

Employers: Do not delay, just pay (statutory termination entitlements)! – A lesson from *Carroll v Oracle Canada*

October 7, 2025

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In *Carroll v Oracle Canada*, the Ontario Superior Court of Justice found that Oracle Canada breached its duty of good faith by failing to pay a former employee his full termination entitlements until 8 months after the termination^[1], which appeared to the court as a delay tactic to “try and force a financially vulnerable employee into a less favourable settlement position” and awarded punitive damages of \$57,740.55, an amount equal to the court found was “wrongfully withheld”. This decision serves as a strong reminder for employers that using an employee’s statutory termination entitlements as a bargaining chip in termination negotiations can result in additional liability.

Case Overview

Mr. Carroll was a Global Strategic Client Executive at Oracle Canada. He earned a base salary of \$180,000, plus significant commissions of over \$700,000 per year. Mr. Carroll was terminated after 3 years and 7 months of employment due to a restructuring, and claimed he had been wrongfully dismissed and sought termination damages.

At the time of termination, Oracle Canada paid Mr. Carroll his statutory termination entitlements on base salary only and did not pay his commissions. Oracle Canada did not pay Mr. Carroll his earned commissions of \$57,740.55 until 8 months after the termination. At Mr. Carroll’s summary judgment motion, Oracle Canada took the position that it was not required to pay him anything more than his statutory entitlements pursuant to his employment agreement. The court found that this position was “legally untenable” given that a similarly worded employment agreement involving another Oracle employee had recently been struck down by the court as unenforceable.^[2]

The court found that Oracle Canada’s actions sought to take advantage of the power imbalance between itself and the Plaintiff after termination, when Mr. Carroll was in a financially vulnerable position. The court held that “in the absence of any true reason for depriving the plaintiff of his commission entitlements at the time of his life when he most needs them, an award of damages must be sufficiently high to [disincentivize] employers from engaging in such conduct.”^[3]

The court found that punitive damages, which are intended to punish the defendant’s behaviour and deter similar misconduct and are only awarded in exceptional cases, was warranted, as “failing to pay statutory entitlements when due without explanation and maintaining an untenable position that no common law notice is required without explanation when a court has already ruled that the contract in question requires common law notice both constitute breaches of the duty of good faith in contractual performance and warrant punitive damages”.^[4]

Key Takeaways

Employers can avoid (1) the need to negotiate with employees after the termination of their employment and (2) wrongful dismissal

claims by entering into an employment agreement that sets out the employee's termination entitlements upon termination, thereby rebutting the employee's presumptive entitlement to common law reasonable notice. Employers should also ensure that employees receive their minimum statutory entitlements upon a termination of employment and, where post-termination negotiations are necessary, avoid using those statutory minimum entitlements as a bargaining chip in negotiations.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

[1] [Carroll v. Oracle Canada ULC](#), 2025 ONSC 4889.

[2] *Ibid* at para 64.

[3] *Ibid* at para 70.

[4] *Ibid* at para 71.

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