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LEGAL ISSUES YOU MIGHT NOT KNOW ABOUT CANADA

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**THE H^{HL}OSPITALITY LAW
C^{HL}ONFERENCE SERIES 2.0**



FRANCHISE LAW

- Franchise disclosure laws can apply to franchise, license and managed hotel transactions
- Franchise disclosure document, or FDD, similar to US, with important differences
- “Material facts” and “Material Changes”
- Limited exemptions
- Statutory rescission rights and duty of good faith

A photograph of a city skyline with various skyscrapers and green trees in the foreground, partially obscured by a large orange banner.

EMPLOYMENT LAW

- No “at-will” employment in Canada
- Prudent employers require employment agreements
- Cannot contract out of employment standards legislation
- Notice under employment standards legislation vs. common law
- Owner as employer



CANNABIS LAW

- Federally legal since October 17, 2018
- Federal, provincial, municipal legislative power
- Consumption rules dictated by provincial regulations
- Certain provinces permit hotels, motels, and inns to allow in-room consumption; municipalities may limit this
- Hotels are marketing themselves as “cannabis-friendly”
- Policies, notices, insurance and other changes required



NEW LOYALTY PROGRAM LAWS

- New laws in Ontario and Quebec
- No expiry of reward points due to passage of time alone
- Exception: Customer has not **earned** or **redeemed** within a specified period **and** such expiration is provided for in the agreement
- Quebec: 1 year of inactivity

A photograph of a city skyline with various skyscrapers and buildings, partially obscured by lush green trees in the foreground. The scene is bright and sunny.

DESTINATION MARKETING FEES LITIGATION

- Claim involves the disclosure of DMFs as taxes
- Summary judgement motion – franchisors are not responsible
- Update: Summary judgement motion dismissed (summer of 2019)



MERGERS & ACQUISITIONS

- Asset vs Share Transactions
- Capital Gains Exemption (\$866,912 per person) can lead to share deals
- Land transfer tax payable on asset deals



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