

CITATION: Manorcove Group Inc. v. IBL Structural Steel Limited, 2026 ONSC 4517
COURT FILE NO.: CV-18-58348
DATE: 2026-08-05

- [1] Manorcure Group Inc. (“Manorcure”) is a contractor engaged in the construction industry. IBL Structural Steel Limited (“IBL”) is a structural steel supplier and installer.
- [2] In March 2018, Manorcure submitted a tender for the construction of an addition to the Wal-Mart Canada Corp. (“Wal-Mart”) store at the Pen Centre in St. Catharines. Part of its tender included an amount for the supply and erection of structural steel as provided by IBL in a Quotation.
- [3] Manorcure was awarded the contract by Wal-Mart.
- [4] A Revised Quotation was requested by Manorcure and received from IBL in May 2018.
- [5] IBL did not proceed with the work.

- [6] Manorcore used a different steel supplier and fabricator to complete the work and paid a higher price than was contained in the Revised Quotation. It sues, claiming the difference from IBL.
- [7] The issues in this litigation are whether IBL was contractually bound to perform the work in accordance with its Revised Quotation and if so, what damages were suffered by Manorcore.
- [8] For the reasons set out below, I conclude that IBL was in breach of its contractual obligations to Manorcore, and that Manorcore is entitled to damages in the amount claimed.

The Facts:

- [9] Most of the relevant facts are not in dispute.
- [10] Manorcore had not had a prior business relationship with IBL.
- [11] The initial Quotation dated March 7, 2018, including attached terms, was received by Manorcore from IBL. It contained an offer to supply and erect structural steel for the Wal-Mart project at a lump sum price of \$596,900. The Quotation was not solicited by Manorcore. After verbal discussions between the parties, the lump sum price was increased to about \$670,000. IBL secured the information it required to prepare the Quotation independently, accessing the Instructions to Bidders document posted by Wal-Mart which solicited bid submissions from qualified general contractors, including Manorcore.
- [12] In its bid for the job, Manorcore included the amount contained in the IBL Quotation and identified IBL as the structural steel provider.
- [13] The Wal-Mart contract was awarded to Manorcore on April 13, 2018.
- [14] On May 14, 2018, at the request of Manorcore, IBL provided a Revised Quotation. As with the initial Quotation, the form of the Revised Quotation provided for the signature of both parties. It was never signed by Manorcore.
- [15] On May 15, 2018, and in response to having received the Revised Quotation, Manorcore provided a Letter of Intent to IBL. That Letter of Intent was never signed by IBL.
- [16] The parties met on May 23, 2018. At the end of the meeting, and as subsequently confirmed in writing, IBL indicated that it would not be proceeding with the job.
- [17] As a result, Manorcore contacted the second lowest bidder, Steelcon Fabrication Inc. ("Steelcon"), and entered an agreement with it to proceed with the job, resulting in extra costs paid by Manorcore of \$271,200. Those costs were not reimbursed by Wal-Mart.

Positions of the Parties on Liability:

By IBL:

- [18] IBL based its submissions on the normal legal requirements for the formation of a contract: offer and acceptance. There needs to be a mutual intent to create a legally binding agreement, and there must be an agreement on all essential terms of the deal.
- [19] The Revised Quotation was the offer. It was never signed by Manorcore and therefore never accepted. The Letter of Intent from Manorcore was in effect a counteroffer, containing terms not included in the Revised Quotation. A counteroffer is a rejection of the prior offer. For the Letter of Intent to be an acceptance of the Revised Quotation by Manorcore, it would need to have captured all the terms of the Revised Quotation, which it did not. The Letter of Intent and its terms were never accepted by IBL.
- [20] IBL submits that it never reneged on any obligations under the Revised Quotation. Following the meeting between the parties on May 23, 2018, and based on the discussions at the meeting, IBL wrote to Manorcore advising that it would not proceed with the project due to the refusal of Manorcore to sign the Revised Quotation and IBL's refusal to accept the Letter of Intent, as well as a perceived threat by Manorcore to sue IBL if the Letter of Intent was not signed. IBL denies Manorcore's position that IBL abandoned the project, as alleged in Manorcore's letter of May 24, 2018, and references the additional terms contained in the Letter of Intent which it states were not part of the Revised Quotation.

By Manorcore:

- [21] Manorcore relies on the law of tender which requires contractors and subcontractors to honour the commitments made by each to the other in the tendering process.
- [22] When the Quotation was made by IBL as part of the tender process, a binding commitment was made by IBL, upon which Manorcore relied. When Wal-Mart accepted Manorcore's bid with the inclusion of IBL as the structural steel provider, a contract came into existence between Manorcore and IBL.
- [23] There is no significance to the request for the second quote (the Revised Quotation) after the Wal-Mart bid had been accepted, since it was only to account for revisions to steel pricing arising from the imposition of tariffs and was permitted by Wal-Mart. The changes were entirely for the benefit of IBL.
- [24] The meeting of May 23, 2018 was convened at the request of IBL to discuss scope and schedule.
- [25] Manorcore submits that at the meeting, IBL discovered that it had misunderstood the parameters of the job resulting in an underquoting, and as a result decided not to proceed, thereby abandoning its contractual relations with Manorcore.

