

Federal Court



Cour fédérale

**Date: 20210716**

**Docket: T-954-18**

**Citation: 2021 FC 751**

**Fredericton, New Brunswick, July 16, 2021**

**PRESENT: Madam Justice McDonald**

**BETWEEN:**

**DEEPROOT GREEN INFRASTRUCTURE, LLC  
AND DEEPROOT CANADA CORP.**

**Plaintiffs/  
Defendants By Counterclaim**

**and**

**GREENBLUE URBAN NORTH AMERICA INC.**

**Defendant/  
Plaintiff by Counterclaim**

**ORDER AND REASONS**

[1] This Order deals with the costs and disbursements payable to the plaintiffs, DeepRoot Green Infrastructure, LLC and DeepRoot Canada Corp. (DeepRoot) as a result of the Judgment

and Reasons issued in 2021 FC 501, where I held that the asserted claims of DeepRoot's Patents were valid and infringed by the Defendant, GreenBlue Urban North America Inc. (GreenBlue).

[2] For the reasons that follow, I order that DeepRoot's fees shall be assessed in accordance with Column IV of Tariff B and DeepRoot shall be reimbursed for disbursements that are shown to be reasonable and necessary.

### **Background**

[3] In the Judgment of May 28, 2021, I allowed DeepRoot's claim for patent infringement against GreenBlue. GreenBlue's counterclaim alleging invalidity on various grounds including anticipation, obviousness, overbreadth, insufficiency, speculative filing, and section 53 of the *Patent Act* was dismissed.

[4] The trial was conducted by videoconference on October 13-16, 19-23, 26-29 and December 17-18, 2020.

[5] As the successful party, DeepRoot was awarded costs and the parties were instructed to file submissions if they were unable to reach an agreement on costs.

[6] The parties have been unable to agree on costs and the Court received the following submissions on June 28, 2021:

- A. DeepRoot's costs submissions including a draft Bill of Costs and supporting Affidavits of A. Kaludjerovic and G. Ray;

B. GreenBlue's cost submissions.

[7] DeepRoot requests lump sum costs in the amount of \$690,297.07 representing 40% of their legal fees, and \$340,250.81 for disbursements, for a total of \$1,030,546.88. DeepRoot filed a draft Bill of Costs in support of these amounts. In the alternative, DeepRoot asks that costs be assessed pursuant to Rule 405 in accordance with the high end of Column V of Tariff B with recovery for second and third counsel permitted.

[8] GreenBlue challenges the reasonableness of the lump-sum costs sought by DeepRoot and submits that the costs should be in keeping with Column III or Column IV of Tariff B and reduced by 1/3. GreenBlue has calculated this amount at \$276,900.00.

**Analysis**

[9] The Court has discretion on the awarding of costs pursuant to Rule 400(1) of the *Federal Courts Rules*. As noted in *Nova Chemicals Corporation v Dow Chemical Company*, 2017 FCA 25:

[10] Rule 400(1) of the Federal Courts Rules gives the Court “full discretionary power over the amount and allocation of costs”. This has been described to be the “first principle in the adjudication of costs”: *Conorzio del prosciutto di Parma v. Maple Leaf Meats Inc.*, 2002 FCA 417, [2003] 2 F.C.R. 451, at para. 9 [*Conorzio*].

[11] Rule 400(4) expressly contemplates an award of costs in a lump sum in lieu of an assessment of costs pursuant to Tariff B:

400 (4) The Court may fix all or part of any costs by reference to Tariff B and may award

400 (4) La Cour peut fixer tout ou partie des dépens en se reportant au tarif B et adjuger

a lump sum in lieu of,  
or in addition to, any  
assessed costs.

une somme globale au  
lieu ou en sus des  
dépens taxés.

Lump sum awards have found increasing favour with courts, and for good reason. They save the parties time and money. Lump sum costs awards further the objective of the Federal Courts Rules of securing “the just, most expeditious and least expensive determination” of proceedings (Rule 3). When a court can award costs on a lump sum basis, granular analyses are avoided and the costs hearing does not become an exercise in accounting.

[12] Lump sum awards may be appropriate in circumstances ranging from relatively simple matters to particularly complex matters where a precise calculation of costs would be unnecessarily complicated and burdensome: *Mugesera v. Canada (Minister of Citizenship & Immigration)*, 2004 FCA 157, at para. 11.

[10] Rule 400(3) outlines a number of factors that may be considered in exercising this discretion, some of which I will address below.

*Rule 400(3)(a) the result of the proceeding*

[11] DeepRoot argues that it was successful on all substantive issues and the award of costs should reflect this.

