

Federal Court



Cour fédérale

**Date: 20180612**

**Docket: T-913-17**

**Citation: 2018 FC 614**

**Ottawa, Ontario, June 12, 2018**

**PRESENT: The Honourable Mr. Justice Locke**

**BETWEEN:**

**CANADIAN NATIONAL RAILWAY  
COMPANY**

**Plaintiff**

**and**

**BNSF RAILWAY COMPANY**

**Defendant**

**ORDER AND REASONS**

**I. OVERVIEW**

[1] This decision concerns a motion to strike by the defendant in the present patent infringement action. Canadian National Railway Company (CN) alleges that BNSF Railway Company (BNSF) infringes several dozen claims in three different patents.

[2] BNSF argues that the infringement allegations in CN's Amended Statement of Claim are unsupported by material facts and particulars as required by Rules 174 and 181 of the *Federal Courts Rules*, SOR/98-106 [the *Rules*]. BNSF argues that the Amended Statement of Claim contains only bald assertions. BNSF seeks to have the Amended Statement of Claim struck in its entirety without leave to amend. In the alternative, BNSF seeks an order requiring that CN provide particulars setting out all material facts in support of its allegations.

[3] For the reasons set out below, BNSF's motion will be granted in part.

## II. BACKGROUND

[4] CN and BNSF are railway companies that compete in the North American market. CN is based in Montréal, Quebec and operates throughout North America. BNSF is based in Fort Worth, Texas and operates in the US and in three Canadian provinces.

[5] CN commenced the present action in June 2017 alleging infringement of various claims of two patents, Canadian Patent Nos. 2,922,551 (the 551 Patent) and 2,880,372 (the 372 Patent). In July 2017, CN filed an Amended Statement of Claim adding its newly-issued Canadian Patent No. 2,958,024 (the 024 Patent) to the action. All three of the patents in suit are based on the same parent application and have essentially the same disclosure.

[6] The focus of CN's infringement allegations is BNSF's website ([www.bnsf.com](http://www.bnsf.com)), and specifically two tools thereon called "Intermodal Advisor" (IA) and "Carload Shipping Advisor" (CSA). The IA tool provides customers with information on estimated cost savings using an

intermodal method of freight (that is, one that uses a combination of rail transportation and truck transportation). The CSA tool provides customers with information related to, among other things, the price for transporting a selected commodity, equipment type, route, and estimated transit time.

[7] BNSF argues that the Amended Statement of Claim does not provide sufficient detail of the infringement allegations to disclose a reasonable cause of action, or to permit BNSF to plead intelligently in response.

[8] BNSF previously requested that CN provide particulars of its infringement allegations but was unsatisfied by CN's response.

### III. APPLICABLE LAW

[9] Rule 221(1) of the *Rules* provides that a pleading may be struck out, with or without leave to amend, on several grounds, including that it (i) discloses no reasonable cause of action, (ii) is scandalous, frivolous or vexatious, or (iii) is otherwise an abuse of the process of the Court. Pursuant to Rule 221(2) of the *Rules*, no evidence may be considered on the question of whether a pleading discloses a reasonable cause of action.

[10] It is well understood that the threshold for striking out pleadings is high. BNSF recognizes that a pleading will be struck for disclosing no reasonable cause of action only if (i) the absence of a reasonable cause of action is plain and obvious, even assuming the facts alleged to be true, and (ii) the claim has no reasonable prospect of success: *Stryker Corporation v*

*Umano Medical Inc*, 2016 FC 378 at para 9; *R v Imperial Tobacco Canada Ltd*, 2011 SCC 42 at para 17. BNSF also recognizes that a claim will be struck as scandalous, frivolous or vexatious, or as an abuse of process only when it is so clearly futile that it has not the slightest chance of success: *Apotex Inc v Syntex Pharmaceuticals International Ltd*, 2005 FC 1310 at para 33.

[11] A pleading may be struck as frivolous or vexatious where the claimant can present no rational argument, based upon the evidence or law, in support of the claim, or where the pleadings are so deficient in factual material that the defendant cannot know how to answer, and a court will be unable to regulate the proceedings: *Mostar Directional Technologies Inc v Drill-Tek Corporation*, 2017 FC 575, Court File No. T-2060-16 at para 19 [*Mostar*]; *kisikawpimootewin v Canada*, 2004 FC 1426 at para 8. The Federal Court of Appeal stated as follows in *Mancuso v Canada (National Health and Welfare)*, 2015 FCA 227:

[16] It is fundamental to the trial process that a plaintiff plead material facts in sufficient detail to support the claim and relief sought. As the judge noted “pleadings play an important role in providing notice and defining the issues to be tried and that the Court and opposing parties cannot be left to speculate as to how the facts might be variously arranged to support various causes of action.”