Analysis as to Liability:

- [26] Counsel for IBL made comprehensive and articulate submissions as to the failure of the parties to arrive at an agreement. The case law relied upon by IBL related to such legal issues as the necessity for communicating acceptance, lack of demonstrated agreement on all essential terms, and the effect of a counteroffer being a rejection of the initial offer. To the extent that the cases related to the law of tender, they pre-dated the significant decision of the Supreme Court of Canada in *R. v. Ron Engineering & Construction (Eastern) Ltd.*, [1981] 1 S.C.R. 111 which created the so-called “Contract A/Contract B” regime, in that case dealing with the owner/contractor relationship.
- [27] In the subsequent decision of the Ontario Court of Appeal in *Naylor Group Inc. v. Ellis-Don Construction Ltd.* (1999), 43 O.R. (3d) 325 (C.A.)¹, the court held that as per the framework in *Ron Engineering*, the Contract A/Contract B environment also applies to the relationship between contractors and subcontractors in the tendering process. In contrast to the ordinary requirements of contract law, communication of acceptance of the tender is unnecessary in the tendering environment. Contract A comes into existence at the moment the contractor’s tender, including the details of the subcontractor’s bid, is made to the owner and capable of acceptance. The subcontractor is bound to maintain its bid. In return, the successful contractor is obligated to enter a construction Contract B with the subcontractor on the terms of the subcontractor’s proposal unless the contractor has a reasonable objection.
- [28] Logically, the obligations operate in reverse as well, binding the subcontractor to enter into Contract B unless it has a reasonable objection.
- [29] In this case, the relationship between the parties in the tender process was initially unremarkable. IBL secured what it considered to be sufficient details to prepare a quote for the structural steel component of the Wal-Mart project and submitted the Quotation to Manorcore as it did to other qualified general contractors.
- [30] Contract A was formed when Manorcore bid on the Wal-Mart project, using the price shown in the IBL Quotation and identifying IBL as the provider of structural steel.
- [31] Contract B came into existence when Wal-Mart accepted the Manorcore bid. Although communication to IBL that Manorcore was the successful bidder may not have been essential to create Contract B, the evidence of Mr. Brian Weir, senior project manager for Manorcore, was that he communicated Manorcore’s success in the tender process verbally to Mr. Anil Bapat, senior project manager for IBL and confirmed Manorcore’s intent to proceed with the IBL subcontract. His evidence was that in the same call, they reviewed the scope of the work and timing. Notes were made on Manorcore’s copy of the Quotation. Mr. Bapat had no recollection of

¹ Subsequent appeal to the Supreme Court of Canada dismissed, (except as to the cross-appeal on damages) at *Naylor Group Inc. v. Ellis-Don Construction Ltd.*, 2001 SCC 58, [2001] 2 S.C.R. 943.

receiving such a call or its details. I accept the evidence of Mr. Weir as to the occurrence and content of the call. I am supported in that view by the acknowledgement of Mr. Bapat that he must have had some communication with Manorcore after Wal-Mart awarded the contract to Manorcore because the Revised Quotation was requested and produced adjusting the price of steel.

