's degree in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology. He also has a PhD in Computer Science and Engineering. He has over seventeen (17) years of experience in software development and software implementation in the United States of America and Jamaica.

[67] Mr. Coore deponed that the business of setting up of banking software applications and in particular, point of sale terminals and the applications relating to these terminals, is a recognized process in banking throughout the world and is generally driven by the rules of banking. Software development in this domain is often guided by the use of appropriate international standards that facilitate those rules.

[68] The international standard used to develop the financial application for the defendant, by the claimants was ISO 8583. This standard defines a protocol for communication between a transaction client (e.g. point of sale terminal) and a server that authorises and commits the transaction initiated by the client. Within the ISO 8583 standard there exist private fields that may be used by developers to implement particular features desired by the bank (or card issuing entity). In the particular circumstances surrounding the work done by the claimants for the defendant, the claimant adapted certain of these private fields for their own proprietary

use. The purpose and design of these fields was the subject of confidentiality within the specification documents, which were shared with the defendant.

[69] In order to implement a service, such as the Top-up Application developed by the claimants, software must be written for both the card terminal devices (the clients), as well as the Host (server) that processes requests from the clients. The fact that a third party, eFunds Ltd., was able to develop software for the Host that could inter-operate with clients that have been programmed by the claimants to use their propriety protocol, indicates that eFunds Ltd. had intimate knowledge of the purpose and use of the proprietary fields that the clients had defined within the ISO 8583 standard.

[70] In my opinion, the most probable means by which eFunds Ltd. obtained this information, would be from the specification documents defined by the claimants. Since the claimants provided those documents to the defendants (under confidential cover) it is clear that the defendant had means to disclose this information to eFunds Ltd.; even if inadvertently doing so in the process of contracting eFunds Ltd. for software development services.

### **The Defendant's Submissions**

[71] In 2006 the defendant entered into an agreement with the 1<sup>st</sup> claimant who represented himself as a limited liability company and Illuminat (Jamaica) Limited for them to provide and modify a Top-Up Application for the defendant's use in its banking course. The document is signed on behalf of HMA Solutions and Illuminat (Jamaica) Limited.

[72] The defendant had no contract with or knowledge of the role of the 2<sup>nd</sup> claimant, Mr. Christopher Donaldson. On seeing the 2<sup>nd</sup> claimant's name; a company search was conducted at the Companies Office of Jamaica and the information received there stated that only the 1<sup>st</sup> claimant is listed as the proprietor.

[73] The terms of the Agreement between the defendant and the 1<sup>st</sup> claimant included payment by way of two payments in two phases; 60% to begin work and an additional 40% after completion. The total sum to be paid to the 1<sup>st</sup> claimant was US\$49,743.53 which amounts to the full contractual sum.

[74] It was agreed that any other sum to be paid to the 1<sup>st</sup> claimant in relation to this Agreement was to be on the basis that the 1<sup>st</sup> claimant's system would work as promised with the defendant's pre-existing Host and relevant software and provide support for its system. In or about June 2006, the 1<sup>st</sup> claimant wrongfully and without reasonable cause terminated the Agreement.

[75] If the Agreement had continued as planned, it was agreed that the 1<sup>st</sup> claimant would have earned US\$30c per Digicel top-up, US\$50c per Cable and Wireless and US\$50c per MiPhone top-up transaction. There was no agreement as to projected terminal usage or the total amount of compensation likely to have been received; the only agreement made was as to the cost per top-up. At the time of the claim being filed, the defendant had less than 1,000 point of sale terminals in use. The system never having been put into operation, the sums which would have been earned, if any, cannot be properly determined.

[76] It is stated that the defendant disclosed confidential information in terms of the interface specification to eFunds. However, eFunds is the vendor for the Host which is already in use at the defendant's company at the time of the agreement between the 1<sup>st</sup> claimant and the defendant. The defendant would have needed to ascertain from its existing Host for its Point of Sale Terminals whether the interface specifications which currently exist could facilitate interfacing with the 1<sup>st</sup> claimant's Application. This was the only information provided to eFunds; the defendant's own interface specifications.

[77] The defendant necessarily uses an interface for communication between systems which is based on the internationally accepted ISO 8583 standard that is utilized by the

defendant's Host system for interfacing with external systems. Again, the interface and the settings relating to it was the only information communicated to eFunds.

[78] It was an expressed term of the contract that the 1<sup>st</sup> claimant's Application had to be compatible with the defendant's existing Host, provided by eFunds. The 1<sup>st</sup> claimant always knew that the defendant did not require a Host application from HMA Solutions, as the purchase of same and the problems attached with having a separate Host for the Top-Up Application was not something that the defendant ever contemplated and Mr. Aswan was always aware of this.

[79] The 1<sup>st</sup> claimant offered a Host but this was rejected. All the 1<sup>st</sup> claimant was to provide was the software to be used via its Point of Sale terminals for the purpose of mobile phone top-ups. The only other service that the defendant required and agreed with the 1<sup>st</sup> claimant was to provide support for its Top-Up Application and the costs paid by the defendant included only implementation costs which also encompassed the customization of the solution.

[80] The defendant was unhappy with the solution provided and expressed its dissatisfaction to the 1<sup>st</sup> claimant on numerous occasions. The 1<sup>st</sup> claimant wrongfully terminated the contract without just cause and claimed the remainder of the payment. To date, the 1<sup>st</sup> claimant's Top-Up Application, has not been used in the defendant's banking business as it has proved unworkable and this was made known to the 1<sup>st</sup> claimant.

[81] There is no dispute between the parties that there was a binding agreement. The document signed on 17<sup>th</sup> January 2006 represents the agreement between the parties. The 1<sup>st</sup> claimant's case is that the bank has breached the agreement by disclosing its proprietary information to a third party. The 1<sup>st</sup> claimant alleges that this breach occurred in September 2005. The 1<sup>st</sup> claimant relies on a proposal it prepared and submitted to the bank in May 2005, in a bid to offer its application, to the bank. This proposal contained a Confidentiality Notice.

[82] There are a number of weaknesses in the claimant's case. The 1<sup>st</sup> claimant has not shown that the defendant agreed to the Confidentiality Notice in the May proposal or even that the defendant considered itself bound by such term at the time of the alleged breach in September 2005 or even if bound the defendant breached the Confidentiality Notice.