[17] The latter part of this requirement – sufficient material facts – is the foundation of a proper pleading. If a court allowed parties to plead bald allegations of fact, or mere conclusory statements of law, the pleadings would fail to perform their role in identifying the issues. The proper pleading of a statement of claim is necessary for a defendant to prepare a statement of defence. Material facts frame the discovery process and allow counsel to advise their clients, to prepare their case and to map a trial strategy. Importantly, the pleadings establish the parameters of relevancy of evidence at discovery and trial.

[18] There is no bright line between material facts and bald allegations, nor between pleadings of material facts and the prohibition on pleading of evidence. They are points on a continuum, and it is the responsibility of a motions judge, looking

at the pleadings as a whole, to ensure that the pleadings define the issues with sufficient precision to make the pre-trial and trial proceedings both manageable and fair.

[19] What constitutes a material fact is determined in light of the cause of action and the damages sought to be recovered. The plaintiff must plead, in summary form but with sufficient detail, the constituent elements of each cause of action or legal ground raised. The pleading must tell the defendant who, when, where, how and what gave rise to its liability.

[12] The parties agree that an adequate statement of claim in a patent infringement action must set out: (a) facts from which it follows that the plaintiff has the exclusive right to do certain things, and (b) facts that constitute an encroachment by the defendant on that right: *Dow Chemical Co v Kayson Plastics & Chemicals Ltd*, [1967] 1 Ex CR 71, 47 CPR 1 at para 27; *General Electric Co v Wind Power Inc*, 2003 FCT 537 at para 6. In my view, the first of these requirements may be satisfied by alleging ownership of rights in a patent and identifying the claims in issue.

[13] A pleading may be struck as an abuse of process if the action was commenced as a fishing expedition in the hopes that a cause of action will become apparent: *Mostar* at para 20; *Painblanc v Kastner* (1994), 58 CPR (3d) 502, [1994] FCJ No. 1671 (QL) at para 4 (FCA).

[14] In order to be struck without leave to amend, any defect in the claim must be one that is not curable by amendment: *Simon v Canada*, 2011 FCA 6 at para 8.

IV. ALLEGATIONS CONCERNING THE 551 PATENT

[15] The 551 Patent has 33 claims, three of which are independent claims. The three independent claims are almost identical but for the fact that they define, respectively, a method, a server arrangement and a computer. CN alleges direct infringement of claims 1-4, 6-15 and 17-22, and induced infringement of claims 23-26 and 28-33. Claim 1 is reproduced here:

1. A method for conducting an online transaction to fulfill a rail-shipment service inquiry or a rail-shipment service ordering, the method comprising:
  - a. directing a customer system to implement a Graphical User Interface (GUI) providing an input object configured to accept a customer input identifying an origin and a destination for a shipment of goods;
  - b. the GUI configured for presenting a plurality of customer-selectable shipment options, including:
    - i. a first route option corresponding to a first route between the origin and the destination, the first route including one or more rail segments, where all the rail segments of the first route are owned by the same owner;
    - ii. a second route option corresponding to a second route between the origin and the destination, the second route including a plurality of rail segments where at least two of the plurality of rail segments are owned by different owners;
  - c. the GUI being configured to receive a customer selection of a shipment option among the plurality of shipment options;
  - d. in response to customer selection of a shipment option among the plurality of shipment options, adapting the GUI to deliver additional information to the customer about the shipment or request from the customer additional input in order to complete the online transaction.

[16] Dependent claims 2 to 11 add the following limitations:

- Claim 2: the step of adapting the GUI to present additional information to the customer includes presenting to the customer price information corresponding to the customer selected shipment option;
- Claim 3: at least one of the route options presented at the GUI corresponds to a bimodal route including a rail portion having one or more of the rail segments and a truck portion over which the goods are transported by truck;
- Claim 4: the GUI is configured to identify a rail hub at a juncture between the truck portion of the bimodal route and the rail portion of the bimodal route;
- Claim 5: the GUI is configured to identify for at least one of the portions of the route a length of the portion of the route;
- Claim 6: the GUI is configured to display the plurality of route options in the form of a list;
- Claim 7: the GUI is configured to display at least one of the route options on a map, identifying on the map for the at least one route option: a. an origin; b. the truck portion; c. the rail portion; d. a rail hub at a junction between the truck portion and the rail portion; e. a destination;
- Claim 8: the plurality of customer selectable shipment options includes a plurality of railcar ownership shipment options;
- Claim 9: the plurality of railcar ownership shipment options are independently selectable from the first and second route options;
- Claim 10: the plurality of railcar ownership shipment options, include: a. a first railcar ownership shipment option where the shipment uses a railcar owned by the customer; b. a

second railcar ownership shipment option where the shipment uses a railcar owned by an entity other than the customer;

