

# Index

## A

### **Altered Documents —**

- addition of terms, 113
- blank document, 114
  - interest rate, 114
  - liability of party who signed blank document, 114
- cheques, 140, *see also* **Negotiable Instruments**
- general, 113
- material alteration, 141
  - bankruptcy context, 141
- no enforcement by altering party, 113
- presumption —
  - as to time of alteration, 114
  - no assent, 114
- proof required, 114

## B

### **Bad Faith, *see also* Good Faith**

- bankruptcy context, 143
- breach of contract, 218
- definition, 1-2, 22
- demand to call the loan, 219
- intentional, 229
- lack of bad faith distinct from good faith, 228
- legal significance of allegation, 76
- no stand-alone cause of action, 221

### **Bankruptcy—**

- no discharge of debts, 66, 79, 97, 123, 142
- offence involving false pretenses, 121
- receivership, 65
- remedies, 66

### ***Bhasin v. Hrynew*, *see also* Good Faith**

- contractual bad faith not presumed, 228

- duty of good faith, 153, 218
  - not an implied term, 222
- duty of honest performance, 187, 229

**Blank Documents**, *see* **Altered Documents**

**Bribery** —

- definition, 126
- employee, 94
- fiduciary relationship, 126
  - mortgage brokers, 127

## **C**

***Caveat Emptor***, 28

**Cheques**, *see* **Negotiable Instruments**

**Comparative Fault** —

- defence, 68, *see also* **Defences**
- no comparative fault as a victim of fraud, 30

**Conscious Falsity**, 17, 29, *see also* **Fraud**

**Consolidation** —

- common questions of law and fact, of, 101

**Constructive Fraud**, *see* **Equitable Fraud**

**Contractual Exclusions**, *see* **Defences**

**Contractual Negotiations**, *see* **Defences** and **Good Faith**

**Conversion**, *see also* **Negotiable Instruments**

- bank's liability, 131-133, 137
  - to investors, 139
- defence of mental distress, 68
- definition, 24, 132
- embezzlement, 60
- misuse of funds, 136
- proof required where conversion evident, 63
- tort of strict liability, 52, 75, 131, 140
- vicarious liability, 95, *see also* **Vicarious Liability**

**Costs**, 89

- full indemnity rate, 89
- solicitor and client costs, 89
- special costs, 89

INDEX

**D**

**Damages**

- compensatory, 56, 60
- emotional harm, 60
- general, 55
- onus, 57
- principles guiding assessment, 56
- proof required, 59
  - balance of probabilities, 59
  - more than inconvenience, 59
- punitive, 60, 90, 222, 225
- tort, in, 57
  - expectation interest, 57

**Deceit, see also Fraud**

- distinction from fraud, 6
- Hryniak v. Mauldin*, 6
- multiplicity of terms, 5
- tort of, 11
- writ of, 7

**Default Judgment**, 77, 101

- no award, 86
- setting aside, 101, 108

**Defences —**

- burden of proof, 67
- comparative fault, 68-73
- contractual exclusions, 73, 205, 234
- contributory negligence, 35, 52, 57, 68-70, 136
- due diligence, lack of, 51, 70
- estoppel, 133
- ex turpi causa non oritur actio*, 53, 72, 95, 122
- failure to identify fraud, 69-70
- honest belief, 10, 22, 30, 33, 67
  - test, 68
- mental distress, 68
  - as between spouses, 124

*non est factum*, 119, 123, 169  
presumption of inducement, 37, 71, 162

## **E**

### **Equitable Fraud**, *see also* **Fraud**

definition, 154-156  
distinction from common law fraud, 153, 156  
doctrines, 156

- unconscionability, 156, *see also* **Unconscionability**
- undue influence, 156, *see also* **Undue Influence**
- violation of confidences, 156

effect of, 50  
fiduciary duty, breach of, 157  
proof required, 154  
types of, 155  
vulnerability of victim, 155, 157, 161, 167, 171, 191

- more than circumstantial or situational vulnerability required, 193, 197
- special disability, as a, 195

## **F**

### **Factual Misrepresentation**, *see also* **Fraud**

actual misrepresentation, 16  
basis of tort of deceit, 5, 11

- same test, 5

definition, 14-15  
distinction from a warranty, 15  
evidence, 16  
examples, 17  
solicitor's opinion, 18  
statement of intention, 18