[83] There is no evidence to show that the defendant agreed to the proposal. The document does not include a signature line. Furthermore, the claimant's evidence is that the proposal was submitted by HMA/Illuminat Jamaica to the defendant as it responded to the defendant's request for proposals. This indicates that this was not a negotiated document and could not have represented an agreement between the parties.

[84] The evidence is in fact to the contrary, the claimant's evidence of breach is as follows;

- i. Email of September 1, 2005 (Hamilton to Hewitt) but this email only shows the defendant stating that it *"would like to obtain the message format to be used for POS top-up as I need to forward same to eFunds."* There is no request by the defendant for full specifications to send to eFunds.
- ii. The email of August 31, 2005 (Hamilton to Whyllie) is the best indication of what the defendant was seeking to obtain *"technical documentation as it relates to software changes made thus far for POS... outstanding from the Business – although implied, similar settlement procedure as currently exist today for the present EPIN@POS."*
- iii. Email September 5, 2005 (Donaldson to Hamilton) Donaldson sending *"Interface document."*
- iv. Email September 9, 2005 (Hamilton to efunds) *"Should have alerted you that the defendant wishes to expand the Epin project to include POS channel. Attached is a draft document outlining the requirements for this project. Changes will be made where necessary as the requirements are*

*finalized with the POS software vendor since message formats/process follow will have an impact of eFunds development effort..."*

- v. Email September 9, 2005 (eFunds to the defendant) *"Have you had a chance to review the "draft specifications?"*

[85] The emails do not show that the defendant received the claimant's full specifications for the Application or that the defendant sent eFunds HMA's full specifications for the Application. In any event these exchanges of emails were all copied to the claimant by the defendant. The claimant says accidentally, but the fact that these emails were being copied by the claimant is consistent with the defendant's case that it has not revealed any data that HMA intended to keep confidential.

[86] Further the later email exchange on October 5, 2005; all three emails are copied as one and marked (Hamilton to Donaldson and Donaldson to Hamilton to efunds) show that the claimant knew, understood and accepted that eFunds needed information in order to interface. The very emails the claimant rely on to demonstrate a breach of confidentiality all but show any such breach.

[87] The October 5, 2005 emails further even belies the claimant's contention that the defendant sent the claimant's full specification to eFunds from September 2005, as there would have remained no reason for further information sharing in October. In October 22, 2005 email (Aswan to Whyllie etc) HMA recognizes that it cannot even do *"full Testing of the POS Software as it depends on a working full functional formatter from Efunds."*

[88] The email exchange is explained by expert Mr. Recas on the basis that the defendant exchanged interface information with eFunds as it was necessary if eFunds was the vendor for the Host. In a further attempt to show the court a breach of the Agreement by the defendant, the claimant seeks to muddy the claim with some spurious implied term as it regards the Host. If the claimant is to be believed, the defendant entered into this Agreement

to obtain the claimant's full specifications for the Application to give eFunds to create a Host and by so doing exclude the claimant from earning any revenues from its Application.

[89] The evidence shows that the defendant never requested full specifications from HMA. The defendant already had eFunds as an existing Host. The defendant copied the claimant on communications with eFunds. The claimant stood to earn the substantial per transactions fee regardless of whichever Host was used.

[90] There are no terms expressed concerning the Host, and the evidence does not show that the defendant understood or agreed that it was HMA's and not eFunds' Host to be used. Email of February 11, 2006; states that *"in regard to the email sent yesterday I miss used the word Host in defining our solution. We are not offer(ing) a Host to correct this problem we are in fact offer(ing) our switch which is the only solution to address all concerns..."*

[91] Dr. Coore's view is that the proposal includes a "Statement of Work Proposal" which is not reproduced in the Agreement. However, the provision of EPIN@POS terminal application is reproduced in sections titled *"Statement of Work"* and *"Section 1 - Implementation"*. This is consistent with the defendant's understanding of the Agreement.

[92] The Agreement is silent on the use of HMA's Host which is incredible having regard to the fact that the claimant prepared the Agreement in January 2006 and the claimant admits that the Bank wanted to use their own Host from September 2005 to January 2006.

[93] The only reference to a confidentiality clause is in the January 2006 Agreement. The claimant must therefore rely on an implied term of an oral agreement but has not produced any evidence to show that the defendant agreed to such a term. Furthermore, the question of a waiver looms large, in light of the claimants being copied the information, which they allege communicated the confidentiality information.

[94] Even if, there was a breach of the obligation of confidentiality, which is denied, has the claimant suffered any detriment? The evidence has not shown any such loss. The complaint

is that the defendant sent information to eFunds, a third party but no evidence as to what eFunds has done with this information. No evidence as to any improper use by eFunds (an overseas entity) of the claimant's specifications. The improper use of the claimant's application was denied. There is no sufficient evidence adduced, to support the claimant's allegations of the bank's use of the claimant's specifications.

[95] The claimant has not discharged the burden of proof placed on him. (See **Chitty on Contracts** 30<sup>th</sup> Edition, Vol. 1 para 12-043). The claimant has failed to put clear unequivocal evidence of the breach. The term of the contract allegedly breach is disclosure (not Host). The disclosure term is only in the written agreement signed and dated January 2006. The alleged disclosure preceded the agreement and so was at a time when the bank was no so bound by the term.

[96] If there was a prior oral agreement and an implied term of disclosure the claimants must bring the evidence to show that the defendant knew and appreciate that it was bound by non-disclosure. This is contradicted by their emails to eFunds, in September 2005, allegedly sending information in breach of the implied term yet copying the very claimant and the email from the defendant telling the claimants that they need information to send to eFunds where Hamilton states "*would like to obtain the message format to be used for POS Top Up as I need to forward same to Efunds.*" And the witness statement of Aswan stating that Donaldson sent the specifications for the purpose stated in Kavin Hewitt's email, which email the claimants have not produced.