- Claim 11: the step of adapting the GUI includes providing a control component for receiving an input by the customer to place an order to fulfill a shipment according to the customer selection of a shipment option.

[17] Independent claim 12 and claims 13 to 22 which depend from it are almost identical to claims 1 to 11 but for the fact that they define a server arrangement instead of a method.

[18] Similarly, independent claim 23 and claims 24 to 33 which depend from it are almost identical to claims 1 to 11 but for the fact that they define a computer instead of a method.

[19] CN details its infringement allegations by essentially reproducing the text of claim 1, and providing four annotated screenshots of the online tools in issue. A clearer version of those annotated screenshots, which was provided in CN's written representations on the present motion, is reproduced below. The first three screenshots are from the IA tool. The last screenshot is from the CSA tool.



### Is BNSF Intermodal Right For You?

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1) Origin  
(City, St COUNTRY or Zip)  
Los Angeles, CA USA

2) Destination  
(City, St COUNTRY or Zip)  
Syracuse, NY USA

3) Company Type  
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Reduce transportation costs by adding BNSF Intermodal to your supply chain.



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Experience transit times that are comparable to over-the-road options.



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Reduce your carbon footprint by incorporating rail into your supply chain.



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To start reviewing your options now, enter an origin and destination, and select a company and service type in the left hand margin, then click 'Search' to display your results.

If you have questions or would like more information on service options to fit your needs, contact one of our representatives by clicking on the 'Contact Us' link below the 'Search' and 'Reset' buttons.

Annotated screen captures of BNSF's Intermodal Advisor tool (1/3)

### Your Intermodal Advisor Search Results [Perform New Search](#)

origin: LOS ANGELES, CA / destination: SYRACUSE, NY / Cargo Owner / Dry Load

Results
Sustainability
FAQ
Helpful Links
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View Complete Schedules PDF

