# Chapter 1

Knowledge of Law as a Business Asset

Solutions Manual for In-text Questions, Exercises, and Situations for Discussion

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# **QUESTIONS FOR REVIEW, PAGE 20**

## 1. What is the function of law?

The function of law is to protect persons and their property, facilitate interactions, and provide mechanisms for dispute resolution.

# 2. How does the law offer protection?

The law protects members of society in two ways: first, it sets rules with penalties to encourage compliance, and second, it seeks to make those who break the law accountable for their misconduct.

### 3. How does the law facilitate business activity?

<sup>&</sup>lt;sup>1</sup> With research assistance from Daniel Howitt, a law student at the University of Alberta, Faculty of Law.

The law facilitates business activity by establishing rules that govern the marketplace. For example, the law of contract provides a way for parties to enter into binding agreements, thereby creating a measure of security and certainty in their business operations.

### 4. In what ways does the law facilitate certainty in the marketplace?

The law facilitates certainty by providing rules, particularly in the area of contracts, which allow business enterprises to plan for the future and to enforce their expectations. In short, legal rules provide definition and context to doing business.

# 5. Does the nature of the business relationship affect the enforcement of legal rights?

Yes. Parties to a contract do not always observe their agreement to the letter, preferring to maintain their relationship rather than resort to litigation for breach of contract.

#### 6. How does the law resolve disputes?

To avoid litigation, the legal system offers mediation and arbitration. Sometimes those prove unsuccessful and the matter is taken to court.

# 7. Does dispute resolution always involve going to court?

Going to court is an option, though ordinarily one of last resort, given the time it takes and the uncertainty and expense associated with it. Other methods of dispute resolution include mediation and arbitration.

### 8. In what way is knowledge of the law a business asset?

Informed owners and managers can protect their businesses by ensuring compliance with legal requirements. They can capitalize on the planning function of law to ensure the future of their businesses by entering into contracts. They can also seek enforcement of legal rules against those who do business or have other interactions with the enterprise. In this way, the property, contractual expectations, and profitability of a business are made more secure.

### 9. How might a lack of knowledge of the law negatively impact a business?

Business owners can suffer much anxiety, grief, and financial loss through a lack of knowledge of the law. In Lionel's case, for example, the law holds him responsible for the head injuries suffered by his customer because he was negligent in how he assembled the display case.

A lack of legal knowledge may result in a business's failure to maximize opportunities or to lose out on them altogether. More seriously, however, businesses or business owners who are unaware of (or ignore) pertinent legal standards may find themselves subject to regulatory and judicial sanctions, which could range from being fined to being forced to close down.

#### 10. How does contract law facilitate interactions?

Contract law allows businesses to formalize the rules and boundaries of their interactions with other businesses or clients. It makes clear what the initial expectations of both parties are, and sets out how the parties are expected to act in regards to these expectations.

Contract law further provides certainty to interactions. Contracts will often anticipate certain changes; for instance, a contract may include clauses about how parties are to act if the value of a product changes over time. Contract law also provides recourse for businesses when the terms of a contract are broken.

# 11. Why should a business put a legal risk management plan in place?

A legal risk management plan identifies the legal risks associated with a business and seeks to implement concrete measures for managing those risks. Such a plan therefore helps avoid the negative business experience that Lionel created for himself.

# 12. Why is it important that certain activities, such as the recreational use of drones, be regulated?

Drones pose a significant threat to people and property on the ground, as well as to aircraft. There are privacy concerns raised by their use. All of this is multiplied by the fact that the use of drones continues to increase. Regulation in this area is consistent with government's obligation to protect persons and their property, as discussed in the text chapter, including in relation to new and emerging hazards.

#### 13. What is the role of business ethics?

The role of business ethics is to place demands on an enterprise to conform to principles of commercial morality, fairness, and honesty. Business ethics concern moral principles and values that determine right and wrong in the business world.

# 14. Why are business ethics important?

Business ethics provide an important overlay to conducting business. This is because although it is ethical for a business to comply with the law, ethics may demand even more. Business ethics require entrepreneurs to conform to principles of commercial morality, fairness, and honesty.