[97] The claimants are deemed to have waived the alleged breach of the disclosure term. There is no mention or complaint, in the claimant's termination emails of June 1 and June 4, 2006, of any disclosure of proprietary information. At paragraph 56 of the Witness Statement of Aswan he stated;

*"...It became clear to us that the defendant had already separated themselves from the agreement as they wished to duplicate the Host and out entire application and not pay us any royalties transaction fee."*

*(See Chitty on Contracts 30<sup>th</sup> Edition; Vol. 1 para 26-001).*

[98] The Attorney-at-Law's letter dated June 29, 2006 notes no complaint of a disclosure of confidential information. In fact, the letter is unaware of any such breach as it is seeking confirmation that documents have been deleted. At the time of the complaint of disclosure, the letter also alleges source code being disclosed but the claimant admits that no source code was even given to the defendant.

[99] The claim is for loss and damage as a result of the alleged disclosure to eFunds and loss of copyright. There is no causal link shown to flow from the alleged disclosure. The claimants have contracted the same Application to RBC. In any event they have not mitigated their damage, if any, by going to the market once the Agreement was terminated.

[100] Further the claimant terminated the agreement. The letter from the defendant's legal counsel dated August 17, 2006 shows they stood to earn transaction fees and the loss of those fees were due to the claimant's termination not the alleged disclosure.

[101] The claim for damages is faulty as it assumed 14,000 terminals when the evidence is that in 2013 there were only 12,000 terminals and in 2005 there were 1,000 terminals with a 20-30 per cent increase in year. As such, it is wrong to use 14,000 terminals over the period 2006-2008 as the claimant has done in the Particulars of Claim. Also, calculations based on figures in the Project Charter which included extraneous revenues which the claimant would not have stood to earn. Claim for continuing losses must fail since the Agreement was terminable after one year. Also MiPhone is no longer in operation.

[102] The failure of the claimants to express in the January 2006 Agreement, the role of HMA's Host, belies the claimant's case that the Agreement was for HMA's Host and not the defendant's own Host. Against, the background it is more credible to accept the defendant's case that there was no agreement to use HMA's Host as alleged by HMA.

[103] The evidence in support of the alleged breach of disclosure, is based on inferences drawn from the email exchanges with eFunds. These emails were all copied to him from

September to October 2005. He says they were copied accidentally, without a scintilla of evidence to support such an inference. The claimants did not reproduce to the court the portion of the emails addressed to them. See paragraph 73 of the Witness Statement of Aswan where he says; *"by email dated the 5<sup>th</sup> September 2005 Christopher Donaldson sent the full specification document to Angela Hamilton... for the purpose stated in Kavin Hewitt's email..."* which purpose was for sending to eFunds.

[104] In cross examination Aswan admitted that the Agreement could be terminated after one year at the option of the defendant. This negates the claim for the continuing loss of revenues. The Bank's letter dated August 17, 2006 shows that the Bank was prepared to continue the Agreement which afforded the claimant the opportunity to earn percentage based revenues.

[105] The evidence of Mr. Donaldson, lacks personal knowledge of the discussions, in relation to the alleged disclosure. The claimant's case is based on inferences from emails not on actual disclosure. Mr. Donaldson states that the fact that eFunds referred to the phone number being optional meant eFunds had his specifications. However, the information concerning "phone number-optional" was in the said October 5, 2005 email that he approved being sent to eFunds.

[106] Mr. Donaldson could state no purpose for the defendant requiring the specification document. He said he could see no harm in sending it since the parties had confidentiality. The claimant's claim of a lack of knowledge of information being communicated to eFunds, is contradicted by the exchange of emails of October 5 and 6, 2005, in which Angela Hamilton asks Donaldson to review email of October 5, 2005 sent to eFunds and raises a concern to which Donaldson replies;

*"The information for BM #48 for top up confirmation is ok with me. I agree with you there might be an issue with sending data in BM#48 to online even though it is defined as private. We are not certain what online might try to do with that data. Since this data is of no use to online we can consider not sending any data in BM #48 for the authorization messages to online. But it should be present in the authorization message for cash payment since this will be routed to IST..."*

[107] In an answer to questions on this email Mr. Donaldson stated that he approved the information in the chart only but that is inconsistent with the emails itself which is sent by Angela Hamilton to Donaldson to; *"please review email sent to Efunds - can the change request be handled by you-basically utilized existing/proposed field provided by you."*

[108] Dr. Daniel Coore, has no relevant experience working in financial systems. His evidence was based solely on the subjective facts told to him by the claimants with whom he had had a prior relationship. Mr. Recas's evidence was clear and impartial. He has a long history of direct practical experience in the financial industry in implementing multilink systems which include Point of Sale Terminals. He spoke of his experience with routing messaging and communications between networks and how this can only be affected if two softwares have the same information.

#### **Expert Evidence - Report of Adrian Recas**

[109] Mr. Recas is self-employed in the field of Consultant and Project Management – Electronic Banking Systems. He attended the George Abbot School Burpham, Guild England, where he obtained a General Certificate of Education, ordinary level and Royal Society of Arts School Certificate. Several professional training courses offered by the Bank of Nova Scotia and other institutions were pursued.

[110] A review was done of several parts of the Particulars of Claim;

Paragraph 7;

*"That the defendant in breach of the contract condition divulged to a third party to wit EFUNDS the claimants' interface specification document in order for the EFUNDS to develop a Host/backend to enable it to communicate with the EPIN terminal Top-Up Application"*

The following conclusions were made;

1. The information communicated to eFunds was a message format based on the "ISO 8583 Financial transaction card originated messages – interchange message specifications" (ISO 8583)

2. The ISO 8583 standard is widely used internationally to support the exchange of electronic financial transaction messages.
3. The defendant uses ISO 8583 messages to support its credit and debit card services through its IST Switch,
4. HMA Solutions was party to the communication between the defendant and Efunds regarding the processing of EPIN messages from the defendant's POS Terminals and more specifically the use of ISO 8583 Messages in planning for the support of these messages.
5. HMA Solutions submitted concerns regarding the testing of the application(s) in the absence of an update from Efunds. This would indicate that HMA Solutions understood Efunds was integral to the success of the project and therefore would require access to the messages format(s) required to support the service.

Paragraph 8;

*"That in keeping with the desire of CB for a Host the claimants offered a Host to the defendant which refused to accept the claimants' Host and as such sought to develop a Host through a third party in breach of the agreement/contract between themselves and the defendant."*

[111] Prior to the defendant engaging HMA Solutions, the defendant already had a Host application (IST) in place. IST was/is responsible for managing its POS terminals and transaction requests from the terminal and routing them to card issuers both internally and externally (Visa, Mastercard, Discover and MultiLink).