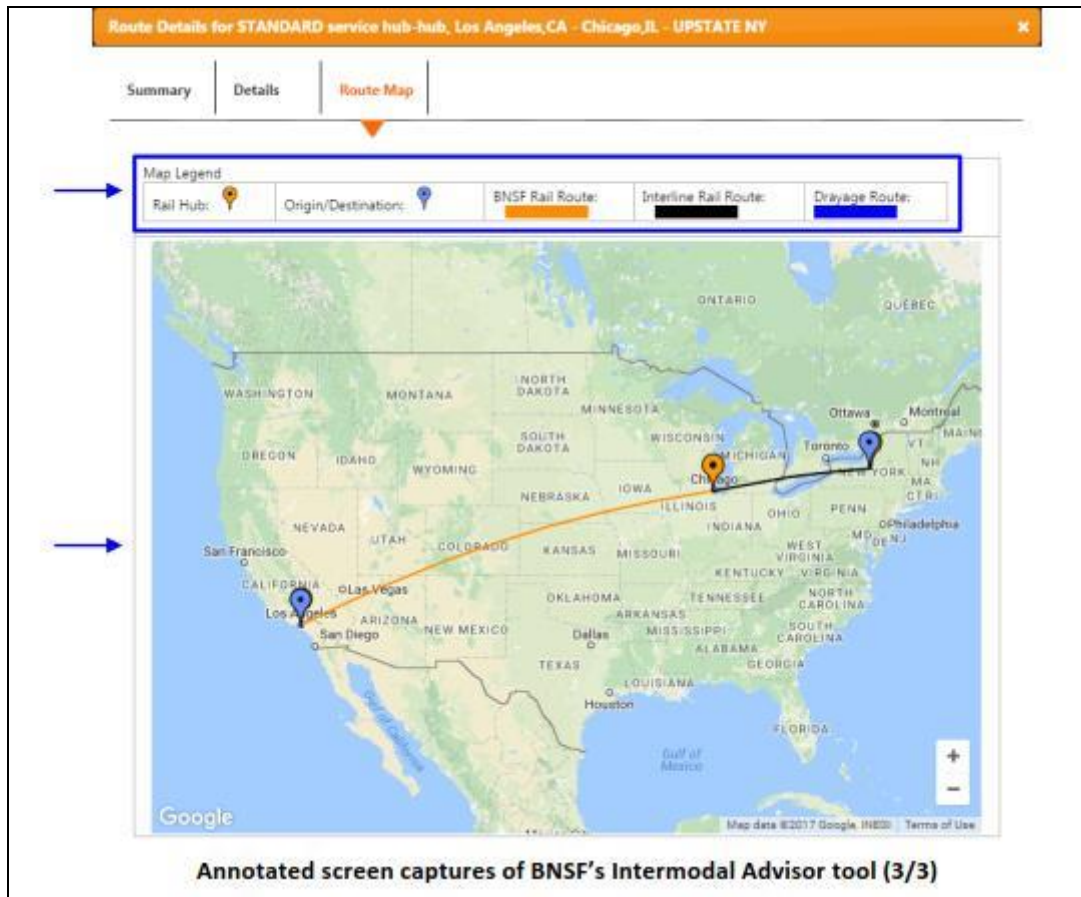
Both
Expedited
Standard

NOTE: Hold down shift key to allow for multi-column sorting.

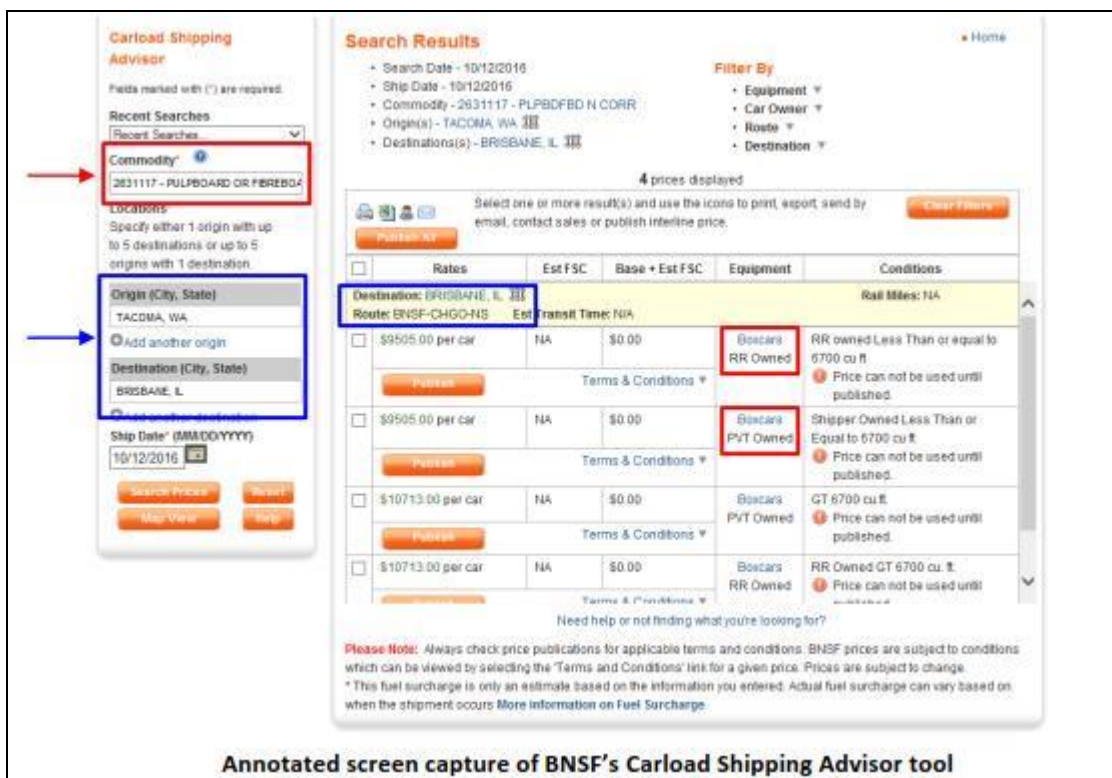
Rail Service Type	Rail Hubs Route	Rail Move Type	\$ Est. Savings	Rail Frequency	Est. Rail Hours	Dray Miles	
						Origin	Destination
STANDARD	Los Angeles, CA - Chicago, IL - UPSTATE NY	Interline	30% \$1371	8	141	9	5
EXPEDITED	Los Angeles, CA - Chicago, IL - UPSTATE NY	Interline	20% \$914	0	118	9	5
STANDARD	Los Angeles, CA - Chicago, IL	BNSF Rail Only	8% \$366	0	93	9	680
STANDARD	San Bernardino, CA - Chicago, IL	BNSF Rail Only	7% \$320	0	87	60	680