# **QUESTIONS FOR CRITICAL THINKING, PAGES 20–21**

1. The law is sometimes made subject to the criticism that it does not necessarily forbid unethical behaviour and is therefore too narrow in scope. What is the relationship between ethics and law? Are ethical responsibilities the same as legal responsibilities?

Although an obvious overlay exists between ethics and law (particularly in the area of criminal law), ethics may dictate that a business do more than simply comply with legal dictates. This is because business ethics require entrepreneurs to conform to principles of morality, fairness, and honesty. For example, although it may be legal for Lionel to sell violent comic books to children, it may not necessarily be ethical to do so.

#### 2. When is a lawsuit the best response to a legal dispute? What is at risk?

When timely and informal efforts to settle a legal disagreement fail because, for example, the other side is being tremendously unreasonable, a lawsuit is an important recourse. Bringing a lawsuit risks the business relationship between the parties, but at this point, there is likely little to salvage in any event. The other risks relate to the fact that the legal system is expensive to use, time consuming, complex, and relatively inaccessible. Furthermore, it can be difficult to predict the outcome of a legal dispute. From a business perspective, being involved in the legal system

can be particularly disadvantageous, since fighting a lawsuit is an obvious drain on financial and human resources, with no assurance of a positive outcome in return.

Note that even when a lawsuit is brought, the parties might still be able to settle out of court and should try to do so.

# 3. Knowledge of the law is a business asset. How can you acquire this asset short of becoming a lawyer? How is ignorance of the law a liability?

Sources of legal knowledge, often available online, include:

- CanLII (Canadian Legal Information Institute) website, which provides free access to the texts of judicial decisions and legislation (see <a href="http://www.canlii.org/en/">http://www.canlii.org/en/</a>)
- Government websites (federal, provincial, and municipal)
- Blogs about the law. For a search engine accessing a database of over 350 law blogs based in Canada, see: <a href="http://www.slaw.ca/canadian-law-blogs-search-engine/">http://www.slaw.ca/canadian-law-blogs-search-engine/</a>>.
- Websites that give legal updates, such as The Court. See online:
   <a href="http://www.thecourt.ca/">http://www.thecourt.ca/</a>> (hosted by Osgoode Law School) and Supreme Advocacy online: <a href="http://supremeadvocacy.ca/newsletter-archives/">http://supremeadvocacy.ca/newsletter-archives/</a>> (hosted by Supreme Advocacy LLP, an Ottawa law firm)
- Public legal education institutions such as the Centre for Public Legal Education Alberta,
   online: <a href="http://www.cplea.ca/">http://www.cplea.ca/</a>
- Courses and workshops
- Legal publications geared to certain professions, such as accountancy
- Legal columns in newspapers and magazines
- The legal profession

4. Courthouses throughout the world, including in Canada, sometimes feature a statue of a woman who represents or symbolizes justice. In certain examples, she is blindfolded and carrying both a sword and scales of justice. According to sources, the blindfold is a symbol of impartiality; the sword is a symbol of "power, authority, protection"; and the scales "imply a just balance", among other explanations. 2

Describe and give examples of how these qualities are present in the Canadian justice system and how they are not.

The Canadian legal system strives to embody the qualities associated with the justice system (impartiality; power, authority, protection; and finding a "just balance"), but does not always achieve them.

Blindfold as impartiality: An example of how the legal system strives for impartiality is through judicial independence. By attempting to minimize outside influences on judges, the justice system strives for decision-making that is objective and impartial. For instance, judges are restricted from taking part in extra-judicial activities (such as fundraising for charities), as these may compromise the perception of impartiality. For more on this point, see Justice Ian Binnie, on behalf of the Supreme Court of Canada, "Judicial Independence in Canada," online: <a href="http://www.venice.coe.int/WCCJ/Rio/Papers/CAN\_Binnie\_E.pdf">http://www.venice.coe.int/WCCJ/Rio/Papers/CAN\_Binnie\_E.pdf</a>. Despite safeguards to maximize impartiality, there is still much-needed improvement.

<sup>&</sup>lt;sup>2</sup>Law Library Journal "Questions and Answers" columns (1980) 73 L Libr J 744 and (1971) 64 L. Libr. J. 249. See too Judith Resnik and Dennis Curtis, *Representing Justice* (New Haven: Yale University Press, 2011).