[112] The defendant's stated objective was to have the EPIN application being offered by HMA Solutions interface with its Host as evidenced by the various small exchanges between the parties during the last quarter of 2005 into the first quarter of 2006.

[113] In fact, accepting the Host offered by HMA Solutions would have required the Bank to make major adjustments to its terminal management and transaction routing protocols already in place using IST.

[114] In an email dated February 11, 2006 Hassan Aswan advised the defendant that in fact it was not a Host that was being offered but rather a switch.

Paragraph 10;

*"That the defendant by disclosing to a third party the claimants' creation interface specification document in detail the defendant and/or the third party fully able to create Built-in Host Logic into their existing IST henceforth recreating my client's Top-up Application into IST. Part of which the agreement, the claimants had retained for its exclusive possession to wit the Host. By knowing the detail of the interface specification delivered under the agreement by the claimants to the defendant, the defendant conspired with the third party and Build a Host Logic and was able to create the full Host Top-up Application inclusive of One Swipe Two Transactions Protocols."*

*Conclusion;*

1. The Top-Up Application is designed to reside on POS Terminals and therefore to state that it was "recreated in IST" is misleading.
2. As noted previously in this report the "Interface Specification" is a variant of the ISO 8583 message protocol which is not proprietary to the claimants.
3. HMA Solutions was a party to the communication between the defendant and eFunds regarding the processing of EPIN messages from the defendant POS Terminals and more specifically the use of ISO 8583 Messages in planning for the support of these messages.

**Discussion**

[115] The matter before the court stems from an Agreement between the parties to provide and customize a Top-Up Application to be used in the defendant's banking environment. The Top-Up Application was developed by the claimants, and had several unique features. The first feature, is that, it was voucherless and secondly, was to work by only one swipe of a debit or credit card to effect two transactions; the charge of the customer's account and the top up of the phone credit.

[116] The parties started discussions in or about May 2005. The discussions were contained in oral and email correspondences. A written proposal was presented to the defendant in May

2005 followed by, a written Agreement on 17<sup>th</sup> January 2006. The claimants questioned the functionality of the Top-Up Application in the defendant's banking environment. The business relationship between the parties deteriorated and the claimants terminated the Agreement in June 2006. The claimants now argue that the basis of the termination is breach of the confidentiality clause which prohibited the divulging or disclosing of confidential information to any third party. The claim is that the defendant disclosed the specification document to eFunds. The parties attempt to arrive at an amicable arrangement but failed.

[117] Among the issues for the determination of the court are:

- 1) What were the terms of the contract between the parties?
- 2) Was the Confidentiality Clause a part of the contract between the parties?
- 3) What was the matter that was to be protected by the confidentiality clause?
- 4) Was the confidentiality clause breached in respect of the protected information?
- 5) If there was a breach what are the damages that flow from that breach?

### ***Agreed terms***

[118] The task of proving what were the agreed terms and conditions is often times difficult. It is agreed between the parties that the Agreement was both in an oral and written forms, but the contention now is; what are the agreed terms?

[119] In examining the Jamaican Court of Appeal decision of **Paymaster Jamaica Limited v Grace Kennedy Remittance Services Limited and Another** [2015] JMCA Civ 20, the court wishes to outline the following principles under the heading, "The Law re breach of confidence" at paragraph 193;

*"In Seager v Copydex Ltd. [1967] 2 All ER 415, Lord Denning MR speaking to the law in respect of breach of confidence said at page 417:*

*"I start with one sentence in the judgment of Lord Greene MR in Saltman Engineering Co., Ltd. v Campbell Engineering Co Ltd. (1948) 65 R.P.C. 213. 'If a defendant is proved to have used*

*confidential information, directly or indirectly obtained from the plaintiff, without the consent, express or implied, of the plaintiff, he will be guilty of an infringement of the plaintiff's rights'.*

*To this I add a sentence from the judgment of Roxburgh J in **Terrapin v Builders Supply Co. (Hayes)** [1960] R.P.C. which was quoted and adopted as correct by Roskill J in **Cranleigh Precision Engineering Co Ltd v Bryant and Anor** [1965] 1 WLR 1293; [1966] R.P.C. 81 at 96,*

*"As I understand it the essence of this branch of the law, whatever the origin of it may be, is that a person who has obtained information in confidence is not allowed to use it as a spring-board for activities detrimental to the person who made the confidential communication, and spring-board it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public. The law on this subject does not depend on any implied contract. It depends on the broad principle of equity that he who has received information in confidence shall not take unfair advantage of it. He must not make use of it to the prejudice of him who gave it without obtaining his consent. The principle is clear enough when the whole of the information is private. The difficulty arises when the information is in part public and in part private." [Emphasis added]*

[120] The claimants have argued that due to this disclosure the defendant breached the confidentiality term of the contract. The Proposal document dated 17<sup>th</sup> January 2006 had an Important Confidentiality Notice. The section notes in part;

*"The information (data) contained on all sheets of this document/quotation constitutes confidential information of HMA Solutions/Illuminat Jamaica and is provided for evaluation purposes only. In consideration of receipt of this document, the recipient agrees to maintain such information in confidence and to not reproduce or otherwise disclose this information to any person outside the group directly responsible for evaluation of its contents, unless otherwise authorized by HMA Solutions/Illuminat Jamaica in writing. There is no obligation to maintain the confidentiality of any such information which was known to recipient without restriction prior to receipt of this document as evidenced by written business records; which become publicly known through no fault of recipient; or which business records; which becomes publicly known through no fault of recipient; or which is rightfully received by recipient from a third party without restriction.*

*This document includes information about current HMA application, sales, and service programs. Only a mutually agreed-upon written definitive agreement, signed by the authorized representatives of the parties, shall be binding on HMA Solutions/Illuminat Jamaica." [My Emphasis]*

[121] Additionally, in the section entitled "EPIN TOPUP APPLICATION ISO 8583 INTERFACE SPECIFICATIONS", in the said proposal document, the processes of the Top-

Up Application and the message formats that the Host accepts were outlined. At the end of that section there was a note which states;

*"Source code for Epin Application on POS is the sole property of HMA Solutions and any changes of said code NCB must have written permission from HMA solutions inclusive of the source code for the message interface."*

[122] The defendant has contended that the claimants have not shown that the defendant agreed to the Notice of Confidentiality Clause, that is to say, this confidentiality clause is not a part of any agreement between the parties.

