

Federal Court



Cour fédérale

Date: 20111025

Docket: T-1269-10

Citation: 2011 FC 1219

BETWEEN:

LARRY BERTELSEN

Plaintiff

and

**AUTOMATED TANK MANUFACTURING
INC.**

Defendant

REASONS FOR ORDER

O'KEEFE J.

[1] This is a motion by the defendant, Automated Tank Manufacturing Inc., appealing the order of the prothonotary dated February 7, 2011, which allowed the amendment of the statement of claim.

[2] The motion is for an order:

1. Reversing the Amendment Order in part and directing that paragraphs 9, 10, 11, 12, 13 and 15 of the Thrice Amended Statement of Claim be struck, without leave to amend.
2. Dismissing the Plaintiff's action.

3. Extending the time for the filing of the statement of defence, if required, to a date that is at least 30 days from the date of the determination of this motion.
4. Awarding costs of this motion, the motion below and the action to the Defendant.
5. Such further and other order as this Honourable Court may deem just.

Background

[3] The statement of claim issued on August 4, 2010 alleges infringement of Canadian Patent 2,479,412 (the '412 Patent).

[4] The statement of claim was amended on August 11, 2010.

[5] In September 2010, the plaintiff amended the amended statement of claim by removing his claim for punitive and exemplary damages.

[6] The defendant made a motion to strike the amended amended statement of claim and on November 26, 2010, the prothonotary struck the paragraphs of the amended amended statement of claim dealing with the plaintiff's interests in the '412 Patent and the defendant's infringement.

[7] The prothonotary also ordered that if the defendant did not consent to the plaintiff filing a further amended statement of claim, the plaintiff was granted leave to apply to amend the amended amended statement of claim.

[8] The plaintiff made the motion to amend the statement of claim and on February 7, 2011, the prothonotary allowed the amendments and the thrice amended statement of claim (TASOC) is attached to these reasons as Schedule “A”.

Issues

[9] The issues as stated by the defendant are:

1. What is the correct standard of review?
2. Does the purported description of patent infringement in the TASOC contain the requisite material facts and/or is it impermissibly speculative?
3. In the alternative, does paragraph 10 of the TASOC contain sufficient material facts to constitute a reasonable cause of action for infringement of Claim 2 of the ‘412 Patent?
4. In the alternative, should paragraph 12 of the TASOC be struck as immaterial and embarrassing?
5. In the alternative, should the open ended allegations of other patent infringement in paragraphs 10 and 13 of the TASOC be struck?

Analysis and Decision

[10] **Issue 1**

What is the correct standard of review?

As stated by Madam Justice Sandra Simpson in *Harrison v Sterling Lumber Co* 2008 FC 220, [2008] FCJ No 270, at paragraph 7:

The law is clear that, if the questions raised on a motion before a prothonotary are vital to the final issue in a case, the decision on those questions should be reviewed on a *de novo* basis (see *Merck & Co. Inc. v. Apotex Inc.*, [2003] F.C.J. No. 1925, 2003 FCA 488 at paras. 18-19).

[11] In the present case, the issue deals with the striking of the operative parts of the statement of claim. In my view, this is a matter that is vital to the final issue in the case and consequently, I must deal with the matter on a *de novo* basis.

[12] **Issue 2**

Does the purported description of patent infringement in the TASOC contain the requisite material facts and/or is it impermissibly speculative?

This issue simply deals with whether the plaintiff has pleaded the material facts of the alleged infringement of the defendant. The defendant submits that the plaintiff has merely stated the words of the claim to show the alleged infringement.

[13] The two key paragraphs of the TASOC that are in issue are paragraphs 9 and 10 which read:

9. The Defendant has since a date that is unknown to the Plaintiff but that is as [sic] least as early as October, 2008 at Kitscoty, Alberta, utilized equipment and manufactured, constructed, made and repaired oilfield storage tanks in manner that utilizes a method:

providing a vertical shaft extending below ground at a permanent fabrication facility;

suspending an elevator platform in the shaft by cables, the elevator platform being raised and lowered in the shaft by winches which control a length of the cables to lower the elevator platform and raise the elevator platform in the shaft;

providing at least one above ground work station at the upper end of the shaft;

placing a work piece on a motor driven rotating turntable on the elevator platform;

activating the motor driven rotating turntable to rotate the turntable as required during fabrication to permit workers access to an entire circumference of the work piece without moving from the at least one above ground work station;

lowering the elevator platform as each stage of the work piece is completed in order to maintain a desired working height for workers at the at least one above ground work station; and

raising the elevator platform and removing the work piece from the elevator platform when fabrication is complete.

