

Contract termination: considerations in terminating for default or for convenience

OCTOBER 1, 2021 1 MIN READ

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While parties enter into a construction contract with the common goal of completing a successful project, there are times when terminating the contract is necessary. In their paper published in the *Journal of the Canadian College of Construction Lawyers (2021)*, Osler authors [Paul Ivanoff](#), partner, Litigation; [Ethan McCarthy](#), associate, Construction Law; and with support from [Alexander \(Zander\) McGillivray](#), associate, Construction, Infrastructure and Energy, discuss important legal and practical considerations for parties contemplating terminating a contract.

Where a construction contract contains both termination for convenience and termination for default rights, an owner considering termination will have to consider the particular circumstances and the precise terms of the contract before deciding which right to exercise. The rights and remedies available to the owner arising from a termination for default are often broader than those arising from a termination for convenience. However, termination for default carries with it the risk that a court or arbitrator may find that an owner wrongfully terminated the contract, which could expose the owner to claims by the contractor for damages suffered as a result of the termination. Parties should therefore be cautious when making the decision to terminate for default.

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This paper was originally published in the [Thomson Reuters Journal of the Canadian College of Construction Lawyers 2021](#).