[123] The proposal document, is not signed on behalf of the defendant company. The signatures to the proposal are Mr. Norris Taylor, of Illuminat (Jamaica) Limited and Mr. Hassan Aswan, for HMA Solutions.

[124] When information is transmitted by one person to another in confidence, the law may impose on the receiver a duty to respect that confidence and may therefore restrain the use or disclosure of that information without the consent of the confider. The common law protects confidential information. The court's approach is quite flexible and protects trade secrets and commercial information. (See; **Thos Marshall (Exports Ltd.) v Guiline** [1976] FSR345; **Stephen v Avery** [1988]1 Ch. 457). In the commercial sphere, confidentiality acts in tandem to statutory intellectual property regimes, especially patents and copyrights. A business may choose to use confidentiality to protect its inventions and trade secrets, as an alternative to patenting. It is fair to say, that confidentiality is more often used alongside patent protection. A business may well consider confidentiality a better course to patenting, as the protected information will not have a time protection restriction imposed.

[125] What is clear is that an obligation of confidence may be imposed, even where there is no contract, but where the circumstances import an obligation of confidence. The reasonable man test as in **Coco v A.N. Clark (Engineers) Ltd.** [1969] RDC 41, arose in circumstances, not dissimilar to this case, during negotiations. It is not every bit of confidential information that will merit the court's protection. In **Coco**, Megarry J, opined that equity should not be

invoked merely to protect "trivial tittle tattle", a clear caution that this obligation will not be imposed willy nilly. The circumstances should be sufficiently serious to merit the imposition of the obligation. What is primarily sought is the protection of the obligation of confidence, and it may not be necessary to show a detriment. In this case the Bank has argued that no detriment has been shown. It might well be that the question of detriment, may go in the consideration whether to grant a remedy. The observation of Gummow J, stated in **Smith Kline & French Laboratories (Australia) Ltd. v Secretary, Department of Community Services & Health** (1990) 7 BMLR 10 at page 50:

*"The obligation of conscience is to respect the confidence, not merely to refrain from causing detriment to the plaintiff. The plaintiff comes to equity to vindicate his right for the observance of his obligation, not necessarily to recover loss or restrain infliction of apprehended loss."*

[126] The obligation of confidence rests on broad equitable principles. The court has a discretion as to whether to grant a remedy. One of the circumstances for not granting a remedy, is where the court forms the view that due to subsequent happenings, it would not be reasonable to enforce the obligation. The claimants knew of eFunds' role, and was complicit in information being communicated by the Bank to eFunds. The emails complained of were all copied to the claimants and communications from the claimants themselves displayed acquiescence in the flow of information to the third party. The presence of the claimants in the banking environment and their failure to be aware of the breach, up to the time of their termination of the agreement. For those reasons, I am reluctant to enforce the obligation of confidentiality. The court in **Paymaster Jamaica Ltd. v Grace Kennedy Remittance Services Limited and Another**, found that it was settled principles, that where information was imparted in circumstances that would import an obligation of confidentiality, the recipient was obliged to do so. In making a determination as to whether such a duty had been imposed, the reasonable man test would be engaged by equity. At paragraph 200 of the **Paymaster Case**, it was pointed out, inter alia, that equity would engage the reasonable man test. The court looked at this application in **Coco**, where at 420 and 421, Megarry J said:

*"It seems to me that if the circumstances are such that any reasonable man standing in the shoes of the recipient of the information would have realised that upon reasonable grounds the information was being given to him in confidence, then this should suffice to impose upon him the equitable obligation of confidence."*

*[201] If the circumstances of this case were outlined to a reasonable man, he would have concluded that: Paymaster's business plan is of commercial value; it was given to GKRS on a business like footing, in that, negotiations were in progress between them; GKRS had been cognizant of the fact that the plan was given to it in confidence and as a consequence, GKRS ought to have kept it confidential".*

**[127]** The court notes that the parties are in agreement that the document signed by HMA on the 17<sup>th</sup> January 2006 represents aspects of the agreement between them. This was a business arrangement. The submission of the documentation by the claimants in respect of the Bank's request for proposals, would be to my mind, in these circumstances, oblige the recipient to protect information, such as the proprietary information in the ISO8583. More so, as in these circumstances where one of the first documents that was extend to the Bank, disclosed on its face that the claimants were invoking the protection of the obligation of confidentiality. I find that I am bolstered in my view, by the learning in the case of **Attorney General of Belize & Ors v Belize Telecom Ltd & Anor** [2009] UKPC 10. Lord Hoffmann said at paragraphs 19 and 21;

*"19. The proposition that the implication of a term is an exercise in the construction of the instrument as a whole is not only a matter of logic (since a court has no power to alter what the instrument means) but also well supported by authority. In **Trollope & Colls Ltd v North West Metropolitan Regional Hospital Board** [1973] 1 WRL 601, 609 Lord Pearson, with whom Lord Guest and Lord Diplock agreed, said...:*

*'[21] The court does not make a contract for the parties. The court will not even improve the contract which the parties have made for themselves, however desirable the improvement might be. **The court's function is to interpret and apply the contract which the parties have made for themselves.** If the express terms are perfectly clear and free from ambiguity, there is no choice to be made between different possible meanings: the clear terms must be applied even if the court thinks some other terms would have been more suitable. **An unexpressed term can be implied if and only if the court finds that the parties must have intended that term to form part of their contract: it is not enough for the court to find that such a term would have been adopted by the parties as reasonable men if it had been suggested to them: it must have been a term that went without saying, a term necessary to give business efficacy to the contract, a term which, though tacit, formed part of the contract which the parties made for themselves.**' [My Emphasis].*