- [32] The standard construction contract used between Wal-Mart and Manorcore (known as CCDC2) provided at section 3.7.1.1 that the contractor shall “enter into contracts or written agreements with *Subcontractors* and *Suppliers* to require them to perform their work as provided in the *Contract Documents*” (emphasis in original). Further, at section 3.7.2, (as amended by Supplementary Conditions) the document required that: “The Contractor agrees to employ those Subcontractors accepted by the Owner at the signing of the Contract.” Those standard provisions support the operation of the Contract A/Contract B regime.
- [33] Determining, as I have, that Contract B came into effect on Manorcore’s success in bidding on the Wal-Mart job, the preparation and delivery of the Revised Quotation is not relevant. There appears to have been an agreement, which was entirely in favour of IBL, (and presumably with the agreement of Wal-Mart) to adjust the price of steel used in the Quotation. There were no other changes from the original Quotation except for the adoption of the Alternate Layout (which was a proposed variant of the March 7, 2018 Quotation) at a total cost of \$690,000.
- [34] The question then becomes whether IBL raised a reasonable objection to Contract B sufficient for it to be relieved of its contractual obligations.
- [35] Prior to the meeting of May 23, 2018, there was no evidence of any disagreement between the parties as to the work to be performed by IBL.
- [36] IBL provided its Revised Quotation on May 14, 2018 and received the Letter of Intent from Manorcore the following day, May 15, 2018.
- [37] On May 15, 2018, Mr. Bapat emailed Mr. Weir asking for a meeting to discuss “scope of work and schedule”. He testified that he wanted to discuss differences between the Revised Quotation and the Letter of Intent. The parties agreed to a meeting at the Manorcore worksite to occur on May 23, 2018. That meeting was consistent with the suggestion in the Letter of Intent that “If you do not agree with the scope of work noted above, please contact this office to discuss same within ten (10) days of receiving the letter of intent and/or **sign your acceptance in the place provided below**” (emphasis in the original).
- [38] Mr. Weir testified that he attended the meeting with Mr. Bapat and Mr. Rajan Patel, the estimator for IBL. According to Mr. Weir, they discussed the phasing of the work, followed quickly by Mr. Bapat asking how the dollar value (\$690,000) on the Letter of Intent was established. Mr. Weir said he explained that it included the alternative design cost in the Revised Quotation (previously provided as an option in the

Quotation) and the adjustment to the steel price as per the additional tariffs that had been levied. Mr. Weir testified that the meeting ended quickly, with Mr. Bapat's statement that IBL would not be doing the project because he had missed something in addendum #2 in the Revised Quotation. Mr. Weir's diary notes indicated: "IBL says they are letting the job go. Add#2 They missed steel!"

- [39] Mr. Bapat did not recall much of the May 23, 2018 discussion, but denies saying or hearing anyone say that IBL was letting the job go. Missing steel was not discussed. Mr. Patel's evidence was to the same effect, although he left the meeting feeling that IBL had been threatened by a lawsuit if it did not complete the job as per the Letter of Intent. That comment was denied by Mr. Weir. Mr. Bapat also recalled discussing some specific scope items included in the Letter of Intent that were not in the Revised Quotation. The duration of the meeting was brief, perhaps 15 to 20 minutes.
- [40] Obviously, there is a conflict in the evidence of the parties as to what occurred at the meeting. Subsequent correspondence makes it clear that at and after the meeting, IBL had no intention of proceeding with the job and was relying on the failure of Manorcore to sign the Revised Quotation as the basis for there being no contract between the parties. Further, IBL said it did not want to proceed in the face of a threat of court action by Manorcore.
- [41] Returning to the principles established in *Naylor Group Inc.*, I find that neither the threat of a possible court action nor the lack of formal signing of either the Letter of Intent or the Revised Quotation constitute a reasonable objection sufficient to excuse IBL from any contractual obligations under Contract B.
- [42] Considerable time was spent during testimony and submissions comparing the two documents to determine if their terms were significantly different. Theoretically, major differences sought to be imposed on IBL by Manorcore from the Revised Quotation could be sufficient to vitiate the contract. As Justice Binnie wrote in the Supreme Court decision in *Naylor* at para. 51 discussing what constitutes a reasonable objection, what is "reasonable" depends on the facts of the case.
- [43] IBL identified a variety of terms in the Letter of Intent that were not part of the Revised Quotation. For example, IBL was required to provide templates to allow for drilling and anchor-setting to facilitate the bolting of the structural steel to the existing concrete wall by others. Templates were not included in the Revised Quotation. The Letter of Intent provided that "Scope of Work" was to be read in conjunction with the plans and specifications which had been prepared by Stantec. IBL asserted that it had not had access to detailed specifications but had quoted only based on structural drawings. An insurance certificate for \$5 million was to be provided by IBL, and Manorcore was to be a named insured. That provision was not in the Revised Quotation, and the cost of securing the insurance was not identified. Numerous other differences between the two documents were also asserted.

