



Date: 20260420

Docket: T-4599-25

St. John's, Newfoundland and Labrador, April 20, 2026

PRESENT: Associate Judge Trent Horne

BETWEEN:

**UNIVERSAL PROTECTION SERVICE OF
CANADA CORPORATION**

Plaintiff

and

**HIS MAJESTY THE KING IN RIGHT OF CANADA
AS REPRESENTED BY THE ATTORNEY
GENERAL OF CANADA AND CANADIAN AIR
TRANSPORT SECURITY AUTHORITY**

Defendants

ORDER AND REASONS

I. Overview

[1] This action relates to the outcome of a request for proposal [RFP] process for airport security screening services.

[2] At a very high level, the Canadian Air Transport Security Authority [CATSA] issued an RFP to establish contracts for the delivery of aviation screening services in each of certain regions.

[3] CATSA ultimately determined that Paladin Airport Security Service Ltd [Paladin] had the highest rated proposal for what was defined as the Pacific and Prairies Regions, and GardaWorld Security Screening Inc had the highest rated proposal for the Central and Atlantic Regions. Universal Protection Service of Canada Corporation [Universal] had been the incumbent service provider for the Pacific Region, but its proposal was not the highest rated under the terms of the RFP for any of the regions it bid on.

[4] Universal commenced an application for judicial review of CATSA's decision on the RFP, which is ongoing. A certified tribunal record [CTR] has been produced in that proceeding, and there is a pending motion relating to the content of the CTR. The two proceedings are being case managed in common.

[5] On November 17, 2025, Universal issued the statement of claim in this action. Universal filed an amended statement of claim [Claim] on February 26, 2026. The Claim seeks compensatory damages for the loss of profits associated with the Pacific and Prairies regions, punitive damages, and damages for the costs of preparing its bids in the RFP process.

[6] CATSA has brought a motion to strike and for particulars. As part of its responding materials opposing the motion, Universal has included a proposed further amended statement of claim that it states addresses CATSA's concerns.

[7] The notice of motion identifies five issues with the Claim. Three of those were resolved before the hearing, leaving two to be adjudicated.

II. Law on Motions to Strike and Particulars

[8] The legal principles applying to motions to strike are well known, and are not in dispute on this motion. The threshold to strike a claim is a high one.

[9] To strike a statement of claim it must be plain and obvious, assuming the facts pleaded to be true, that the pleading discloses no reasonable cause of action. It needs to be plain and obvious that the action is certain to fail because it contains a radical defect (*R v Imperial Tobacco Canada Ltd*, 2011 SCC 42 (“*Imperial Tobacco*”) at para 17). Pleadings must be read as generously as possible (*Atlantic Lottery Corp Inc v Babstock*, 2020 SCC 19 at paras 88–90).

[10] A motion to strike is a tool that must be used with care. The law is not static and unchanging. Actions that yesterday were deemed hopeless may tomorrow succeed. On such a motion, the Court must rather ask whether, assuming the facts pleaded are true, there is a reasonable prospect that the claim will succeed. The approach must be generous and err on the side of permitting a novel but arguable claim to proceed to trial (*Imperial Tobacco* at para 21; *La Rose v Canada*, 2023 FCA 241 at para 109).

[11] To disclose a reasonable cause of action, a claim must: (a) allege facts that are capable of giving rise to a cause of action; (b) disclose the nature of the action which is to be founded on those facts; and (c) indicate the relief sought, which must be of a type that the action could produce and the court has jurisdiction to grant (*Oleynik v Canada (Attorney General)*, 2014 FC 896 at para 5).

[12] Rule 174 of the *Federal Courts Rules*, SOR/98-106 states that every pleading shall contain a concise statement of material facts on which the party relies, but shall not include evidence by which those facts are to be proved.

III. Analysis

[13] Paragraph 80 of the Claim reads:

80. As a result of CATSA's conduct, Allied Universal Canada has also suffered a loss of reputation in the marketplace and other financial losses.

[14] This paragraph must be struck.

[15] The reference to “other financial losses” is open ended and non-limiting. As I said in *Samsung Bioepis Co, Ltd v Janssen Biotech, Inc*, 2024 FC 1715 at para 27, words like “including without limitation” are magnets for a demand for particulars. The use of “other financial losses” implies that there may be other kinds of financial losses beyond loss of reputation for which relief is claimed. If other kinds of financial losses are contemplated, the defendants are entitled to know what they are (see also *International Water-Guard Industries Inc v Bombardier Inc*, 2007 FC 285 at para 13).

