

Alberta Court of Appeal sets the guideline for Extending Limitation Period for Environmental Claims under the Environmental Protection and Enhancement Act

03 mai 2019

Introduction

In *Brookfield Residential (Alberta) LP (Carma Developers LP) v Imperial Oil Limited*, 2019 ABCA 35 ("Brookfield"), the Alberta Court of Appeal unanimously confirmed the Court of Queen's Bench treatment of the test that applies when an application is made **to extend a limitation period under Alberta's Environmental Protection and Enhancement Act RSA 2000 c.E-12 ("EPEA")**. This decision overruled the approach proposed in *Lakeview Village Professional Centre Corp. v Suncor Energy Inc.* 2016 ABQB 288 and has significant implications for parties to environmental claims. While the law in this area has advanced in a short period of time, there is an issue of whether contractual limitation period can be extended under section 218.

Background

Brookfield Residential (Alberta) LP formerly known as Carma Developers LP ("Brookfield") brought a claim in negligence for environmental liability against Imperial Oil Limited ("Imperial"). Brookfield had acquired a property that had been a well site drilled and operated by Imperial 60 years prior to the action.

Imperial brought an application for summary dismissal, on the basis that the claim was statute barred under the Limitations Act RSA 2000, c L-12. Brookfield cross applied for an extension of the limitation period under section 218 of the EPEA.

The Court of Queen's Bench Decision

The Court of Queen's Bench dismissed Brookfield's application to extend the limitations period pursuant to s.218 of the EPEA and granted Imperial Oil's summary dismissal application on the grounds of no merit to the claim given the ultimate limitation period expiry. The Court applied the section 218 factors: (a) when the adverse effect occurred, (b) whether the claimant exercised due diligence in discovering it, (c) whether there would be prejudice to the defendant's ability to defend the claim; and (d) any other criteria the court considers relevant.

The Court considered when the environmental damage occurred and determined that there was insufficient evidence to pinpoint when the damage had occurred. The Court found that Brookfield's expert's report contained instances of "mere speculation" and that the report "ignore[d] the years when the well was a flowing oil well and the years when it was used for salt water disposal." The Court found that Brookfield had exercised

a reasonable amount of due diligence in ascertaining environmental damage. The Court, having found no additional criteria was required to be considered pursuant to 218(3) (d), turned to whether Imperial would be prejudiced by the action if allowed to proceed. The Court found that Imperial would suffer prejudice if the limitations period was extended for the following reasons.

First, the passage of a great deal of time meant that there would be a significant number of lost witnesses, lost documents, and lost records. Further, Imperial would not have the ability to sample and test the contamination themselves, and therefore the ability to test various causation sources. The inability for Imperial to defend itself was at the heart of the prejudice.

Second, the Court found that the standard of care appropriate at the time in question would be nearly impossible to establish. As a claim in negligence, the standard of care required of Imperial at the time would be critical to both litigants' cases. The Court held that "[e]volving standards of conduct and new standards of liability eventually make it unfair to judge actions of the past by the standards of today."¹ The Court concluded that permitting an action to go ahead more than 60 years after the Defendant last was involved in the Well would be an abuse.

The Court of Appeal Decision

The Court of Appeal confirmed that section 218 applications under the EPEA are to be heard pre-trial. In doing so, the Court of Appeal rejected the approach proposed in *Lakeview Village Professional Centre Corp. v Suncor Energy Inc.* 2016 ABQB 288 ("Lakeview") and held that Lakeview should not be followed. **The Court in Lakeview approached section 218 as a procedural matter, suggesting that in some cases it would be possible to extend the limitation period under s. 218 in a preliminary application, but in other cases it might be appropriate to defer the decision until trial when there will be a full evidentiary record. The Court of Appeal determined that the Lakeview approach is wrong for two reasons.**

