
The purpose of Part "B" is to develop an elementary knowledge of law, as it may apply in an engineer's work experience.

Question 1 is definitions. Answer only 5. All 8 are covered here for study purposes.

Questions 2, 3, and 4, are case studies. Each answer should include the names of relevant legal terms and principles, and how each term or principle applies to one or more elements of the case. This guide may contain more material than would be reasonable to include within 20 minutes.

Page numbers included below are from the Marston text, 4th edition references. Answers do not need Page number. Relevant case precedent names will benefit an answer.

1. Definitions

- i. Secret commission is a bribe or kickback, an indictable offense under Canada's Criminal Code.(page 179)
- ii. Consideration is an essential element of an enforceable common-law contract. It is the exchange of something of value by the contracting parties. The payment of money is not essential; consideration may consist of an exchange of promises.(page 91)
- iii. Fraudulent misrepresentation is a false assertion of fact made knowingly. Where a contract is entered into on the basis of reliance on a fraudulent misrepresentation not only is the innocent party entitled to cancel the contract and be compensated for damages incurred, the innocent party can also claim damages on account of the tort of deceit.(page109)
- iv. Dispute resolution board - its purpose is to minimize costs of dispute settlement by avoiding litigation in the courts. The board is usually a panel of three, selected by the owner and contractor before project start, to advise on solutions to disputes as these arise. (page 31)
- v. The rule of contra proferentem provides that where a contractual provision is ambiguous it will be construed or interpreted against the party that drafted it,(page 136).
- vi. Mediation and Arbitration - in mediation a solution may be proposed to resolve a dispute but it is not binding. The parties eventually settle by working out their differences. In arbitration, the parties expect to be bound by the decision of the arbitrator or panel.(pages 235 – 239)
- vii. New York Convention - an agreement signed in 1958 under the auspices of the United Nations, by over 130 countries including Canada, that their courts will enforce arbitration decisions from another signing country. This is to minimize foreign litigation. A foreign contract should be with a signing nation.(page 30).
- viii. Discoverability concept - relates to a time period within which a claim must be filed. The basic limitation period is 2 years, from when a defect is discovered or ought reasonably to have been discovered. The ultimate limitation period is 15 years, from when work was completed. If an action for damages is not filed within these periods it will be 'statute barred'. A contract may specify different limits.(pages 71 – 75)

2. Tendering case. Contract A.

When each tender was submitted, a 'Contract A' was formed. Five contracts “A”, one for each bidder have been formed. 'Contract B' is the separate single contract formed with the successful bidder. The principle of separate A and B contracts to arise in tendering, was created in the Ron Engineering case.(page 121)

If the Owner were to introduced a change in the bidding rules in order to favour a local contractor after closing of the bids, would not only be unfair, but will be a breach of contract A. Liabilities will arise for the Owner, for breach of Contract A's. Unsuccessful bidders can bring suits, which would be for bid expenses, and for the lowest bidder, lost profits.

The engineer could be found negligent if he is giving to the pressure of the Councilor, and he can be liable for damages, together with the Owner.

Also the other bidders (not only the lowest one) might claim for recovery of bid expenses, if terms of contract A are changed .(pages 119-134) .

3.Equitable Estoppel and Gratuitous Promise case.

Equitable estoppels concept can be applied where the parties to a contact have negotiated other terms, even though the original contract was not formally amended.

The Optionor has indicated that the original option period would be extended. He did NOT received any consideration. So this was a gratuitous promise.

Based on this promise the Optionee was led to assume that the Optionor would not enforce the original contract; he continued to work as if the promise were actually written in the contract.

The Optionor is not entitled to deny the Optionee the mining claims. A gratuitous promise was made by him to the Optionee, that the time to complete the explorations would be extended.

If the Optionor was entitled to deny the Optionee the mining claims, the result would be inequitable. The Optionee had made a considerable effort in performing the explorations in anticipation of being awarded the mining claims. He could invoke the principle of equitable estoppel and the gratuitous promise would be enforced by the courts. This is a case where a verbal agreement can be enforced. It is an 'exception remedy' for verbal evidence.

A similar case precedent is Conwest Exploration vs. Letain, (pages 92 – 97)

4. Tort case.

The suit is in tort because Structural engineering firm did not have a contract with the Municipality. The Architect had a contract with the Municipality. Liabilities there would be in contract but there may be some in tort.

The purpose of tort law is to compensate an aggrieved party, so far as money may relieve a loss'

All three principles of tort law can be proven relevant here. They are:

1) a duty of care, 2) a breach of that duty, and 3) damage or loss as a result of the breach, (page 37-70).

Tort principle 1) applies because the Municipality could expect a duty of care from the Architect and the Structural firm, even though there was not a contract for the Structural firm.

Tort principle 2) applies because the Architect did not order more tests, and the Structural firm gave a soil report based on shallow testing, that they knew that not sufficient.

Tort principle 3) applies because the building suffered extensive structural change, cracked floors and walls.

The expert testimony by another consulting firm explained how the defendant ought to have performed.

If there were clauses to cover this loss, the Municipality may obtain damages from the architect and the Structural firm in contract, but if not, or if not completely, then in tort.

If this were the case, the Architect and Structural Company would be sued in tort and contract.

The Structural firm and its vice president should have insisted to more in depth testing, and not to base their design on shallow testing results. Also the writing a letter to municipality based only on shallow tests, is a breach of duty because he knew that more tests were necessary. The Architect would have to follow the advice of the specialist and ordered more test. All are working in this field as professionals, and they did not report to Municipality the need for further testing. . They would be concurrent tortfeasors,(page 55). A similar case precedent is Unit Farm Concrete vs. Eckerlea Acres, (page 46).