[16] More fundamentally, paragraph 80 does not provide material facts supporting any of the claimed heads of damages. The relief requested in paragraph 1 of the Claim begins with compensatory damages for lost profits arising from Universal not being awarded a contract after the RFP process. This claim for compensatory damages is unrelated to any reputational harm.

Punitive damages are claimed, however paragraph 92 states that material facts in this respect are set out in paragraphs 37-52, 54-55, and 56-62. There is also a claim for the costs of preparing the bids in the RFP process, but this is unrelated to reputational harm.

[17] Material facts are not pleaded at large. Material facts are those facts which, if established at trial, will tend to show that the party is entitled to the relief sought. A pleading must not include facts that are immaterial (*Zelinski v R*, 2001 CanLII 406 (TCC) at paras 4-5, aff'd 2002 FCA 330). Paragraph 80 of the Claim is not tied to the scaffolding of the prayer for relief and therefore raises immaterial facts.

[18] Striking a pleading without leave to amend is a power that must be exercised with caution. If a statement of claim shows a scintilla of a cause of action, it will not be struck out if it can be cured by amendment (*Al Omani v Canada*, 2017 FC 786 [*Al Omani*] at paras 32-35).

[19] In its responding motion materials, Universal included a draft further amended statement of claim that was sent to CATSA in an exchange of correspondence leading up to this motion. There is no motion before me for leave to further amend the statement of claim; the draft pleading was provided for the purposes of asserting that any defects could be cured by amendment.

[20] The proposed claim seeks to add a new paragraph to the prayer for relief seeking damages for loss of reputation, which are estimated to be no less than \$5 million.

[21] Universal also proposes to amend para 80:

80. As a result of CATSA's conduct, Allied Universal Canada has also suffered a loss of reputation in the marketplace ~~and other financial losses~~. Allied Universal Canada has been known as a global leader in airport security screening services. After losing the ASSAs, Allied Universal Canada's presence in this sector of the Canadian marketplace has been diminished, which has negatively impacted Allied Universal Canada's subsequent tendering and marketing processes for security services contracts.

[22] A question raised by the Court at the hearing, but not addressed in the parties' materials, was whether the Federal Court has jurisdiction to adjudicate a claim for loss of reputation. If a proposed amendment would not survive a motion to strike, then the amendment should not be allowed (*Murat v Canada*, 2025 FC 266 at para 34).

[23] CATSA does not oppose a further amendment on this basis, but wants to reserve its ability to raise the issue of jurisdiction at a later stage. CATSA argues that leave to further amend should be refused because Universal has had multiple opportunities to articulate material facts supporting a claim for reputational harm and has been unable to do so.

[24] I note that the Court considered a claim for reputational harm in *Louis Dreyfus Company Canada ULC v Canadian National Railway Company*, 2025 FC 1868 [*Louis Dreyfus*] beginning at para 391. Absent a challenge from CATSA based on jurisdiction, and the Court's recent consideration of this issue, the ability to further amend will not be denied on jurisdictional grounds.

[25] As for whether material facts can be pleaded by Universal, *Louis Dreyfus* reviews the authorities considering when damages for loss of reputation may be awarded. A plaintiff claiming damages for reputational harm must prove that the underlying conduct caused loss beyond mere reputational harm. It must be demonstrated, on a balance of probabilities, that the lost business would have materialized. A plaintiff must identify a monetary loss caused by the defendant's breach and provide some reasonable basis to quantify the loss (paras 392-394).

[26] Again, Universal has not brought a motion to amend. If it had, stating that loss of the bid "negatively impacted Allied Universal Canada's subsequent tendering and marketing processes for security services contracts" would not be sufficient. This does not set out material facts identifying a monetary loss. I am not, however, satisfied that Universal is incapable of pleading material facts in this respect. The Court must take a generous approach to a request for an amendment. Provided the cause of action is not plainly and obviously destined to fail and there is no significant prejudice to the other party which could not be compensated by costs, an amendment ought to be permitted (*Pembina County Water Resource District v Manitoba (Rural Municipality)*, 2008 FC 653 at para 7). I am not satisfied that Universal's claim in this respect is doomed to fail, or that CATSA would be significantly prejudiced if the Claim was further amended to plead this issue with sufficient material facts.

[27] The second issue on the motion is Universal's allegations that there were mathematical errors in the bid evaluation process. CATSA's motion in this respect is directed to paragraphs 45, 48, and 54 of the Claim. Universal does not propose any amendments to these paragraphs.

