

## Franchising - Canada

### Manitoba introduces draft franchise legislation

Contributed by **Lapointe Rosenstein Marchand Melançon LLP**

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Manitoba's Entrepreneurship, Training and Trade Minister Peter Bjornson recently introduced for first reading by Parliament Government Bill 15 (The Franchises Act), which is Manitoba's draft franchise legislation. According to the explanatory note contained in Bill 15, the legislation, which is intended to be of public order, is modelled on the Uniform Franchises Act that was prepared by the Uniform Law Conference of Canada. It calls for:

- a duty of fair dealing on both parties to the franchise agreement;
- the franchisee's right of association with other franchisees free from any interference by the franchisor;
- the franchisor's obligation to disclose certain information, such as financial statements and material facts, to its franchisees before entering into a franchise agreement. If such information is not disclosed, a franchisee may cancel the franchise agreement within a certain timeframe; and
- the right of the franchisee to sue the franchisor for damages resulting from a misrepresentation by the franchisor.

Fortunately, for the time being, as presented for first reading, the legislation does not specifically regulate the terms of the franchise relationship beyond the duty of fair dealing and the franchisee's right to associate. This is contrary to what was originally recommended by the Manitoba Law Reform Commission in the initial draft of this legislation. This proposed legislation will require three readings in order to become law in Manitoba.

Manitoba is the fifth Canadian province to enact legislation to regulate franchise relationships. At present, Alberta, Ontario, New Brunswick and Prince Edward Island have adopted franchise legislation (for further details please see "[Franchise-specific legislation in the provinces](#)").

For further information on this topic please contact [Bruno Floriani](#) or [Samara Sekouti](#) at Lapointe Rosenstein Marchand Melançon LLP by telephone (+1 514 925 6300), fax (+1 514 925 9001) or email ([bruno.floriani@lrmm.com](mailto:bruno.floriani@lrmm.com) or [samara.sekouti@lrmm.com](mailto:samara.sekouti@lrmm.com)).

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