Showing 1 to 4 of 4 entries

Annotated screen captures of BNSF's Intermodal Advisor tool (2/3)



Annotated screen captures of BNSF's Intermodal Advisor tool (3/3)



Annotated screen capture of BNSF's Carload Shipping Advisor tool

[20] With regard to inducing infringement, CN details its allegations by stating that (i) BNSF makes the online tools in question available for customers to use with their computers, (ii) BNSF obviously knew that, by making these tools available for this purpose, customers would use the claimed method with their computers to infringe, and (iii) without such influence, BNSF's customers would not have been brought to infringe.

V. ALLEGATIONS CONCERNING THE 372 PATENT

[21] The 372 Patent has 12 claims, two of which are independent claims. CN alleges infringement of claims 1-3 and 7-9. Claim 1 is reproduced here:

1. A method for transporting goods by rail, comprising:
  - a. adapting a Graphical User Interface (GUI) by dynamically modifying a selection range of an input object providing equipment options a user can select for performing a shipment of goods, the adapting including:
    - i. sending signals over a data communication network to a remote customer client system, the signals directing the remote customer client system to implement a GUI providing a first input object configured to accept a user input identifying goods to be shipped;
    - ii. the GUI being configured to provide a dynamically adaptable second input object identifying a collection of individually selectable freight railcar type options that the user can chose from for performing the shipment of the goods specified by the user at the first input object, the collection of individually selectable freight railcar types options being dynamically adaptable to the goods to be shipped;
    - iii. in response to a user input at the first input object identifying particular goods to be shipped, sending adaptation signals over the data communication network to the remote customer client system, the adaptation signals directing the GUI to make available for selection at the second input object an adapted collection of freight railcar

type options corresponding to freight railcar types suitable to transport the particular goods and omitting freight railcar type options corresponding to freight railcar types that cannot transport the particular goods;

b. in response to selection of a particular freight railcar type option at the second input object, transporting the goods by rail using a freight railcar of a type corresponding to the selected freight railcar type option.

[22] Dependent claims 2 and 3 add the following limitations:

- Claim 2: the GUI includes a third input object configured to accept user inputs identifying an origin and a destination for the transport of the goods;
- Claim 3: the step of transporting the goods includes transporting the goods from the origin to the destination;

[23] Independent claim 7 is reproduced here:

7. A method for configuring a Graphical User Interface (GUI) by dynamically modifying an input object providing equipment options a user can select for a shipment of goods, and to perform the shipment of goods, the method comprising:

- a. providing a hardware server arrangement including a machine readable storage encoded with software for implementing a GUI configuration function to alter selectable options on a GUI on a remote customer client system;
- b. sending signals from the hardware server arrangement to the remote customer client system to direct the GUI to implement a first input object configured to accept a user input identifying goods to be shipped;
- c. receiving at the hardware server arrangement signals from the remote customer client system conveying the user input identifying the goods to be shipped;

- d. processing at the hardware server arrangement the user input identifying the goods to be shipped to derive freight railcar types suitable to transport the particular goods;
- e. sending signals from the hardware server arrangement to the remote customer client system to direct a second input object implemented by the GUI to present to the user individually selectable freight railcar type options corresponding to the freight railcar types derived at step (d), the second input object omitting from the selectable freight railcar type options, freight railcar type options corresponding to freight railcar types that cannot transport the particular goods;
- f. in response to reception at the hardware server arrangement of signals from the remote customer client system indicative of:
  - i. a selection of a freight railcar type option by the user; and
  - ii. actuation of a control component on the GUI authorizing the shipment, generating at the hardware server arrangement an active shipping order;
- g. in response to generation of the active shipping order, performing the desired shipment by using a freight railcar of the type selected by the user.

[24] Claims 8 and 9 depend from claim 7 and are identical to claims 2 and 3 but for their dependency.

[25] CN details its infringement allegations in respect of the 372 Patent in much the same way as for the 551 Patent: it essentially reproduces claim 1 and refers to the screenshot regarding CSA (reproduced above).