- future intention, 20
- present intention, 18

statement of opinion, 20

### **Fiduciary Duty** —

breach by a trustee, 5  
bribery, 126-127

INDEX

equitable fraud, 155, 157  
evidence of inappropriate advantage required, 127

**Forfeiture Principle** —

application to all illegal acts, 53  
definition, 210  
exceptions, 54  
expression of public policy, 53  
general, 52-53  
relief from forfeiture, 209, 211

**Forgery** —

adoption, 135  
common law, at, 1010  
damages, 102  
default judgment, 101, 108  
definition, 102  
    identity fraud, 112  
election, 111  
evidence —  
    circumstantial evidence, 109  
    degree of certainty, 110  
    expert opinion, 105, 108  
    fresh, 107  
failure to complain, 103  
misappropriation of funds by forgery, 133  
*nemo dat quod non habet* rule, 112  
non-essential document, 112  
notice of, 134  
nullity, 102, 104, 112  
pleading, 76, 111  
proof, 105  
ratification, 104  
signatures, 105, 109  
standard of proof, 102  
summary judgment, 106, *see also* **Summary Judgment**  
suspicious circumstances, effect of, 111

waiver, 111  
repudiate, failure to, 111

**Fraud, see also Equitable Fraud**

civil fraud, 4  
common law history, 7-11  
equity, 53  
contractual negotiations, 41  
elements of fraud, 42  
written release, 44  
criminal offence, 3  
defences, 67, *see also* **Defences**  
definition, 29, 147, 151, 155  
common law fraud, 153, 157  
constructive or equitable fraud, 153, *see also* **Equitable Fraud**  
two kinds, 153  
elements, 11, 46, 95  
actual reliance, *see* **Reliance**  
conscious falsity, *see* **Conscious Falsity**  
factual misrepresentation, *see* **Factual Misrepresentation**  
evidence, 67, *see also* **Proof**  
standard, 76  
intention to deceive, 10, 29, 31, 33  
legal definition, 2, 11  
proof, *see* **Proof**  
terminology, 5  
deceit, 5  
fraudulent misrepresentation, 5, *see also* **Fraudulent Misrepresentation**  
tort of deceit, 42, *see also* **Deceit**

**Fraudulent Concealment —**

requirements, 23  
silence as fraud, 22

**Fraudulent Intent —**

requirements, 30

**Fraudulent Misrepresentation —**

contractual exclusions, effect of, 73, *see also* **Defences**

## INDEX

- definition, 41
- diversion of funds, 23
- elements, 11, 29, 32, 40
  - human actor with intention to deceive, 33
  - improper enrichment not essential, 14
  - reliance, 35
- examples, 17, 113
- general, 5
- marriage, inducement of, 59
- pleadings, 74, *see also* **Pleadings**
  - specificity, 77
- reckless misrepresentation, 31
- rescission, 44
- statement of future intention, 20
- summary judgment, 13, *see also* **Summary Judgment**
- tort, economic or pecuniary loss, 56, *see also* **Damages**
- vicarious liability, 94, *see also* **Vicarious Liability**

## G

### **Good Faith —**

- Bhasin v. Hrynew*, 218, 229, 234
- breach, effect of, 227
- contractual negotiations, 246
  - definition, 249
  - duty to impart information, 252
  - exception for collective bargaining, 250
  - negligent negotiation, 253
  - no duty of fairness in evaluating a proposal, 251
  - no duty to bargain in good faith, 250
  - remedy, 254
  - traditional view, 246
  - withdrawal, 248
- damages, 227
  - assessment, 241
  - contractual remedy preferred, 241
  - distinction between tort and contractual damages, 242

- definition, 216
  - common law, 216
- disclosure, 231
- discretionary powers, 218
- duty to have “appropriate regard”, 224, 235
- express term, 229
- factors, 220
- general, 216, 233
- general duty in relation to performance, 218
- honest performance, duty of, 229, 235
  - minimum standard, 232
  - principles, 231
- implied term doctrine, 221-222
  - entirety of agreement provision, 222
- no free-standing cause of action, 221, 237
- owed by mortgage brokers, 127
- proof, 228
- Quebec, 224
- relational contract, 239
  - employment law context, 241
  - no duty to bargain in good faith where insufficient proximity, 240
- restrictions, 243
  - altering express terms, 244-245
  - re-writing or rectifying original agreement, 243
- survives express exclusion, 225
- universality, 225

