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### CANADIAN FRANCHISE GUIDE

Osler, Hoskin & Harcourt LLP

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This work contains more than 2,000 pages from one of the country's leading franchise law firms. You will find reliable guidance to help your clients achieve their business goals, whether they intend to start a franchise, expand their franchise in Canada or internationally, bring or defend business critical franchise litigation or buy or sell an existing franchise system.

#### What's New in this Update:

This release features updates to the case law and commentary in Chapter 16 (Leading Franchise Decisions).

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## Highlights

**Leading Franchise Decisions—Breach of Contract—*Dupras c. Franchises Salvatoré GA inc.***—This section includes a summary of the Quebec Superior Court’s decision in *Dupras c. Franchises Salvatoré GA inc.* where two plaintiffs and the defendant each alleged various contractual breaches, and each claimed for damages for related to these breaches. The defendant also counterclaimed for termination of the franchise agreement. The Court concluded that the plaintiffs failed to demonstrate a lack of support and cooperation from Salvatoré; in fact, Salvatoré demonstrated good faith and tolerance in the face of ongoing misconduct from the plaintiffs throughout their business relationship. The Court dismissed the plaintiffs’ claim in its entirety and partially allowed Salvatoré’s counterclaim, making additional findings regarding Salvatoré’s reliance on the penalty clauses in the franchise agreement.

**Leading Franchise Decisions—Nature of Business Relationship—*Tripsetter Inc. v. 2161907 Alberta Ltd.***—This section includes a summary of the Ontario Superior Court of Justice’s decisions in *Tripsetter Inc. v. 2161907 Alberta Ltd.* where the plaintiff operated a retail cannabis store under the Tokyo Smoke banner for around two years when it served the defendant with a Notice of Rescission and rebranded as Purple Moose Cannabis. The plaintiff claims that it was a franchisee of the defendant, seeking rescission and damages under the *Arthur Wishart Act (Franchise Disclosure)*, 2000, S.O. 2000, c. 3, as the defendant failed to provide mandated statutory disclosure. The defendant holds that its relationship with the plaintiff was one of licensor/licensee, arguing that the plaintiff breached the License Agreement. The Court ordered the Franchise Disclosure Document be produced, holding that the document is relevant to the core issue of the nature of the parties’ relationship and also relevant to the issue of the costs of establishing a franchise. The Court also ordered the Financial Projections Document to be produced for the same reason.

**Leading Franchise Decisions—Other—*Doiron v. Purrestore Management Services Inc., ET AL***—This section includes a summary of the New Brunswick Court of King’s Bench decision in *Doiron v. Purrestore Management Services Inc., ET AL* where the plaintiffs brought an application for an order confirming their entitlement to a trial de novo as set out in the Franchise Agreement and Protocol of Arbitration with the defendant after an arbitrator granted an award over \$100,000 against the Doirons. Purrestore is seeking an order to enforce the arbitral award. The parties entered into a Franchise Agreement in 2013. Following a dispute in 2020, Purrestore terminated the Franchise Agreement alleging that the Doirons breached it. Both parties advanced claims pursuant to the Franchise Agreement’s arbitration provisions, which led to an arbitration wherein \$172,941 was awarded in damages against the plaintiffs. The Court granted the application. The parties were ordered to proceed with their claims as a regular action under Rule 16 of the Rules of Court for an originating process.