**Was the 2<sup>nd</sup> claimant a partner in HMA Solutions Limited?**

[128] As a preliminary point, there were arguments as to whether the 2<sup>nd</sup> claimant was a party to the contract and therefore a partner in HMA Solutions Limited. In the proposal before the court, "Partner" as defined; *"the use of the term "partner" or partnership" in this proposal does not imply a formal, legal, or contractual partnership, but rather a mutually beneficial relationship arising from the teamwork between the parties."*

[129] There is evidence to support that Mr. Christopher Donaldson, the 2<sup>nd</sup> claimant, was a partner and was actively involved in the project. In the defendant's Project Charter, Mr. Donaldson was listed among the core team members. It states;

*"CHRISTOPHER DONALDSON: HMA/ILLUMINAT – The HMA Consultant will be responsible for developing technical specification documentation including thoroughly detailed implementation instructions of its EPIN POS Software. The HMA/ Illuminat Consultant will be responsible for the establishment and maintenance/support of the required test, development and training environments, facilitating data migration activities/tests/mocks and data restorations of their EPIN POS Software as required."*

[130] There is also an email to substantiate that the 2<sup>nd</sup> claimant was an active member or partner of HMA Solutions Limited. The first email sent on 24<sup>th</sup> October 2005 from Whyllie, Damian K;

*"Subject: Re HMA Working Hours*

*Hello Hassan/Christopher*

*To ensure timely delivery of our project we are requesting that Chris work overtime at NCB I.T. in conjunction with NCB System Development team, at the very least until integrated systems testing is complete, end to end, this will ensure that there is a speedy response to whatever possible issues that arise that will require HMA/Illuminat assistance."*

[131] I therefore reject the assertions of the defendant, and find that the 2<sup>nd</sup> claimant was a partner in HMA Solutions Limited and is entitled to bring a claim against the defendant in these proceedings.

**Was the provision of a Host, by the claimants, a part of the contract?**

[132] This issue seems to be the root of contention and the spring board for the breakdown of the business relationship between the parties. The claimants have posited that the Host was an essential element of their Application and it was a term of the contract that their Host was to be used in the Application. The defendant on the other hand argued that it already had an existing Host and it was impractical and costly for them to obtain a separate Host. According to the defendant, the agreement was for them to use their existing Host in the Application.

[133] However, the claimants contend that the defendant later in the course of dealing rejected the claimants' Host and requested them to build an in house virtual Host backend. But it was explained that this was not technically possible and that the request would cause further delay.

[134] The claimants did not assert as a part of its pleadings, that there was expressed in writing, at any point prior to entering into the written agreement that there had been a term requiring the claimants to provide a Host. The Claim Form alleges that the claimant would modify its Top-Up Application for the use by the defendant in its banking business. The Particulars of Claim specify; *"that in keeping with the desire of NCB for a Host, the claimants offered a Host to NCB, which refuse to accept the claimants' Host"*. The defendant in its Defence admits rejecting the offer of the use of the claimants' Host and pleaded that; *"there was no need to develop a Host as the defendant at all material times had a pre-existing Host. Further, it was never agreed either in writing or otherwise with the claimant that the defendant would not use its own Host"*. The claimants made no reply to those contentions of the defendant.

[135] The evidence before the court supported the pleadings to which I have referred See paragraphs 34, 41 and 44 of Hassan Aswan's written statement, which was to the effect that NCB was insisting on its own Host.

[136] The claimants presented evidence of a proposal and a Host that was a feature of the Application. The role of the Host was outlined and it is accepted that the Host is an essential feature of the Application. The defendant submits that between the drafting of the January 2006 document and the Agreement in May 2006, the evidence disclose that there were several requests from NCB for their own Host. The latter document made no clarification of that vital issue.

[137] The matter before the Court, makes invaluable the evidence of the experts, which is crucial in the determination of the issues before the court. The qualification and experience of the two experts have not been challenged. The issue as it concerns the experts, is one of relevance. The approach to be undertaken by a trial Judge was outlined in the **Jamaica Flour Mills Limited v West Indies Alliance insurance Company Limited and others**, SCCA 92/94, delivered on the 16th May 1997, where Rattray P said at page 123;

*"A trial Judge may well conclude that a theory or viewpoint expressed by one expert or another is flawed. Indeed, we are very much in the realm of theory in many aspects of this case. The flaw may emanate from several reasons. The experts may have strayed outside the specific areas of his expertise. He may have failed to take factors into account which, had he done so, could have led him either to a different conclusion or affected the certainty with which his opinion was proffered. Furthermore, since even experts can err, he may have been in error. None of this supports a conclusion of dishonesty which must rest almost reluctantly on the most compelling indicators."*

And at page 128;

*"It is most important to identify the particular expertise of each witness so as to pinpoint the specific area in which the witness is qualified as an expert."*

[138] Mr. Coore, an expert called on behalf of the claimants is a Senior Lecturer and Head of the Department of Computing at the University of the West Indies. He has a Bachelors and Masters degree in Electrical Engineering and Computer Studies. He also has a PhD in Computer Science and Engineering and seventeen (17) years of experience in software development and software implementation in the United States. Mr. Recas, the expert on called on behalf of the Bank, is a Consultant in Project Management –Electronic Banking Systems. He has partaken in several professional training courses offered by the Bank of

Nova Scotia and other institutions. Counsel for the Bank, in the written submissions, argued that Dr. Coore had no relevant experience working in financial institutions. Dr. Coore's testimony was to the effect that, the business of setting up banking software applications, is a recognised process in banking and is structured by the rules of banking. Software development is guided by international standards. In this case the international standard was ISO 8583, within this standard there exist private fields that may be used by developers to implement particular features desired by the Bank. The purpose of these fields is the subject of confidentiality.

[139] I do not think that Mr. Coore's conclusion, that it was impossible that NCB could have had a pre-existing Host which NCB wanted to work with HMA application, even if accepted, does not answer the issue of whether the contract provided for the claimants to provide a Host. According to Dr. Coore, the fact that a third party, was able to develop software for the Host that could inter-operate with clients that have been programmed by the claimants to use, indicates that, the third party had intimate knowledge of the purposes and use the private fields that the clients had defined within ISO 8583 standard.