VI. ALLEGATIONS CONCERNING THE 024 PATENT

[26] The 024 Patent has 36 claims, three of which are independent claims. CN alleges direct infringement of claims 1-6 and 13-18, and induced infringement of claims 25-30. Claim 1 is reproduced here:

1. A method for conducting an online transaction to fulfill a rail-shipment service inquiry or a rail-shipment service ordering, the method comprising:
  - a. directing a customer system to implement a Graphical User Interface (GUI) providing an input object configured to accept a customer input identifying an origin and a destination for a shipment of goods;
  - b. the GUI configured for presenting a plurality of customer-selectable shipment options, the plurality of shipment options, including:
    - i. a first shipment option where the shipment uses a railcar owned by the customer;
    - ii. a second shipment option where the shipment uses a railcar owned by an entity other than the customer;
  - c. the GUI being configured to receive a customer selection of a shipment option among the plurality of shipment options;
  - d. in response to a customer selection of a shipment option among the plurality of shipment options, adapting the GUI to deliver additional information to the customer or request from the customer additional input in order to complete the online transaction.

[27] This claim is identical to claim 1 of the 551 Patent except for steps (i) and (ii) under step (b) which refer to options regarding ownership of railcars rather than ownership of rail segments.

[28] Dependent claims 2 to 6 add the following limitations:

- Claim 2: the step of adapting the GUI to deliver additional information to the customer includes presenting to the customer price information corresponding to the customer selected shipment option (similar to claim 2 of the 551 Patent);
- Claim 3: the second shipment option is one where a rail transportation company owns the railcar for the shipment of the goods;
- Claim 4: the GUI is configured to present the plurality of customer selectable shipment options in the form of a list (similar to claim 6 of the 551 Patent);
- Claim 5: the step of adapting the GUI includes providing a control component for receiving an input by the customer to place an order to fulfill a shipment according to the customer selection of a shipment option (similar to claim 11 of the 551 Patent);
- Claim 6: the plurality of customer selectable shipment options include at least two route options between the origin and the destination.

[29] Independent claim 13 is almost identical to claim 12 of the 551 Patent with the same exception as mentioned above for claim 1. Dependent claims 14 to 18 add the same limitations as do claims 2 to 6.

[30] Independent claim 25 is almost identical to claim 23 of the 551 Patent with the same exception as mentioned above for claim 1. Dependent claims 26 to 30 add the same limitations as do claims 2 to 6.

[31] CN details its infringement allegations in respect of the 024 Patent in much the same way as for the 551 and 372 Patents: it essentially reproduces claim 1 and refers to the screenshot regarding CSA (reproduced above).

## VII. EVIDENCE ON THE MOTION

[32] BNSF relies on the affidavits of James Obermiller and Odel Gilbert.

[33] Mr. Obermiller is Director – Compliance & Information Governance at BNSF. His affidavit provides more screenshots from the IA and CSA online tools. Mr. Obermiller also indicates that he has been advised and verily believes that the IA and CSA tools are run on servers that are located in Fort Worth, Texas. A transcript of the cross-examination of Mr. Obermiller was also provided to the Court.

[34] Odel Gilbert is an employee of BNSF's counsel whose affidavit attaches a number of documents that are relevant to the present motion. There was no cross-examination on this affidavit.

## VIII. BNSF'S POSITION

[35] BNSF argues that simply reciting the words of claim 1 is insufficient to adequately particularize an infringement claim. BNSF also argues that the few arrows and boxes added to screenshots are likewise insufficient.



[36] BNSF also asserts that the screenshots in question are insufficient to disclose a reasonable cause of action even if they are taken as true. For example, there is no indication that BNSF's online tools in issue can be used to complete a transaction online as contemplated in the patents in suit. BNSF also argues that its server is located in Fort Worth, Texas, and many of the steps in the claims in issue would be performed outside Canada.

[37] BNSF also objects to CN's claim for an injunction that would cover all claims of the patents in issue, not just those identified in the Amended Statement of Claim, and cover more than the IA and CSA online tools.

[38] In the alternative to striking the Amended Statement of Claim, BNSF seeks an order for further and better particulars of CN's infringement allegations, as well as an extension of the time for filing its Defence.

#### IX. CN'S POSITION

[39] CN argues that the subject matter of the patents in issue is fairly simple and straightforward to understand, and that the detail provided in the Amended Statement of Claim is sufficient to establish a reasonable cause of action and to permit BNSF to respond intelligently.

[40] CN submits that no evidence should be considered when determining whether the Amended Statement of Claim discloses a reasonable cause of action. CN also submits that cross-examination of Mr. Obermiller revealed that he had limited personal knowledge of the information and documents contained in his affidavit.