[12] GreenBlue argues that DeepRoot did not succeed on critical issues including the disgorgement of profits. Specifically, GreenBlue notes that DeepRoot was not awarded damages or royalties on convoyed products or a disgorgement of the Defendant’s profits. GreenBlue also argues that the Court preferred the Defendant’s expert’s approach that a reasonable royalty was 7% on a per unit basis. Lastly, GreenBlue argues that the Court rejected the Plaintiff’s claim of flaws and irregularities in the Defendant’s financial records.

[13] In my view, DeepRoot was overall successful in the action in having established infringement and obtaining injunctive relief and damages.

*Rule 400(3)(b) the amounts claimed and the amounts recovered*

[14] At trial DeepRoot claimed over 1.4 million dollars in damages based upon a disgorgement of profits. The Court awarded \$136,000 in damages based upon a royalty payment.

[15] GreenBlue relies on *Biofert Manufacturing Inc. v Agrisol Manufacturing Inc.*, 2020 FC 501 at para 28 to argue that the amount of costs must be proportional to the amount recovered. GreenBlue argues that prior to trial, DeepRoot had a sense of what the claim was worth and should have proceeded accordingly.

[16] DeepRoot acknowledges that the monetary award is less than the amount it sought. However, it argues that the injunctive relief obtained has significant value.

[17] In my view, this is one factor that needs to be considered in the context of the overall claim advanced by DeepRoot.

*Rule 400(3)(c) the importance and complexity of the issues*

[18] This litigation was clearly important to both of the parties who are competitors in the urban greenspace market. DeepRoot argues that patent infringement proceedings are inherently

complex. DeepRoot notes this case involved two asserted patents that were construed and assessed for infringement requiring technical expert evidence. DeepRoot argues that GreenBlue's conduct added to the complexity of the issues.

[19] For its part, GreenBlue argues that DeepRoot over-lawyered the file. However, it does not challenge the fact that this proceeding was complex.

[20] I agree with DeepRoot that the action was complex and made more so as a result of the number of invalidity grounds raised by GreenBlue.

*Rule 400(3)(e) any written offer to settle*

[21] On October 9, 2020, GreenBlue presented DeepRoot with a written offer to settle, just days before the Trial which commenced on October 13, 2020. GreenBlue acknowledges that the offer was not made more than 14 days prior to trial and therefore does not trigger the cost consequences of Rule 420(3). Nonetheless, GreenBlue argues that the offer was a genuine offer and was ultimately more favourable than the judgment obtained by DeepRoot.

[22] DeepRoot simply argues that as GreenBlue's offer was served less than 14 days prior to trial, it does not qualify under Rule 420(3).

[23] In my view, as the offer did not meet the conditions required to fall within the ambit of Rule 420, notably, the offer was not made at least 14 days before trial (*Venngo Inc v Concierge Connection Inc (Perkopolis)*, 2017 FCA 96 at para 87), it is not relevant to the issue of costs.

*Rule 400(3)(g) amount of work*

[24] DeepRoot argues that its fees and disbursements were commensurate with other intellectual property actions of similar trial length. Accordingly, they submit that any assessment should proceed at the high end of Column V of Tariff B, with recovery for second counsel and third counsel permitted, and full recovery of reasonable and necessary disbursements.

[25] GreenBlue argues that costs should be assessed or calculated in accordance with Column III, or failing that, Column IV of Tariff B and that their entitlement to costs should be reduced by 1/3 due to the failure to accept the more favourable Offer to Settle. I disagree.

*Rule 400(3)(i) any conduct of a party that tended to shorten or unnecessarily lengthen the duration of the proceeding*

[26] DeepRoot argues that GreenBlue's conduct unnecessarily lengthened the duration of the proceedings. Specifically, DeepRoot argues that GreenBlue has missed deadlines; had deficient and late production of financial documents; and refused to narrow issues for trial.

[27] These are factors which support allowing costs to be assessed at a higher range.

*Conclusion*

[28] For the reasons noted above, this case does warrant a higher level of costs. Although I am not prepared to award lump sum costs, I will order an assessment of costs in accordance with Column V of Tariff B and reimbursement for reasonable and necessary disbursements.

**ORDER IN T-954-18**

**THIS COURT ORDERS** that DeepRoot's fees shall be assessed in accordance with Column V of Tariff B. DeepRoot shall be reimbursed for those disbursements that are shown to be reasonable and necessary.

"Ann Marie McDonald"

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Judge



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

**DOCKET:** T-954-18

**STYLE OF CAUSE:** DEEPROOT GREEN INFRASTRUCTURE, LLC ET  
AL v GREENBLUE URBAN NORTH AMERICA INC

**MOTION DEALT WITH IN WRITING WITHOUT APPEARANCE OF THE  
PARTIES**

**ORDER AND REASONS:** MCDONALD J.

**DATED:** JULY 16, 2021

**WRITTEN SUBMISSIONS BY:**

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Aleksandar Kaludjerovic

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