10. The Defendant has, since a date that is unknown to the Plaintiff but that is as [sic] least as early as September 12, 2007, constructed or used a fabrication station for a tall multi-stage work piece including the manufacture, construction, making and repair of oilfield storage tanks, at 4601-49 Avenue, Kitscoty, Alberta or other locations unknown to the Plaintiff that includes:

a vertical shaft extending below ground;

an elevator platform suspended by cables in the shaft, winches being provided to control a length of the cables to lower the elevator platform and list [sic] the elevator platform in the shaft;

[14] In *Dow Chemical Co v Kayson Plastics & Chemicals Ltd* (1996), 47 CPR 1, [1967] 1 Ex Cr

71, Mr. Justice Jackett said the following, about pleadings in patent infringement cases, at page 11:

In general, under our system of pleading, a Statement of Claim for an infringement of a right should clearly show

(a) facts by virtue of which the law recognizes a defined right as belonging to the plaintiff, and

(b) facts that constitute an encroachment by the defendant on that defined right of the plaintiff.

[15] The same direction is stated in Rule 174 of the *Federal Courts Rules* SOR/98-106 which reads:

Every pleading shall contain a concise statement of the material facts on which the party relies, but shall not include evidence by which those facts are to be proved.

[16] The prothonotary recognized this principle in the preamble to his November 26, 2010 order in which he struck portions of the statement of claim. He stated at page 3:

A plaintiff must describe with particularity the right to which he claims to be entitled and which he alleges has been infringed by the defendant. This is particularly important in patent infringement actions, which are generally complex and technical in nature. The allegations proposed by the Plaintiff relating to infringement by the Defendant simply refer back to the claims in the patent at issue. Such general allegations are insufficient and cannot be allowed.

As was stated by Mr. Justice Jackett in *Precision Metalsmiths Inc. v. Cercast Inc.* (1966), 49 C.P.R. 234 (Ex. Ct.) at page 242-243: "It is not a compliance with the requirement that the material facts be alleged merely to state the conclusions that the Court will be asked to draw..." The Defendant is entitled to know with precision what exactly it has done that is alleged to have infringed the rights of the Plaintiff. Being substantially in agreement with the written submissions filed on behalf of the Defendant, I conclude that the essential elements of a cause of action for patent infringement have not been pleaded at paragraphs 2, 6 and 7 of the Amended Amended Statement of Claim.

[17] I have reviewed the amendments proposed by the plaintiff and I am of the view that paragraphs 9 and 10 with the proposed amendments are in essence a restatement of the claims of the

'412 Patent. This, according to the jurisprudence cited above, is not a proper pleading of infringement. It is plain and obvious that the pleadings are deficient. They do not plead the facts upon which a claim for infringement can be based.

[18] As a result, the prothonotary should not have allowed the proposed amendments and erred in so doing. The pleadings relating to the alleged infringement by the defendant do not make it plain and obvious that a proper cause of action is disclosed. Consequently, the amendment order of the prothonotary is reversed in part and paragraphs 9, 10, 11, 12, 13 and 15 of the TASOC are struck without leave to amend.

[19] The plaintiff's action is dismissed with costs to the defendant.

[20] The defendant shall have its costs of this motion, the action and the costs of the motion below as set by the prothonotary.

"John A. O'Keefe"
Judge

Ottawa, Ontario
October 25, 2011

Federal Court



Cour fédérale

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-1269-10

STYLE OF CAUSE: LARRY BERTELSEN
- and -
AUTOMATED TANK MANUFACTURING INC.

PLACE OF HEARING: Vancouver, British Columbia

DATE OF HEARING: March 21, 2011

REASONS FOR ORDER: O'KEEFE J.

DATED: October 25, 2011

APPEARANCES:

J. Cameron Prowse, Q.C. FOR THE PLAINTIFF

J. Kevin Wright FOR THE DEFENDANT

SOLICITORS OF RECORD:

Prowse Chowne LLP FOR THE PLAINTIFF
Edmonton, Alberta

Davis LLP FOR THE DEFENDANT
Vancouver, British Columbia

Federal Court



Cour fédérale

02-01-11:05:54PM;

: Prowse Chowne LLP # 4/10

SCHEDULE "A"

Court File No. T-1249-10

BETWEEN:

FEDERAL COURT

LARRY BERTELSEN

Plaintiff

- and -

AUTOMATED TANK MANUFACTURING INC.

Defendant

THIRICE AMENDED STATEMENT OF CLAIM

TO THE DEFENDANT:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a solicitor acting for you are required to prepare a Statement of Defence in Form 7/8 prescribed by the *Federal Court Rules, 1998*, serve it on the Plaintiff's Solicitor or, where the Plaintiff does not have a solicitor, serve it on the Plaintiff, and file it, with proof of service, at a local office of this Court, **WITHIN 30 DAYS** after this statement of claim is served on you, if you are served within Canada.