[41] CN argues that many of BNSF's arguments in support of the present motion are primarily arguments on the merits of the case, which should be made in the Statement of Defence. As examples, CN cites BNSF's arguments that online completion of a transaction and transportation of goods are essential elements of the claims in issue, and that all steps of the claims in issue must be performed in Canada for there to be infringement. CN also challenges any suggestion that Canadian cities cannot be entered as an origin or a destination in the IA and CSA tools. It argues that the evidence of Mr. Obermiller is inadequate to establish this.

[42] With regard to BNSF's alternative request for particulars, CN notes the absence of evidence that BNSF cannot comprehend the case against it in order to respond intelligently.

[43] CN also requests that this matter continue as a specially managed proceeding.

## X. ANALYSIS

### A. *Allegations of Patent Infringement*

[44] Despite the fact that CN offers little detail in its Amended Statement of Claim concerning its patent infringement allegations other than boxes and arrows added to a few screenshots, it is my view that there is sufficient detail to establish a reasonable cause of action that is not lacking any reasonable prospect of success, at least for some of the claims in issue. In addition, BNSF has not convinced me that it is unable to respond intelligently to these infringement allegations. The claims in respect of which I conclude that CN has established a reasonable cause of action are:

- 551 Patent: claims 1-4, 6-7, 12-15, 17-18, 23-26, 28-29;
- 024 Patent: claims 1-4, 13-16, 25-28.

[45] In respect of each of these claims, there is a reasonable basis for understanding CN's infringement allegations in respect of all of the elements thereof. This conclusion applies to allegations of induced infringement as well as direct infringement.

[46] I agree with CN that the debate over whether all steps of the claims in issue must be put into effect in Canada for there to be infringement is a question of law, which should not be decided on a motion to strike. In my view, the jurisprudence on this question is not sufficiently settled that CN should be prevented at this stage from advancing its position. BNSF relies on *Varco Canada Limited v Pason Systems Corp*, 2013 FC 750 at paras 265-266, for the principle that patents are territorial and that Canadian patents cannot be infringed outside Canada. I agree with this general principle, but there remains the more specific question of whether infringement of a claim to a method (or a sever arrangement or a computer) can be avoided by locating one component thereof (a server) outside Canada. BNSF cites a US authority (*Home Gambling Network, Inc v Piche*, 2013 US Dist Lexis 141595 at 5-6 (D Nev)) in support of its view that this is indeed sufficient to avoid infringement. However, CN cites a UK authority (*Menashe Business Mercantile Ltd v William Hill Organisation Ltd*, [2002] EWCA Civ 1702, [2003] 1 All ER 279 at para 32) for the opposite conclusion. There does not appear to be a Canadian decision directly on point. BNSF argues that the UK law concerning the territoriality of patents is different from Canada's, and that the US authority should be preferred. Having considered the authorities cited by the parties, I am not convinced that it is plain and obvious that CN's position is without merit.

[47] BNSF also argues that CN makes no allegation of fact that the online tools in issue can be used in respect of any shipment that would have an origin or a destination in Canada. As regards the claims listed above (those in the 551 and the 024 Patents), I conclude that there is a reasonable possibility that infringement could be established by use of the claimed method, server arrangement or computer (as the case may be) by a customer located in Canada, regardless of whether the origin or the destination of the goods to be shipped is in Canada.

[48] In light of the requirement that the pleadings define the issues with sufficient precision to make the pre-trial and trial proceedings both manageable and fair, and bearing in mind the high threshold for striking out pleadings, I conclude that the above-listed claims should not be struck and that further and better particulars should not be ordered.

[49] This conclusion does not apply to the remaining claims in issue, which are:

- 551 Patent: claims 8-11, 19-22, 30-33;
- 372 Patent: claims 1-3, 7-9;
- 024 Patent: claims 5-6, 17-18, 29-30.

[50] All of claims 8-10, 19-21 and 30-32 of the 551 Patent define both railcar ownership shipment options and, based on dependency on claim 1, rail segment shipment options. There is a reasonable prospect of success in showing that the IA tool provides rail segment shipment options. There is also a reasonable prospect of success in showing that the CSA tool provides railcar ownership shipment options. However, based on the allegations contained in the Amended Statement of Claim, there is no suggestion that either of the online tools in issue

provides both. CN acknowledges this. Therefore, I conclude that there is no reasonable prospect of success in establishing infringement of these claims.