## **I**

**Intention to Deceive**, 31, *see also* **Fraud**

***Inter Partes* Fraud**, 45

- effect of, 45

## **K**

**Knowledge** —

- actual, 4, 12, 72

- constructive, 44, 72



## INDEX

- different forms, 30
- falsity, of, 67
- general, 10, 12
- subjective, 3-4, 26, 33

## L

**Letters of Credit**, *see* **Negotiable Instruments**

## M

**Mareva Injunction** —

- general, 61
- prima facie* case, 63
- requirements, 62
  - dissipation of assets, 64

**Mortgage Fraud** —

- civil, 115
  - counterfeiting of due diligence materials, 116
  - operation, 115-116
  - warning signs 117
- clean hands doctrine, 116
- criminal offence, 123
- ex dolo malo non oritur action*, 116, 122
- ex turpi causa non oritur actio*, 116
- property flip, 118
- redress from lawyer, 121
- straw buyer, 118
- volume in Canada, 121
- warning signs, 117

## N

**Negative Fraud** —

- deception by silence, 27

**Negotiable Instruments** —

- Bills of Exchange Act*, 102, 114, 132, 135
  - s. 48 as an implicit term, 133
- Canadian Payments Association, 129

- enforcement, 129
- certified cheques, 137
  - no signature required, 130
  - recovery by bank, 137
  - traditional view, 137
- charging back, 131, 142
- cheques, 132
  - bank's duty to honour, 129
  - conversion, 131, 136
  - countermanded, 142
    - drawer's right of countermand, 129
  - kiting, 143-146
  - material alteration, 140, *see also* **Altered Documents**
  - negotiated in good faith, 134
  - recovery, 134, 136
  - standard verification clause, 134
    - effect of, 136
  - written notice of forgery, 133
  - wrongful interference with property, 131
- common law remedy, 131
- conversion, 133
- fictitious or non-existing payee, 138
  - lack of intent to pay, 139
  - measure of damages, 140
  - presentment for negotiation, 140
  - proof by cashing bank, 139
- forged signature, 132
  - adoption, 135
  - ratification, 135
- letters of credit, 147
  - autonomy, principle of, 149
    - exception for fraud, 150
  - conditional, 149
  - default required to draw upon letter, 153
  - definition, 147-148
  - documentary compliance, rule of, 150

## INDEX

- evidence of fraud required, 151
- fraud's effect on negotiability, 148
- interlocutory injunction, 150
  - burden, 153
- notice of dishonour, 152
- operation of, 148-149
- standby letter of credit, 147

## P

### **Pleadings** —

- Alberta, 77, 84
- binding, 81
- British Columbia, 80
- common law, 7
- dishonesty need not be pled, 76
- forgery, 111
- general, 74
- good faith as an implied term, 84
- independent claims, 75
- material fact disclosure, 74
- Ontario, 77
- precision required, 75-79
- proportionality, principle of, 79

### **Proof** —

- bad character evidence, 86
- burden of, 67, 85, 105, 125, 165, 170, 177
  - shift in, 166
- circumstantial evidence, 99, 109, 111, 171, 174
- full appreciation test, 100
- new or fresh evidence, 88, 107
- onus, 96
- prior conduct, 86
  - bad character evidence, 86
  - foreign convictions, 88
- specific, 86
- standard, 85

unclean hands, 55, 86

**Public Policy**, 28, 45, 54, 59, 157, 163, *see also* **Forfeiture Principle**

exclusionary clauses, 208, 227

freedom of contract, 208

*Tercon* test, 208

unconscionability as an alternative, 206

## **R**

### **Receivership** —

court-appointed, 65

entitlement, 64

interim receiver, 65

motion to appoint, 65

powers, 65

purpose, 75

types, 65

### **Recklessness**, 9

component of conscious falsity, 17

definition, 30

species of fraud, 31

### **Reliance** —

actual, 35

not hearsay, 36

alteration of position in reliance, 80

damage, 43

elements for liability, 36

estoppel on ground of detrimental reliance, 133

intention to induce, 78

misguided, 31

motive irrelevant, 38

no reliance, 40-41

test, 37, 39

third parties, 41

### **Remedies** —

charging back, 131

election to void, 49, 51

## INDEX

interplay between tort and contract law, 42  
*Mareva* relief, *see also* **Mareva Injunction**  
rescission, 42  
voidable, 50