[28] Paragraph 45 asserts that CATSA failed to detect and remedy mathematical errors and inconsistencies in the consensus scoring. The Claim does not define or explain what these mathematical errors are or otherwise make any reference to consensus scoring. Paragraph 48 refers to an issue regarding “rates” included in Paladin’s bid; item (iii) in that paragraph also refers to mathematical errors. Paragraph 54 also refers to the “rates” included in Paladin’s bid and asserts that CATSA failed to communicate with Paladin to confirm any corrections of such mathematical errors that CATSA may have attempted or undertaken. There is no explanation in the Claim as to what these “rates” are.

[29] Universal points out that CATSA did not include an affidavit in its moving motion materials setting out the need for particulars. I give this little weight. An affidavit stating that a party is unable to discern the case they have to meet is not a condition precedent for a particulars motion. There is long-standing authority that, where it is clear on the face of a pleading that particulars are lacking, particulars may nonetheless be ordered. It is ultimately for the Court to decide on the record and on the available facts before it whether the necessity for particulars exists (*Omark Industries Inc v Windsor Machine Co Ltd*, (1980) 56 CPR (2d) 111 at 112; *Chen v Canada (Minister of Citizenship and Immigration)*, 2006 FC 389 at para 7; *Toronto Regional Real Estate Board v IMS Incorporated (RESTATS)*, 2026 CanLII 34046 at para 11). Here, it is self-evident that particulars are required.

[30] Particulars will only be ordered where the defendant establishes that they are both necessary for pleading and not within its knowledge (*38867227 Canada Inc v Eagle Pack Pet Foods Inc*, 2006 FC 1095 at para 7). Universal says that the mathematical errors and scoring

inconsistencies are within CATSA's knowledge because they are contained in documents in CATSA's possession and were specifically communicated to CATSA in prior correspondence.

[31] Beginning with first principles, it is fundamental to the trial process that a plaintiff plead material facts in sufficient detail to support the claim and relief sought. Pleadings play an important role in providing notice and defining the issues to be tried. 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. 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 (*Mancuso v Canada (National Health and Welfare)*, 2015 FCA 227 at paras 16 and 17).

[32] To show a plaintiff has a reasonable cause of action, the statement of claim must plead material facts satisfying every element of the alleged causes of action. The plaintiff needs to explain the “who, when, where, how and what” giving rise to the defendant's liability (*Al Omani* at para 14).

[33] The boundaries of relevance for discovery and trial are framed by the pleadings. Universal asserts that the mathematical errors and scoring inconsistencies were specifically

communicated to CATSA in prior correspondence, however that correspondence was in the context of the co-pending application for judicial review. I am not satisfied that a letter sent in another Court file meets the requirement that a pleading contain sufficient material facts. If a party was able to modify or update its material facts by sending letters in another Court file, that would undermine the certainty and predictability of proper pleadings, which can only be amended with leave.

[34] The fact that the alleged mathematical errors are in CATSA's documents is, on its own, insufficient to provide CATSA with notice as to what material facts Universal is relying on. Sufficient material facts are the foundation of a proper pleading. If a court allowed parties to plead bald allegations of fact, the pleadings would fail to perform their role in identifying the issues (*Fox Restaurant Concepts LLC v 43 North Restaurant Group Inc*, 2022 FC 1149 at para 21). It is not for CATSA to review its documents and look for what it may consider to be a mathematical error or an inconsistency in consensus scoring, or assume what Universal may mean by a mathematical error or an inconsistency in consensus scoring. It is not for Universal to broadly plead mathematical errors without telling CATSA what it means by that. Universal must plant a flag and state what those errors are.

[35] In argument, Universal stated that there are five mathematical errors. This was not set out in the written representations, and was apparently news to CATSA. Again, if Universal wants to allege certain mathematical errors or inconsistencies in consensus scoring, material facts in this respect must be provided.

IV. Costs

[36] The parties are encouraged to reach an agreement on costs. If an agreement cannot be reached, concise submissions shall be provided.

ORDER in T-4599-25

THIS COURT ORDERS that:

1. Paragraph 80 of the amended statement of claim is struck with leave to amend.
2. Within 15 days of the date of this order, the plaintiff shall provide particulars of the mathematical errors and inconsistencies in consensus scoring referred to in paragraphs 45, 48, and 54 of the amended statement of claim.
3. If the parties cannot agree on costs, the Canadian Air Transport Security Authority shall serve and file costs submissions, not to exceed five pages, within 10 days of the date of this order. The plaintiff shall serve and file any costs submissions in reply, not to exceed five pages, within 20 days of the date of this order.

“Trent Horne”

Associate Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-4599-25

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DATED: APRIL 20, 2026

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