If you are served in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period for serving and filing your Statement of Defence is sixty days.

Copies of the *Federal Court Rules, 1998*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO DEFEND THIS PROCEEDING, judgment may be given against you in your absence and without further notice to you.

Issued by: _____
(Registry Officer)

Date: _____

Address of local office:
Suite 530 Scotia Place, Box 51
10060 Jasper Avenue, Edmonton, Alberta T5J 3R8

TO: Automated Tank Manufacturing Inc.
Registered Office
4601 - 49 Avenue
Kitcooty, AB T0B 2P0

2010-04



02-01-11:05:54PM:

: Prowse Chowne LLP # 5/ 10

2

Claim

- I. THE PLAINTIFF CLAIMS AS FOLLOWS:
- a. A declaration that the Defendant has infringed Canadian Patent 2,479,412 contrary to the provisions of the Patent Act;
 - b. An interim, interlocutory and permanent injunction restraining the Defendant from:
 - i. Infringing the rights of the Plaintiff as patentee of Canadian Letters Patent 2,479,412;
 - iii. making, construction or using an apparatus for manufacturing structures with a continuous sidewall;
 - iv. using or providing for anyone else's use, equipment for the purpose of infringing the Plaintiff's patents;
 - v. using the method of fabricating stations for a tall multi-stage work piece as described in the Plaintiff's Patent 2,479,412;
 - c. An Order directing the Defendants deliver up all fabricating stations for a tall multi-stage piece in the custody or control of the Defendants as may offend the injunction sought in paragraph (b) above;
 - d. In the alternative, an Order directing the Defendants to destroy or disassemble all fabricating stations for a tall multi-stage piece in the custody or control of the Defendants as may offend the injunction sought in paragraph (b) above;
 - e. Damages, or in the alternative as the Plaintiff may elect, an accounting of the profits made by the Defendant as a result of its unlawful activities as aforesaid the extent to be determined by the Trial Judge. The action is not brought as a simplified action;
 - f. An Order for payment to the Plaintiff of reasonable compensation pursuant to the provisions of Paragraph 55(2) of the Patent Act for all acts done by the Defendant during the period from February 24, 2004 to June 8, 2010, which would have constituted infringement of Claims 1 or 2 of Patent 412;
 - g. Pre-judgment and post-judgment interest;
 - h. Costs of this action; and
 - i. Such further and other relief as to this Honourable Court may deem just and proper.



02-01-11:05:54PM:

: Prowse Chowne LLP # 8 / 10

3.

2. The Plaintiff is the owner of Canadian Patent 2,479,412 ("Patent 412") entitled METHOD OF FABRICATING A TALL MULTISTAGE WORK PIECE and is the inventor of the subject matter of Patent 412. A copy of Patent 412 is attached and marked as Schedule A.
3. The Plaintiff is resident in the Province of Saskatchewan.
4. The Defendant is a body corporate with a registered office at 4601-49 Avenue, Kitscoty, Alberta. The Defendant carries on business at Kitscoty in the Province of Alberta and elsewhere in Canada including manufacturing, making, using, constructing, repairing, offering for sale and selling oilfield storage tanks.
5. Patent 412 was filed on August 26, 2004, laid open to public inspection on February 26, 2006, issued on June 8, 2010 and identifies the Plaintiff as the inventor. Patent 412 continues to be in full force and effect since it was issued on June 8, 2010.
6. By reason of the grant of Patent 412 the Plaintiff has, in Canada, for the term of the patent, from the granting of the patent, the exclusive right, privilege and liberty of making, constructing, using and selling to others to be used the method and invention as described in Patent 412.
7. The Patent 412 claims:
 - 7.1 A method of fabricating a tall multi-stage work piece, comprising the steps of:
 - providing a vertical shaft extending below ground at a permanent fabrication facility;
 - suspending an elevator platform in the shaft by cables, the elevator platform being raised and lowered in the shaft by winches which control a length of the cables to lower the elevator platform and raise the elevator platform in the shaft;
 - providing at least one above ground work station at the upper end of the shaft;
 - placing a work piece on a motor driven rotating turntable on the elevator platform;
 - activating the motor driven rotating turntable to rotate the turntable as required during fabrication to permit workers access to an entire circumference of the work piece without moving from the at least one above ground work station;

100000



03-01-11:05:54PM:

: Prowse Choese LLP # 7/ 10

4

lowering the elevator platform as each stage of the work piece is completed in order to maintain a desired working height for workers at the at least one above ground work station; and

raising the elevator platform and removing the work piece from the elevator platform when fabrication is complete.