Sword as power, authority, protection: The idea, in part, is that the justice system will enforce its ruling, to the benefit of the successful or innocent party. And indeed, there are processes in place whereby judgments are enforced. For example, in a civil matter, if the defendant fails to pay the judgment against him, the legal system will seize his property and sell it for the benefit of the successful party. However, there can be cases where the defendant has no resources to pay the judgment, in which case justice has failed—at least to some degree.

Scales as a just balance: The legal system attempts to provide a system of rules and safeguards to create balance. For example, through the trial process—whether criminal or civil— a court hears from both sides of the dispute and so is better able to achieve a just result. That is, the court measures the strength and weakness of the case at issue. However, it is also the case that the judicial system cannot produce a just balance when, for example, there is a lack of access to the courts to begin with. For instance, a recently retired member of the Supreme Court of Canada, Thomas Cromwell, has stated that there is an access to justice crisis in Canada, where "[t]he complexity of the system, long delays, lack of access to affordable and timely legal advice and representation, and lack of adequately funded legal aid system"3 means not all people are able to access justice in the same way. Fortunately, there are numerous initiatives and proposals to address these access to justice issues. The Action Committee on Access to Justice in Civil and Family Matters prepared a comprehensive report on the status of various access to justice goals across Canada. See Action Committee on Access to Justice in Civil and Family Matters,

<sup>&</sup>lt;sup>3</sup> Thomas Cromwell interviewing Zahra Jimale, "Access to Justice: How it's looking on the ground" *The Lawyers Daily* (August 13, 2018). Online:

<sup>&</sup>lt;a href="https://www.thelawyersdaily.ca/articles/7107/access-to-justice-how-it-s-looking-on-the-ground-thomas-cromwell">https://www.thelawyersdaily.ca/articles/7107/access-to-justice-how-it-s-looking-on-the-ground-thomas-cromwell</a>.

"Canadian Access to Justice Initiatives: Justice Development Goals Status Report" (March 2017), online:

<a href="http://www.cfcj-fcjc.org/sites/default/files/docs/Canadian%20Access%20to%20Justice%20Initiatives%20-Justice%20Development%20Goals%20Status%20Report.pdf">http://www.cfcj-fcjc.org/sites/default/files/docs/Canadian%20Access%20to%20Justice%20Initiatives%20-Justice%20Development%20Goals%20Status%20Report.pdf</a>.

5. Because tanning beds are a cause of melanoma or skin cancer, the vast majority of Canadian provinces have legislation regulating their use. One common model that the legislation follows is to require warning signs on the tanning salon premises and prohibit those who are under the age of majority (i.e., the age at which someone becomes an adult for legal purposes) from using tanning beds altogether. This ranges from 18 to 19 years of age, depending on the province. Another possible model would not outright ban underage tanning. Instead, written parental consent would be required. Should the government try to protect young people from the dangers of tanning or should the matter be left unregulated and up to the individual consumer? If you think the matter should be regulated, which model described above do you prefer and why?

Given the inherent dangers of tanning beds—including disease, disfigurement, and death—there is a strong argument that regulating their use is an appropriate use of government power.

According to the Canadian Dermatology Association, "Indoor Tanning is Out" (2018):

Indoor tanning before the age of 35 has been associated with a significant increase in the risk of melanoma, and recently sunbeds (UV tanning beds) were moved up to the highest cancer risk category—group 1— 'carcinogenic to humans' by the World Health Organization's International Agency for Research on Cancer.

See online: <a href="https://dermatology.ca/public-patients/sun-protection/indoor-tanning-is-out/">https://dermatology.ca/public-patients/sun-protection/indoor-tanning-is-out/</a>>.

As Dr. Jeffrey C. Salomon (assistant clinical professor of plastic surgery at Yale University School of Medicine), states: "UV radiation [from tanning beds] damages the DNA in the skin and while it may take years for that DNA damage to manifest itself as a skin cancer, it is still a preventable risk, similar to smoking." Salomon also stated that "[as with] smoking, we have an obligation as a society to protect our youngest citizens from a known cancer risk by any legal means." See Skin Cancer Foundation, "FDA panel weighs new restrictions on tanning beds" (25 March 2010), online: Skin Cancer Foundation <a href="http://www.skincancer.org/news/tanning/FDA-Panel-Weighs-New-Restrictions-on-Tanning-Beds">http://www.skincancer.org/news/tanning/FDA-Panel-Weighs-New-Restrictions-on-Tanning-Beds></a>.

