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FRANCHISE LEGISLATION IN CANADA Peter Dillon Release No. 4, December 2025
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Franchising has become a highly technical, hotly litigious and liability-prone area of practice. Whether you represent franchisees or franchisors, Franchise Legislation in Canada is a must-have resource for any lawyer practicing in this area. Filled with valuable commentary, case annotations, precedents and background, this text is an indispensable desk-top reference. Franchise Legislation in Canada has the most comprehensive series of Concordances of provincial and US laws and regulations, making it the only truly national and international resource on the topic of franchising.

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What's New in the Update:

Commentaries for British Columbia *Franchises Act*, S.B.C. 2015, c. 35 and Alberta *Franchises Act*, R.S.A. 2000, c. F-23 have been added to this release. This release also features updates to the Appendix Issues in Focus.

Highlights

Contractss — Franchising contracts — Termination — TF Ltd. entered into franchise agreement with respondent franchisor regarding operation of restaurant — Petitioner (company related to TF Ltd.) and respondent entered into franchise agreement (MF agreement) and ancillary agreements — Respondent did not provide franchise disclosure or statement of material change to petitioner, as required by s. 5 of Franchises Act — Petitioner sought declaration that franchise agreement and ancillary agreements it entered into were rescinded pursuant to s. 6 of Act — Petition granted — Act defined “franchisee” as person to whom franchise is granted and it mandated that franchisor must provide franchisee with disclosure document, otherwise franchisee may rescind agreement within two years of entering it — Exception to s. 5(8)(c) of Act was in respect of grant of additional franchise to existing franchisee; however, petitioner was not existing franchisee — Prior to entering into MF agreement, petitioner did not have any legal relations or connection to respondent franchisor — Although there was some overlap in share ownership and directorship of TF Ltd. and petitioner, they were distinct and separate legal entities — Respondent’s failure to comply with clear statutory requirements in respect of IMF agreement entitled petitioner to rescission: *Taprobane Group Holdings Ltd. v. Brownies Foods Ltd.*, 2023 CarswellBC 379, 2023 BCSC 227.

Contracts — Franchising contracts — Performance or breach — General principles — Franchisor provided franchisee with disclosure document that referred to non-competition covenant — Document stated that covenant prohibited franchisee from competing for two years after termination of franchise within three kilometres of another franchise — Franchise agreement in fact provided that franchisee could not compete within 10 kilometres of franchise premises or of any other franchise — Franchisee continued to operate business from premises upon termination of agreement — Franchisor brought action to prohibit franchisee from carrying on business in breach of covenant — Action dismissed — Covenant was not enforceable because disclosure document contained “misrepresentation” as defined in s. 1(1)(q) of Franchises Act — Content of restrictive covenant was “material fact” as defined in s. 1(1)(o) of Act, as it would have significant effect on value of franchise or decision to purchase it — By s. 9 of Act, franchisee was deemed to have relied on misrepresentation — Deeming provision was not rebutted on evidence: *Mapleleaf Franchise Concepts Inc. v. Nassus Frameworks Ltd.*, 2011 CarswellAlta 1709, 2011 ABQB 594.

Commentaries — Appendices — Legal Issues in Focus —

The following memos have been updated: § IF:1. Does a fiduciary relationship exist between a franchisor and a franchisee?; § IF:3. What constitutes a “material fact” under franchise legislation?; § IF:5. What constitutes a franchise agreement?; § IF:7. How is the duty of fair dealing treated under the *Arthur Wishart Act (Franchise Disclosure), 2000*?; and § IF:9. When does deficient disclosure amount to no disclosure?

