

# [Contracts a with the bidder. in the](https://assignbuster.com/contracts-a-with-the-bidder-in-the/)

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Contracts are a very important part of every agreement, and as such, must be carefully constructed to ensure smooth and successful arrangements between two parties.

Errors in contracts can therefore be very costly, often resulting in drawn out legal battles as can be seen in the case between SoftX and the City of Waterloo. The city had submitted a call for tenders, to which Ron Engineering responded with a bid. SoftX attempted to withdraw their bid, and then refused the city’s offer. This forced the city to contract with another company for a higher price, and then sue SoftX for the difference. We will explore the validity, formation, and possible breach of a contract using a precedent set by the Supreme Court of Canada. We will see that the action brought by the city of Waterloo is very likely to succeed as they have adhered to all contract laws, unlike SoftX.             The Contract A and Contract B precedent was established by the Supreme Court of Canada during the R. v.

Ron Engineering case in 1981 1. Contract A, also known as the tendering contract, comes into existence upon the submission of a bid in response to a call for tenders. Contract B, the construction contract itself, comes into existence when the owner, which in this case is the City of Waterloo, accepts the lowest bid, invariably sec           uring Contract A with the bidder. In the Ron Engineering case, the Supreme Court had concluded that there was no mistake or non-compliance to keep Contract A from being formed, and also established the obligation on both parties to accept Contract B once Contract A is formed 1. The mistake Ron Engineering made did not violate any of the terms of the tendering contract 2, and the Ontario Water Commission did not violate Contract A in any way either. Similarly, SoftX did not submit their bid by accident and the City of Waterloo did not know about the error until SoftX brought it up because nothing on the face of the tender revealed an error.

Only SoftX could have known the number of additional employees they needed, and the extra cost. Their failure to consider that and factor it in their tender, which is a full Contract A, was none other than their fault. There was no mistake in the tender’s submission and SoftX’s error was not relevant to Contract A. Also, it is stated that the bid was made irrevocable by a seal. Therefore, Contract A was not violated in any way and the city was legally allowed to accept the bid and secure Contract A, which automatically resulted in the formation of Contract B.            SoftX refused Contract B by rejecting the city’s offer for the work.

As mentioned before, the Supreme Court of Canada already set a precedent in the Ron Engineering case that prevents any of the parties from rejecting Contract B once Contract A had been formed 1. Therefore, SoftX’s refusal, after Contract A had been formed, was unlawful and a breach of contract. This forced waterloo to contract with someone else, and since SoftX breached the contract, the city being the injured party, was eligible to sue for damages 3.

The damage, which was the difference between the next lowest bid and SoftX’s bid, amounted to $80, 000. It was also concluded in the Ron Engineering case via Contract A that the owner must accept the lowest bid. Waterloo accepted the lowest bid as they were obligated to do so, and SoftX was obligated to enter Contract B because Contract A had already been formed and accepted.

Therefore, the action brought up by the city would succeed and the relevant damages would be paid by SoftX, due to the breach of contract.             The above points show that the case brought forth by the City of Waterloo would most likely succeed as they were the only party adhering to all terms of the contract and contract law. Contract A was fully formed and accepted by both parties as there were no factors that would qualify to hinder its formation and acceptance. The bid was submitted and accepted as the lowest bid, with no obvious errors on the surface, thereby leading to the formation and acceptance of Contract A. Contract B, which both parties are obligated to accept once Contract A is formed, was then formed.

SoftX’s rejection of the city’s offer was a rejection of Contract B, and therefore, a breach of contract. Supported by the precedents set during the R. v. Ron Engineering case, this gives the city a solid case as the injured party, to sue for the damages caused.