

# Termination Clause Interpreted in Employer's Favour: Manitoba Court Sides with Employer in Fixed-Term Employment Contract Dispute

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A recent decision from the Court of King's Bench of Manitoba upheld a termination clause that limited an employee's entitlements to the minimum required by law, even though he had 15 months left of a four-year fixed-term contract.



**The Case: *Hebert v. Colin's Mechanical Service Ltd.*, 2025 MBKB 87**

***Hebert v. Colin's Mechanical Service Ltd.*, 2025 MBKB 87**, involved an employee who sold his business to the defendant company and agreed to stay on as an employee for four years. But less than three years into the agreement, he was let go without cause. The employee claimed damages for the unexpired portion of the contract.

## Court's Analysis

The court found the language in the contract to be clear. It allowed for termination "at any time" with notice "in accordance with the **Employment Standards Code**." Justice Bock held that this wording was unambiguous and enforceable – enough to displace the usual presumption that fixed-term employees are entitled to the full balance of their contract.

This is an important decision for employers. It confirms that courts in Manitoba will give effect to properly drafted termination clauses, even in fixed-term agreements, as long as they clearly reference the minimum standards required by law.

The employee also tried to argue that the "just cause" provisions of his contract were too broad and therefore rendered all the termination provisions in the employment agreement invalid. He relied on a line of Ontario cases (starting with *Waksdale v. Swegon North America Inc.*, 2020 ONCA 391) that say if any part of a termination clause is unenforceable, the whole thing might fall. However, a "practical, common-sense" interpretation of the clause suggested that whether there was "cause" would still require an assessment of the seriousness of the alleged misconduct, consistent with the Code. Justice Bock found the just cause provision passed muster and declined to follow the Ontario approach, at least on these facts.

## A few key takeaways:

- Clearly drafted termination clauses in line with minimum statutory requirements can be upheld, even in fixed-term agreements.
- Manitoba courts may be less willing than Ontario's to strike down entire termination provisions just because one part may be offside, which is welcome news for **Manitoba employers**.
- The fact that both parties were represented by counsel during contract negotiations may influence how courts view the enforceability of such clauses.

## Why It Matters

While the facts aren't flashy, the decision is a helpful one for employers, and a reminder that good drafting matters.

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