## S

### **Spouses, fraud between —**

no inter-spousal immunity in tort, 124  
predatory marriage, 124  
    lack of capacity in victim spouse, 125  
pre-marital representation, 124  
presumption of validity of marriage, 125  
undue influence, 125, *see also* **Undue Influence**

### **Statute of Frauds (Ontario), 9**

### **Summary Judgment —**

bankruptcy, effect of, 97  
damages must be established, 59  
denial of, 120, 122  
    voluntary participation, 120  
evidence, 99, 108-109  
    expert opinion, 108  
forgery, 106  
general, 95  
granted, 96, 177  
*Hryniak v. Mauldin*, 96  
Ontario's procedure, 97  
partial, 87

## T

### **Testamentary Dispositions / Gifts, 173, *see also* Undue Influence**

### **Title Fraud —**

British Columbia, 128  
constructive knowledge of error, effect of, 128  
deferred indefeasibility, 127  
discharge of mortgage, 128  
general, 127

Ontario, 127

## U

### **Unconscionability** —

ambiguity, 193

burden of proof, 199

components, 187

    inadequate consideration, 189, 203

    inequality of bargaining power, 192-193, 202

definition, 188

disaffirm promptly, obligation to, 215

    delay may be fatal, 215

    right to rescind, 215

exemption/exclusion clauses, 205

    test, 206-208

    wrongful or intentional conduct, 206

family law context, 204

guiding principles, 194-195

    special vulnerability, 195

interest rate, 192

maxim *de minimis non curat lex*, 203

penalty clauses, 208

    definition, 211

    distinction between common law doctrine of penalties and unconscionability, 209

    exit fee, 211

    factors, 210-211

policy concern, 193

    commercial reality, 198

    freedom of contract, 208

repudiation for rescission, 215

standard form agreements, 212

*contra proferentum* rule, 213-214

    contractual adhesion, 212-213

summary judgment, 205, *see also* **Summary Judgment**

test —

INDEX

two-part, 190, 200-202  
three-part, 202

**Undue Influence**

actual, 162, 170  
    burden of proof, 170  
    effect of, 171  
affirmation, 181  
    deemed, 215  
    positive, 181  
classes or categories of, 183-184  
*de facto* confidential relationship, 183-184  
definition, 157-159  
distinction from unconscionability, 158  
*Etridge* principle, 168  
evidence, 161, 171  
    burden of proof, 165, 170  
    onus, 164, 173  
    *viva voce* evidence, 157  
independent legal advice, effect of, 186  
notice to third parties, 182  
presumptive undue influence, 162, 166  
    established categories, 162-164  
    manifest disadvantage, 166  
    not between spouses, 163, 167  
remedies, 158  
sophistication of alleged victim, 168  
special relationship, 162-163, 166, 183  
testamentary undue influence, 174-175  
    doctrine of *laches*, 180-181  
    doctrine of suspicious circumstances, 176-179  
    elements of testamentary capacity, 176-177  
    indicators, 174  
    no presumption, 175  
    repudiate, failure to, 179  
    summary judgment, 177, *see also* **Summary Judgment**

**V**

**Vicarious Liability** —

- common law, 90
- conflict of interest, 94
- difficulties defining the act of the employee, 91
- factors from *Bazley v. Curry*, 92
- fraud not within usual course of one's duties, 91, 121
- fraud of agent, 52
- general, 25, 90
- procedural issues, 95

**Victims** —

- alleged, 168
- due diligence, 70, *see also* **Defences**
- knowledge, 51
- priority of claims, 60
- sophistication, 39, 168
- spouse, 125
- straw buyer, 118, 121
- vulnerability, 92, 155