

# Al Formosa Discusses Credit for Employee Service When Companies Get Purchased with Law Times

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WeirFoulds partner Albert Formosa discussed the need to clarify how employees are given credit for service under a new structure when a company gets purchased in “Credit for service clarified after company changes hands” featured in the May 28, 2018 edition of *Law Times*.

A recent Ontario Superior Court of Justice ruling, *Ariss v. NORR Limited Architects & Engineers*, 2018 ONSC 620, clarified how credit for service should be determined after an employee with a company that had been bought by another business was terminated and there were efforts to calculate how much notice he was owed.

“Albert Formosa, a partner with WeirFoulds LLP in Toronto, who acted for NORR, says his takeaway from the decision are the rulings around clarity of language and understanding and that Ariss was restricted to notice or severance pay and would only be entitled to the minimums under the ESA.

“The analysis on the clarity of the contract and [Ariss’] understanding of the contract and the common law notice limitations — those are all helpful developments for all of us in the employment bar,” says Formosa.

He says that when companies are buying other companies, they need to examine what legal responsibilities exist toward employees.

“There’s no question that, but for that contract, they were saddled with this long-term severance obligation that they really wouldn’t appreciate,” Formosa says.

Because of the appeal, the final determination remains up in the air, he says.

“[The decision] highlights the fact that you have to really understand your obligations when you’re buying a business and taking over a bunch of employees,” says Formosa.”

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