Decoding The Legal Jargon: A Comprehensive Guide To Understanding Your Employment In Canada (Part 1)



INTRODUCTION:

Employment agreements form the backbone of the employer-employee relationship in Canada. Whether you're a seasoned professional or entering the job market for the first time, understanding the intricacies of these agreements is crucial. In this first part of our series, we will discuss the fundamental aspects of employment agreements, emphasising their significance, and debunking common misconceptions.

1. BRIEF EXPLANATION OF EMPLOYMENT AGREEMENTS:

At its core, an employment agreement is a legally binding document that outlines the terms and conditions of employment between employers and employees. These agreements embody various aspects such as job responsibilities, compensation, benefits, working hours, termination clauses, and more. While some employment agreements are explicitly written and signed, others may be implied based on verbal agreements or established practices within the workplace.

In Canada, employment agreements are governed by both federal and provincial laws, with specific regulations varying across different jurisdictions. However, regardless of the formality or jurisdiction, every employment agreement must adhere to certain legal standards, including provisions for minimum wage, workplace safety, and protection against discrimination.

2. THE IMPORTANCE OF UNDERSTANDING YOUR EMPLOYMENT AGREEMENT:

Understanding your employment agreement is paramount for safeguarding your rights and ensuring a mutually beneficial working relationship. **The British Columbia Supreme Court in DeGagne V. Williams Lake (City)**[1] notes that:

"the construction of an employment contract is informed by the fundamental and well-settled principles of contractual interpretation. The task of the court in interpreting a contract is to determine objectively the parties' intention at the time the contract was made."

The importance of understanding an employment contract cannot be overemphasised in an

employer/employee relationship. Here is why you need to review and understand your contract of employment:

a. **Clarity and Transparency**: A well-drafted employment agreement provides clarity regarding your roles, responsibilities, and expectations within the workplace. By knowing exactly what is expected of you, you can perform your job effectively and avoid potential conflicts or misunderstandings.

b. **Legal Protection**: Your employment agreement serves as a legal safeguard, outlining the terms under which you are employed and the rights you are entitled to. Justice LeBel J in **Keays v. Honda Canada Inc.**[2] posited that *"…the contract of employment is a good faith contract that is informed by the values protected by and recognized in the human rights codes and the Canadian Charter of Rights and Freedoms, particularly in respect of discrimination."*

By familiarising yourself with the terms and conditions, you can protect yourself against unfair treatment, wrongful termination, or breaches of contract.

c. **Negotiation Leverage**: Before signing an employment agreement, you have the opportunity to negotiate certain terms such as salary, benefits, or work arrangements. By understanding the nuances of your contract, you can leverage this negotiation process to secure favorable terms that align with your needs and preferences.

d. **Dispute Resolution**: In the event of a dispute or disagreement with your employer, your employment agreement serves as a reference point for resolving conflicts. In **Brock University v. Stucor Construction Ltd.**[3],the contractual clause provided that any dispute arising out of contract would be settled through dispute resolution. After work substantially performed, contractor delivered claim to university for money owed under contract and registered claim for lien against university's lands and perfected claim shortly thereafter. The University informed contractor of intention to invoke dispute resolution provisions of contract but the contractor refused to submit to dispute resolution procedure. The University brought motion to stay contractor's construction lien action and brought application for order appointing a mediator to resolve dispute The court granted the Motion and application.

By being aware of your contractual rights and obligations, you can effectively navigate any issues that may arise during your employment tenure.

3. MOST COMMON MISUNDERSTANDINGS ABOUT EMPLOYMENT AGREEMENTS:

Despite their importance, employment agreements are often subject to misconceptions and misinterpretations. Let's debunk some of the most common myths surrounding these contracts:

a. **"My Employment Agreement Is Set in Stone"**: While employment agreements provide a framework for the employer-employee relationship, they are not immutable documents. Certain terms, such as salary or benefits, may be subject to renegotiation based on changing circumstances or performance evaluations.

"Given that employment contracts are dynamic in comparison with commercial contracts, courts have properly taken a flexible approach in determining whether the employer's conduct evinced an intention no longer to be bound by the contract"[4]

b. **"Verbal agreements have no legal weight"**: The notion that verbal agreements have no legal weight can be attributed to the fact that written contracts offer greater

clarity and enforceability, although verbal agreements can still be legally binding in certain circumstances. However, it's always advisable to formalize agreements in writing to avoid misunderstandings or disputes down the line.

c. **"I Don't Need to Read the Fine Print"**: Ignoring the fine print of your employment agreement can have serious consequences. It's essential to review the document thoroughly, paying attention to clauses related to termination, non-compete agreements, intellectual property rights, and confidentiality.

d. **"Signing Means I Agree with Everything"**: Signing an employment agreement does not necessarily imply unconditional acceptance of all terms.

In **Holland v. Hostopia.Com Inc.**[5], an employee accepted written offer of employment from employer, which did not refer to employee's entitlement to notice of termination. Nine months later, the employee signed employment agreement, which provided for notice under Employment Standards Act. The employee's employment was terminated without cause after seven years and the employer paid employee amount at least equal to entitlement under Act. The trial judge dismissed the employee's action for wrongful dismissal. Upon appeal, the Appellate Court allowed the Appeal in part stating that the offer letter and employment agreement were inconsistent and could not be considered as single contract. The employee had not previously consented to term in new employment agreement, and he received no fresh consideration. Without fresh consideration, employment agreement could not supersede implied term of reasonable notice that was contained in offer letter.

If you have concerns or objections regarding certain provisions, you have the right to seek clarification or negotiate alternative terms before signing.

Employment agreements play a pivotal role in shaping the dynamics of the employer-employee relationship. As long as individuals are aware of the intricacies of these contracts and dispel their common misconceptions, they can empower themselves to make informed decisions and ensure their rights are protected within the workplace.

In the subsequent parts of this series, we'll delve deeper into specific aspects of employment agreements, providing practical insights and guidance for navigating this essential aspect of employment in Canada.

Footnotes

1 2015 CarswellBC 1333, 2015 BCSC 816, [2015] B.C.W.L.D. 4474, [2015] B.C.W.L.D. 4549, [2015] B.C.W.L.D. 4550, [2015] B.C.W.L.D. 4556, [2015] B.C.W.L.D. 4569, [2015] B.C.W.L.D. 4574, [2015] B.C.W.L.D. 4579, [2015] B.C.W.L.D. 4580, 2015 C.L.L.C. 210-049, 253 A.C.W.S. (3d) 832, 38 M.P.L.R. (5th) 304.

2 2008 CarswellOnt 3743, 2008 CarswellOnt 3744, 2008 SCC 39, 2008 D.T.E. 551, [2008] 2 S.C.R. 362, [2008] S.C.J. No. 40, 166 A.C.W.S. (3d) 685, 2008 C.L.L.C. 230-025, 239 O.A.C. 299, 294 D.L.R. (4th) 577, 376 N.R. 196, 63 C.H.R.R. D/247, 66 C.C.E.L. (3d) 159, 92 O.R. (3d) 479 (note), J.E. 2008-1354, EYB 2008-135085

3 2002 CarswellOnt 5728, [2002] O.J. No. 2300, [2002] O.T.C. 388, 115 A.C.W.S. (3d) 757, 33 C.L.R. (3d) 182.

4 Wagner J in Potter v. New Brunswick Legal Aid Services Commission (2015 SCC 10, 2015 CSC 10).

5 2015 ONCA 762

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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