7.2 A fabrication station for a tall multi-stage work piece, comprising:

a vertical shaft extending below ground at a permanent fabrication facility;

an elevator platform suspended by cables in the shaft, winches being provided to control a length of the cables to lower the elevator platform and lift the elevator platform in the shaft;

a motor driven turntable positioned on the elevator platform; and

at least one above ground work station at the upper end of the shaft, such that the turntable is rotated, as required, during fabrication to permit workers access to an entire circumference of a work piece positioned on the turntable without moving from the at least one above ground work station and the elevator platform is lowered as each stage of the work piece is completed in order to maintain a desired working height for workers at the at least one above ground work station.

8. The invention that is subject of the exclusive right conferred by Patent 412 and in issue in this action is more particularly defined in the disclosure, description and claims 1 & 2 of Patent 412.

9. The Defendant has since a date that is unknown to the Plaintiff but that is as late as early as October, 2008 at Kinross, Alberta, utilized equipment and manufactured, constructed, made and repaired oilfield service tanks in manner that utilizes a method:

providing a vertical shaft extending below ground at a permanent fabrication facility;

suspending an elevator platform in the shaft by cables, the elevator platform being raised and lowered in the shaft by winches which control a length of the cables to lower the elevator platform and raise the elevator platform in the shaft;

providing at least one above ground work station at the upper end of

3/10/11



02-01-11:06:54PM:

: Prowse Chowdh LLP # 8/ 10

5

the shaft;

placing a work piece on a motor driven rotating turntable on the elevator platform;

activating the motor driven rotating turntable to rotate the turntable as required during fabrication to permit workers access to an entire circumference of the work piece without moving from the at least one above ground work station;

lowering the elevator platform as each stage of the work piece is completed in order to maintain a desired working height for workers at the at least one above ground work station; and

raising the elevator platform and removing the work piece from the elevator platform when fabrication is complete.

10. The Defendant has, since a date that is unknown to the Plaintiff but that is as early as September 12, 2007, constructed or used a fabrication station for a tall multi-stage work piece including the manufacture, construction, making and repair of oilfield storage tanks at 4601-49 Avenue, Kimmory, Alberta or other locations unknown to the Plaintiff that includes:

a vertical shaft extending below ground;

an elevator platform suspended by cables in the shaft, winches being provided to control a length of the cables to lower the elevator platform and lift the elevator platform in the shaft;

a motor driven turntable positioned on the elevator platform; and

at least one above ground work station at the upper end of the shaft.

11. The Defendant's activities described in paragraphs 9 and 10 are and/or infringe claims 1 or 2 of Patent 412.
12. The Defendant, by its conduct and actions, has knowingly infringed Patent 412.
13. So far as is known to the Plaintiff, the Defendant's infringing activities include the manufacture, making, using, offering for sale and selling of oilfield storage tanks made utilizing the method described in Claim 1 of Patent 412 and the manufacture, construction, making and use of the apparatus described in Claim 2 of Patent 412 for the manufacture, construction and making of oilfield storage tanks. The full extent of the Defendant's unlawful activities, referred to above, are at present unknown to the Plaintiff. However, the Plaintiff seeks full relief in relation to the extent of infringement.



02-01-11:06:54PM:

: Frowse Chowie LLP # 9/ 10

6

by the Defendant in Canada.

14. As a result of the activities complained of herein, the Plaintiff has and continues to suffer damages and the Defendant has and continues to unjustly profit from such unlawful activities.
15. Unless restrained by this Honourable Court, the Defendants will continue to manufacture, make, use, connect, offer for sale and sell the infringing products set out herein.
16. The Plaintiff proposes that this action be tried at Edmonton, Alberta.

Date: August 4, 2010.

Amended: August 5, 2010

Amended: August 31, 2010

Further Amended February 1, 2011

J. CAMERON FROWSE Q.C.

Frowse Chowie LLP
Legal Counsel & Patent Agents
#1300, 10020 - 104 Avenue
Edmonton, AB T5J 3G2
Telephone: (780) 439 - 7171
Facsimile: (780) 439 - 0675
Solicitors for the Plaintiff

Federal Court



Cour fédérale

02-01-11:05:54PM:

: Prowse Chowne LLP # 10/ 10

Court File No. TJ269JD

FEDERAL COURT

BETWEEN:

LARRY BERTELSEN

Plaintiff

- and -

AUTOMATED TANK
MANUFACTURING INC.

Defendant

**THRICE AMENDED
STATEMENT OF CLAIM**

PROWSE CHOWNE LLP
Legal Counsel & Patent Agents
#1300, 10020 - 101A Avenue
Edmonton AB T5J 3G2

Attention: J. Cameron Prowse, Q.C.
Telephone: (780) 439 - 7071
Fax: (780) 439 - 0475

File No. 62070 CP