- [44] Manorcure's evidence was that it always uses the standard form Letter of Intent presented in this case, rather than simply accepting a quotation from a proposed subcontractor. In its view, the content of the Letter of Intent was the same but more detailed than that of the Revised Quotation. It is difficult to see how that could be true when the "details" added provisions (and costs) not found in the Revised Quotation, although if the details were contained as part of the industry standard CCA1 Contract (discussed below), they may be deemed to be incorporated into the Revised Quotation.
- [45] Identifying differences between the Revised Quotation and the Letter of Intent is not the end of the issue. The question of whether the objection by IBL to perform Contract B is reasonable remains outstanding.
- [46] According to the evidence of Manorcure, complex construction projects like the Wal-Mart store addition invariably have many details that need to be worked out following the tender process to ensure accurate and timely completion of the project. A copy of the CCA1 contract, which is the standard form subcontract document used in the construction industry, is provided by Manorcure to the subcontractor.
- [47] The CCA1 standard contract was referred to in the Appendix "A" ("Additional terms and Conditions that form part of this Subcontract") to the Letter of Intent. It was not referred to directly in the Revised Quotation, although the Revised Quotation was said to be "based on the terms and condition listed in CISC CODE OF STANDARD PRACTICE FOR STRUCTURAL STEEL, unless altered above" (emphasis in original)". In turn, the CISC Code provides at section 3.1 that "Unless otherwise agreed upon, a Contract to fabricate, deliver, and/or erect Structural Steel shall be the appropriate unaltered Standard Construction Document contract issued and duly sealed by the Canadian Construction Association (CCA) as listed at www.cca-acc.com." Therefore, based on both the Revised Quotation and the Letter of Intent, the CCA1 standard contract was to govern the relationship between the parties.
- [48] The CCA1 standard contract includes comprehensive dispute resolution provisions. At Part 8 ("Dispute Resolution") it provides that the contractor, in the first instance is to decide on questions arising under the subcontract and interpret its requirements. Disputes not resolved in that way are to be settled in accordance with the required procedures for negotiation, mediation and arbitration. At section 8.2.2, the CCA1 provides: "The parties shall make all reasonable efforts to resolve their dispute by amicable negotiation and agree to provide, without prejudice, frank, candid and timely disclosure of relevant facts, information and documents to facilitate these negotiations."
- [49] In this case, IBL left the May 23, 2018 meeting indicating that it would not be proceeding with the project and confirmed that position in writing in the following days. For its part, Manorcure wrote twice requesting a further meeting to resolve the issue of confusion with the work scope on an urgent basis. IBL maintained its position. No further discussions took place.

- [50] Based on these facts, it is unnecessary to determine whether the differences identified by IBL between its Revised Quotation and the Letter of intent were significant enough to amount to a reasonable basis for IBL to be excused from its responsibilities under Contract B. It was required to negotiate disputes pursuant to the terms of the CCA1 contract which had been incorporated by reference into the Revised Quotation but did not do so.
- [51] The overarching principle of the law of tender in Canada is that there should be a comprehensible system for tendering which is fair to the owners, contractors, and subcontractors. Obligations are imposed on each of them to respect the legitimate interests of the other parties. For a subcontractor to be excused from its obligations under Contract B to provide the materials or services committed in the tender on which the contractor has relied, there must be a reasonable objection. In turn, whether an objection is reasonable must be assessed in the facts of each case, and in this case where there is a requirement on the parties to negotiate to find a resolution of any dispute and one party fails to do so, that party cannot be said to have made a reasonable objection.
- [52] For the foregoing reasons, there will be a judgment in favour of Manorcore.

Damages:

- [53] As noted, Manorcore entered into an agreement with Steelcon to supply and install structural steel for the Wal-Mart project. Steelcon was the second lowest bidder. A Letter of Intent was entered on the same terms as were proposed to IBL.
- [54] The work was performed and Steelcon billed and was paid the sum of \$930,000 plus HST for a total of \$1,050,900, exclusive of any extras added to the job. By comparison, the Revised Quotation proposed a total price of \$690,000 plus HST for a total of \$779,700. The difference was \$271,200.
- [55] IBL submitted that there was no evidence as to whether Wal-Mart reimbursed Manorcore for the additional cost. However, I consider that possibility a matter of speculation, in that Manorcore had entered a stipulated price contract with Wal-Mart dated April 14, 2018, based on the tender that included the IBL bid. Additional evidence on the matter is not required.
- [56] As a result, there will be a judgment in favour of Manorcore for \$271,200, together with prejudgment interest from April 26, 2021, at the rate of 0.5% pursuant to the *Courts of Justice Act*, R.S.O 1990 c.43.

Costs:

- [57] The award of costs is a matter for further submissions, if required, following the receipt of this decision.

[58] The parties are encouraged to resolve the issue of costs of the application between themselves. If they are unable to do so, they may submit their Bills of Costs and make written submissions, consisting of not more than three pages in length according to the following timetable:

- Manorcore is to serve its Bill of Costs and submissions by August 18, 2026.
- IBL is to serve its Bill of Costs and submissions by September 1, 2026.
- Manorcore is to serve its reply submissions, if any, by September 7, 2026.
- All submissions are to be filed with the court with a copy to St.Catharines.SCJJA@ontario.ca and uploaded to Case Center by September 7, 2026.

[59] If no submissions are received by the court by September 8, 2026, or any agreed extension, the matter of costs will be deemed to have been settled.

Reid J.

Released: August 5, 2026

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ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

Manorcore Group Inc.

Plaintiff

– and –

IBL Structural Steel Limited

Defendant

REASONS FOR JUDGMENT

Reid J.

Released: August 5, 2026