First, it is inconsistent with the wording of section 218 which provides that the limitations period may be extended "on application." Second, the approach is ultimately circular. Waiting until trial to decide a 218 application defeats the purpose and entire repose that **the Limitations Act** was intended to bring. It would deprive the defendant of the entire benefit of the limitations defence, which is avoiding the distractions, expense, and risks of litigation after the prescribed time has passed. The claim may proceed and be successful on its merits at trial, only to be defeated by the defendant's limitations defence. Yet, the defendant has undergone the entire effort and expense of trial. In assessing the 10 years ultimate limitation period in this case, the Court of Appeal confirmed that limitation period does not recommence every time the cause of action or the property is transferred. More importantly, the Court differentiated between the **damage to the land (continuing adverse effect) from the continuous breach of duty or course of conduct** that that would start the limitation period running anew every day. **The Court of Appeal further confirmed that the competing policy objectives of the Limitations Act and the EPEA must be weighed in assessing a section 218 extension application.** The Court of Appeal confirmed that the ultimate decision on whether or not to extend the limitation period includes an element of discretion that should not be disturbed unless they are based on an error of principle, consider irrelevant factors, or are clearly unreasonable. In this case, the decision by the chambers judge not to extend the limitation period was amply supported by the record.

Implications

Since the addition of section 218 to EPEA in 1998, extension of limitation period for **environmental claims did not attract attention until Lakeview in 2016 and Brookfield in 2017.** Jurisprudence was sparse and there was no defined judicial guidance on the application of the statutory factors in exercising the discretion to extend limitation

period. Lakeview was the first attempt to articulate an approach which did not work in Brookfield. The Alberta Court of Appeal has established the required guidance in this decision. It is noteworthy that in Lakeview there was no application by the defendants for summary judgment as in Brookfield, and this fact was irrelevant to the Court of Appeal's determination that extension of limitation period under EPEA must be decided pre-trial.

This decision provides more certainty for environmental damage litigants. Given that the main battle will now be fought at the front end, a potential effect is that section 218 applications will invariably be followed by cross-applications for summary dismissal. Further, parties have to put forward their best case at this early stage and the evidentiary requirement is significant. However, the application of the section 218 factors is fact driven, and ultimately, the success of each case will depend on its own facts.

While section 218 expressly addresses statutory limitation period, a question has arisen as to whether the Court can extend contractual limitation period under section 218. We will continue to monitor developments in this area and provide further updates.

Par

[Miles F. Pittman, Kevin Major-Hansford](#)

Services

[Plaidoirie en appel, Environnement, Litige commercial, Énergie – Pétrole et gaz, Énergie – Réglementation du pétrole et du gaz, Énergie – Électricité](#)

BLG | Vos avocats au Canada

Borden Ladner Gervais S.E.N.C.R.L., S.R.L. (BLG) est le plus grand cabinet d'avocats canadien véritablement multiservices. À ce titre, il offre des conseils juridiques pratiques à des clients d'ici et d'ailleurs dans plus de domaines et de secteurs que tout autre cabinet canadien. Comptant plus de 725 avocats, agents de propriété intellectuelle et autres professionnels, BLG répond aux besoins juridiques d'entreprises et d'institutions au pays comme à l'étranger pour ce qui touche les fusions et acquisitions, les marchés financiers, les différends et le financement ou encore l'enregistrement de brevets et de marques de commerce.

blg.com

Bureaux BLG

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3
T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9
T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2
T 604.687.5744
F 604.687.1415

Montréal

1000, rue De La Gauchetière Ouest
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

Les présents renseignements sont de nature générale et ne sauraient constituer un avis juridique, ni un énoncé complet de la législation pertinente, ni un avis sur un quelconque sujet. Personne ne devrait agir ou s'abstenir d'agir sur la foi de ceux-ci sans procéder à un examen approfondi du droit après avoir soupesé les faits d'une situation précise. Nous vous recommandons de consulter votre conseiller juridique si vous avez des questions ou des préoccupations particulières. BLG ne garantit aucunement que la teneur de cette publication est exacte, à jour ou complète. Aucune partie de cette publication ne peut être reproduite sans l'autorisation écrite de Borden Ladner Gervais S.E.N.C.R.L., S.R.L. Si BLG vous a envoyé cette publication et que vous ne souhaitez plus la recevoir, vous pouvez demander à faire supprimer vos coordonnées de nos listes d'envoi en communiquant avec nous par courriel à desabonnement@blg.com ou en modifiant vos préférences d'abonnement dans blg.com/fr/about-us/subscribe. Si vous pensez avoir reçu le présent message par erreur, veuillez nous écrire à communications@blg.com. Pour consulter la politique de confidentialité de BLG relativement aux publications, rendez-vous sur blg.com/fr/ProtectionDesRenseignementsPersonnels.

© 2025 Borden Ladner Gervais S.E.N.C.R.L., S.R.L. Borden Ladner Gervais est une société à responsabilité limitée de l'Ontario.