[51] I reach the same conclusion in respect of all of claims 6, 18 and 30 of the 024 Patent, which define both route options between the origin and the destination and, based on dependency on claim 1, railcar ownership shipment options. As above, (i) there is a reasonable prospect of success in showing that the IA tool provides route options, (ii) there is a reasonable prospect of success in showing that the CSA tool provides railcar ownership shipment options, but (iii) based on the allegations contained in the Amended Statement of Claim, there is no suggestion that either of the online tools in issue provides both.

[52] The remaining claims for which I conclude that the Amended Statement of Claim provides inadequate support concern the fact, which at present appears not to be disputed by CN, that BNSF's online tools in issue cannot be used to complete an order or to ship goods without the separate intervention of a BNSF representative. Claim 1 of the 551 Patent defines a "method for conducting an online transaction to fulfill a rail-shipment service inquiry or a rail-shipment service ordering". In my view, it is not plain and obvious that claim 1 necessarily contemplates a method that results in an order. However, dependent claim 11 of the 551 Patent defines "receiving an input by the customer to place an order to fulfill a shipment". I have heard no suggestion as to how this passage could be construed to mean anything that BNSF is alleged to be doing. The same conclusion applies to claims 22 and 33 of the 551 Patent, which have the same passage.

[53] This discussion concerning the 551 Patent applies equally to the 024 Patent. Claims 1, 13 and 25 thereof refer to “conducting an online transaction to fulfill a rail-shipment service inquiry or a rail-shipment service ordering”, but dependent claims 5, 17 and 29 define “receiving an input by the customer to place an order to fulfill a shipment”. It does not appear that this passage could be construed to mean anything that BNSF is alleged to be doing.

[54] It is my view that all allegations of infringement in respect of claims 8-11, 19-22 and 30-33 of the 551 Patent, claims 1-3 and 7-9 of the 372 Patent, and claims 5-6, 17-18 and 29-30 of the 024 Patent, should be struck. I accept that the defects I have noted may be curable, and therefore CN shall be entitled to amend its Amended Statement of Claim to add particulars of infringement allegations concerning these claims.

B. *Claims Covered in Injunction Claim*

[55] BNSF argues that CN’s claim that it is unaware of the full extent of BNSF’s use of the patented inventions but claims in respect of all such activities, together with its claim for an injunction that covers all claims of the patents in issue (not just those in respect of which infringement is alleged), creates confusion as to what CN alleges to be infringed, and reflects CN’s intention to embark on a fishing expedition.

[56] I disagree that any confusion is created by the wording of CN’s injunction claim. In my view, that wording is typical in patent infringement actions and is permissible. I also see no problem with CN’s statement that it is unaware of the full extent of BNSF’s use of the patented

inventions but claims in respect of all such activities. This, too, is typical and permissible. BNSF cites no jurisprudence in support of the contrary view.

XI. CONCLUSION

[57] I will order that CN file an Amended Statement of Claim, consistent with the reasons herein, no later than 15 days following the date of this Order. Deadlines for subsequent steps in the present action shall be as contemplated in the *Rules*, unless ordered otherwise.

[58] The parties agree that this action should continue as a specially managed proceeding. I will order that it do so.

[59] Since success is divided in the present motion, I will order that costs be in the cause.

**ORDER in T-913-17**

**THIS COURT ORDERS that:**

1. The motion is granted in part.
2. All allegations of infringement in respect of claims 8-11, 19-22 and 30-33 of Canadian Patent No. 2,922,551, claims 1-3 and 7-9 of Canadian Patent No. 2,880,372, and claims 5-6, 17-18 and 29-30 of Canadian Patent No. 2,958,024 are struck from the Amended Statement of Claim.
3. The plaintiff shall file a further amended Statement of Claim no later than 15 days following the date of this Order.
4. The costs of the present motion shall be in the cause.
5. The present action shall continue as a specially managed proceeding and is referred to the Office of the Chief Justice to assign a case management judge.

“George R. Locke”

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Judge



**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-913-17

**STYLE OF CAUSE:** CANADIAN NATIONAL RAILWAY COMPANY v  
BNSF RAILWAY COMPANY

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** APRIL 23, 2018

**ORDER AND REASONS:** LOCKE J.

**DATED:** JUNE 12, 2018

**APPEARANCES:**

François Guay  
Jean-Sébastien Dupont

FOR THE PLAINTIFF

William Richardson  
Kamleh Nicola  
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FOR THE DEFENDANT

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