[140] These conclusions of Dr. Coore are not challenged by Mr. Recas who says, yes information was communicated to eFunds; a message format based on ISO 8583 financial transaction card originated messages - interchange messages specifications (ISO 8583). This standard is widely used to support exchange of electronic financial transaction messages. Importantly, Mr. Recas, stated that, '*HMA solutions was party to the communication between the defendant and eFunds regarding the processing of EPIN messages from the defendant POS Terminals and more specifically the use of ISO 8583 messages in planning for the support of these messages.*'

[141] The fact that HMA submitted concerns regarding the testing of its applications, in the absence of an update from eFunds, drove Mr. Recas to conclude, that HMA Solutions understood eFunds was integral to the success of the project and therefore would require access to the message formats required to support the service.

[142] The claimants' contention that the Agreement was for the claimants to provide the Host, to my mind, flounders, on certain actions of the claimants. The testimony of Hassan Aswan, at paragraph 24 of his written statement, says that he offered "NCB to use our existing Host built for our POS Top-Up Application on or about Feb 11<sup>th</sup> 2006, cost free". The Bank never took up the offer. If it was agreed between the parties that the claimants' Host was to be used, why would it have been necessary to be making this offer? The fact that it was being offered cost free, is likely an indication, that NCB may not have viewed the offer as being very attractive. Mr. Aswan offered the Host, and its rejection by the Bank is more consistent with the Bank's contention, that they have always wanted to use their own Host.

[143] Mr. Aswan's statement continues to the effect, that when Ms. Hamilton, of NCB called days later, he thought, that the Bank; "*had now realise that our cell phone Top-Up Application required our central Host to work*". Does this mean that Aswan was aware of attempts being made to have a Host, other than his, work with his Top-Up Application? To support the contention that it was not a part of the Agreement for the claimants to provide a Host, the defendant relied on the email dated 11<sup>th</sup> February 2006 from the 1<sup>st</sup> claimant who stated in part;

*"...In regard to the email sent yesterday I miss used the word Host in defining our solution we are not offering a Host to correct this problem we are in fact offering our switch which is the only solution to address all concerns..."*

[144] The court having weighted this correspondence believes that there was no agreement for the claimants to provide their own Host. The agreement was for the defendant to use its pre-existing Host with the claimants' Top-Up Application. I find that the defendant had a pre-existing Host as it was in the business of electronic banking and point of sale transaction which would require a Host. I also accept that the claimants offered the defendant a Host during negotiations and the offer was rejected. What the defendant required was the software; the Top-Up Application from the claimants.

### **Whether the defendant disclosed the claimants' specification document?**

[145] The claimants have asserted that during the course of their business arrangements a specification document in relation to building the Top-Up Application dated 15<sup>th</sup> August 2005 was shared with the defendant. An important aspect of any business is its intellectual property assets which may require substantial investment of time, money and creative input which may or may not be intangible. The court having perused the specification document notes that it was very detailed and contained substantial information. The document outlined the various message formats, transaction messages to include the format, request, response and comments. The claimants assert that the specification was also included in the proposals. However, these two documents are not the same and the breadth of detail was not included in the proposals.

[146] There is no contest that the Specification document, is unique to the claimants. In order for it to be protected as confidential, two conditions must be satisfied. Firstly, the information must have the quality of confidentiality, it must not be available in the public domain. Information that can be gathered from public sources will not attain the necessary quality. (See; **Sulliman Engineering Co. v Campbell Engineering Co. Ltd.** (1963) 3ALL ER 413). Secondly, it must have been imparted in circumstances of confidentiality.

[147] We did not have rehearsed before us any argument on fair use or reverse engineering. In **Sega Enterprises Ltd. v Accolade Inc.** 077F2.d 15 93 Daily Journal DAR 304, the court considered whether the **Copyright Act** permits non-copyright holder to reverse engineering of a computer programme to analyse the unprotected functional elements of the programme. The courts held that if disassembly is made by a person for legitimate reason and when they are no measures to access the unprotected elements then disassembly will amount to fair use of copyright work.

[148] The claimants have presented various emails to support their case that the defendant was in receipt of the said specification document and divulged the contents thereof to eFunds. The court will outline several of these;

***Emails sent between the claimants and representatives of the defendant company:***

- An email dated 18<sup>th</sup> September 2005 from Angela Hamilton to the claimants and others states in part;

*"Please see attached – first draft for EPIN@POS as it relates to Illuminat/HMA.*

*Response from EFUNDS (IST) was that the HMA proposed message format for Top-Up Confirmation can be retained – hence no modification required from your end..."*

- Email dated 1<sup>st</sup> September 2005 from Hamilton to Kavin Hewitt;

*"Need the technical documentation from Illuminat.*

*Would like to obtain the message format to be used for POS top up as I need to forward same to EFUNDS...*

*Need to know if there is currently a way to differentiate regular purchase from top up in the current POS set up...."*

- Email dated 31<sup>st</sup> August 2005 from Hamilton to Whyllie, Damian K;

*"In speaking to Kavin – requested him to ask Illuminat representative to provide technical documentation as it relates to the software changes made thus far for POS. Of interest is to determine how to differentiate top up request from purchase request..."*

- Email dated 1<sup>st</sup> September 2005 from Whyllie to Hamilton;

*"Hello Angela given that you had requested that EPIN at POS meeting be rescheduled to Tuesday of this week...this should give us a good idea as to the necessary changes that we may need to make and therefore allow us ample time to illicit the assistance of any external provider, i.e. EFunds etc."*

- Email dated 15<sup>th</sup> September 2005 from Hamilton to the claimants;

*"Specifications are in draft stage – however thought it might be good if you get a preview of the message formats being requested for top-up confirmation.*

*Please advise if there are any concerns."*

- Email dated 15<sup>th</sup> September 2005 from Hamilton to Christopher;

*"Arising from email received from EFUNDS as it relates to the handling of the Top up confirmation messages – no change may be required in the message formats originally provide by Illuminat/HMA... since the same message formatter would be used to handle top-up authorization/top-up confirmation messages, I have asked whether the original message format provided in HMA proposal to NCB can be retained... specifications for Illuminat/HMA will be provided – after a response is received from EFUNDS."*

- Email dated 18<sup>th</sup> October 2005 from Arnold Richard to Christopher and others;

*"The attached documents contain the latest version of the EPIN@POS Specification; changes were made to eliminate ambiguities noted. Main changes are;*

*Terminal is to be configured with a parameter indicating the medium for authorization (Account or Credit/Prepaid Card) when Cash Top up is done.*

*Merchant Card Number and Bank Account Number to be used to authorize Cash Top Ups are to be stored at the terminal – the physical card will not be used during the transaction.*

*The expiry date for the Merchant Credit card must be stored at the terminal, if the Cash Top up authorization method is "Credit Card..."*

*Changes are highlighted in Blue and omissions in Red.*

*Please provide feedback, the final document will be provided soonest."*

***Emails sent between the defendant and the third party, eFunds:***

- Email sent on 9<sup>th</sup> September 2005 from Angela Hamilton to Tejada Jose and Miguel Moyano;

*"...Should have alerted you that NCB wishes to expand the EPIN project to include POS channel. Attached is a draft document outlining the requirements for this project. Changes will be made necessary as the requirements are finalized with the POS software vendor since message formats/process flow will have an impact on EFUNDS development effort..."*

*"Have you had a chance to review the draft specification?"*

- Email sent on 23<sup>rd</sup> September 2005 Hamilton to Miguel Mayano and others;

*"In order to differentiate the Service Providers – POS vendor had introduced BM #48 - however data provided was seen as inadequate. In the process of reviewing same to advise Efunds & POS vendor – is there any specific requirements from your end..."*

- On 29<sup>th</sup> September 2005 from Miguel Moyano to Angela Hamilton and others;

*"We assumed that we will be able to use the pcode (as in ABMs). Since this is not possible, can you please add a sub-field in DE48 containing the EPIN provider code. This has to be a two-digit numeric value and its contents must match the tpin\_id field of one of the records from the epin\_providers database table (created during the 1<sup>st</sup> phase of EPIN project) ..."*

[149] Based on these emails it can be gleaned that there was a collaborative effort among the parties and relevant individuals to get the Top-Up Application in a functional manner, i.e. compatible with the defendant's banking environment.

[150] To my mind the evidence conveys that there were communications between the parties in an effort to continue to modify or customize the claimants' Top-Up Application for the benefit of the defendant. The repeated requests for its own Host appear to have been necessary for the fulfilment of the defendant's benefit. The information shared was necessary to carry out the customisation of the claimants' Top-Up Application. It was submitted that all the emails relied on by the claimants, were, in fact copied to the claimants. The claimants' explanation that the copying of these emails which span a period of approximately six (6) weeks was accidentally done by persons who were IT technicians. There is no explanation tendered why the claimants so regarded the transmission of these emails as accidental.

[151] I accept that Angela Hamilton's, reference to the specifications in the draft stage, is the joint venture effort being made to draft specifications compatible with the defendant's working environment. This was again apart of the customization initiative. There is no basis for any suggestion that this was the claimants' detailed specification document.

[152] The court further notes that representatives from eFunds were active participants in the customization of the Top-Up Application and in various emails eFunds was copied; and of necessity had knowledge of aspects of the specification document; i.e. message formats which was necessary for the project. During that time there is no evidence to suggest that the claimants had any issue with the aspect of the specification document that was shared. The claimants assert that during that time they believed that certain information was divulged to

eFunds in order to rectify the issues arising from the implementation of the Top-Up Application. The Court accepts that eFunds was the router and certain information reasonably had to be communicated to ensure compatibility. I have made reference to the evidence of Mr. Recas, for the Bank, which acknowledge that there was communication of information to facilitate messaging.

[153] In explaining the source of the emails the claimants noted that these emails were sent to them by the defendant accidentally and it was not intended for their knowledge. But it was after the breach that they did a detail search of the email correspondences and the discovery was made. I reject this assertion and find that the claimants were aware of the emails and that in the business course it was necessary that the information, i.e. message formats, had to be shared with the relevant parties. It is interesting to note that although the claimants are arguing that the emails reveal that unique and proprietary material was communicated to eFunds and consequently breached their proprietary rights, in his written statement at paragraph 24, to which I earlier referred, in March 2006, Mr. Aswan, is saying that, the defendant through Ms. Hamilton received; "*the final recipe of how to recreate our point of sale*". If that is true, why the need for the further communicating the proprietary information, if it has already been received?

[154] It is not every breach of confidential information that will merit the court's protection. In **Coco**, Megarry J, opined that equity should not be invoked merely to protect "*trivial tittle tattle*". This is a clear caution that the obligation of confidentiality will not be enforced on every proof of breach. The circumstances should be sufficiently serious to merit the imposition of the obligation. What is primarily sought is the protection of the obligation of confidence, it may not be necessary to show a detriment. In this case, the Bank has argued that no detriment has been shown. It might well be the question of detriment, that, may go in the consideration whether to grant a remedy. The observation of Gummow J, stated in **Smith Kline & French Laboratories (Australia) Ltd. v Secretary, Department of Community Services & Health;**

*"The obligation of conscience is to respect the confidence, not merely to refrain from causing detriment to the plaintiff. The plaintiff comes to equity to vindicate his right for*

*the observance of his obligation, not necessarily to recover loss or restrain infliction of apprehended loss."*

[155] The obligation of confidence rests on broad equitable principles. I find the claimants have failed to discharge the burden placed on them, on a balance of probabilities, of proving the breach of the defendant's obligation of confidentiality. In any event, even if the claimants had succeeded and proved a breach, the court would have discretion as to whether to grant a remedy. One of the circumstances for not granting a remedy, is where the court forms the view that due to subsequent happenings, it would not be reasonable to enforce the obligation. To my mind this is such a circumstance. The claimants knew of eFunds' role, and was complicit in information being communicated by the Bank to eFunds. The emails complained of were all copied to the claimants and communications from the claimants themselves displayed an acquiescence in the flow of information to the third party. The presence of the claimants in the banking environment, and their failure according to them, to be aware of the breach, up to the time of their termination of the agreement further fortifies my finding. For those reasons, I would be reluctant to enforce the obligation of confidentiality.

[156] In light to the circumstances, the court makes the following Orders;

1. The claimants' claim fails.
2. No award as to damages.
3. Costs to the defendant to be agreed or taxed.

A handwritten signature in cursive script, appearing to read 'L. Cooper', with a smaller signature below it.