Even the Joint Canadian Tanning Association, an industry association, acknowledges the need for some regulation and has been requesting provincial standards requiring:

- parental consent for tanners under 18
- mandatory protective eyewear
- correct skin typing for every client
- salon operator training and certification
- control of equipment by certified operators
- barring of customers that are skin type 1 (always burn, never tan)
- banning of self-serve tanning equipment

The Association advocates for the second model described above, seeking parental consent for everyone under the age of majority, as opposed to a ban, and some may agree that such a limitation is more than adequate. See statement from Steve Gilroy, "Regulating the Indoor Tanning Industry" (26 April 2012), online:

<a href="http://www.newswire.ca/en/story/962371/regulating-the-indoor-tanning-industry">http://www.newswire.ca/en/story/962371/regulating-the-indoor-tanning-industry</a>.

There are pros and cons to both of the described models. By allowing a guardian to provide written consent so that a young person can tan, the model permits the young person to maintain some autonomy. However, under this model, young people will be exposed to a known carcinogen to which they are particularly vulnerable. Beyond this, there is recent evidence that using tanning beds is addictive. See Skin Cancer Foundation, "New Study Shows Further Evidence that Indoor Tanning is Addictive" (20 March 2018), online:

<a href="https://www.skincancer.org/media-and-press/press-release-2018/tanning-addictive">https://www.skincancer.org/media-and-press/press-release-2018/tanning-addictive</a>.

On the pro side, banning tanning bed use outright works to keep young people out of harm's way. The cons to this model seem weak by comparison to its pros. This is almost certainly why all Canadian provinces have now banned use of tanning beds by those under the age of majority, with Alberta most recently having come onboard.

6. Was it a good idea for Maple Lodge Farms (discussed in the Ethical Perspectives

Box in this chapter) to fight charges under the *Health of Animals Act* for failing to

prevent undue suffering by exposing chickens to the cold during transport? What

are the risks of doing so? What are the risks of admitting guilt?

Maple Lodge Farms (Maple Lodge) received intense media scrutiny when charges under the *Health of Animals Act* became known. By refusing to plead guilty to all charges, media focus continued during the trial, right up to sentencing and beyond. Arguably then, it was a poor idea to fight charges because the negative publicity very much hurt Maple Lodge's corporate reputation. The treatment of the animals was horrific and Maple Lodge looked like it was failing to hold itself to account. On the other hand, the risks of admitting guilt on all charges are also unenviable since it is an acknowledgment by Maple Lodge that it runs an operation that fails to

comply with the law on a wide scale and causes undue suffering to animals. However, at least with hindsight, this would have been the better course of action given a finding of guilt by the court in any event.

Obviously, strict compliance with the law is the best risk management strategy both for the animals' sake and for Maple Lodge's reputation with consumers. For example, Bruce Cran with the Consumers' Association of Canada is quoted as saying that incidents like those at Maple Lodge are upsetting to consumers and could lead to them not purchasing poultry in the grocery store. See AgMedia Inc. "Court case highlights animal welfare issues" (10 January 2012) *Better Farming* online: Better Farming <a href="http://www.betterfarming.com/online-news/court-case-highlights-animal-welfare-issues-4926">http://www.betterfarming.com/online-news/court-case-highlights-animal-welfare-issues-4926</a>. Note, too, that since its 2013 convictions, Maple Lodge has been accused of further acts of cruelty against animals. See, for example, Adam Frisk, "Maple Lodge Farms launches probe after 'disturbing' allegations of animal cruelty" (30 March 2015), *Global News* online: Global News <a href="http://globalnews.ca/news/1911876/maple-lodge-farms-launches-probe-after-disturbing-allegations-of-animal-cruelty/">http://globalnews.ca/news/1911876/maple-lodge-farms-launches-probe-after-disturbing-allegations-of-animal-cruelty/</a>.

# SITUATIONS FOR DISCUSSION, PAGES 21–22

1. Joe has recently opened a bar and adjoining restaurant, specializing in seafood. It is named "The Finny Friends" after a restaurant that Joe had visited in Toronto several years ago. In accordance with the law, Joe has a liquor licence from the provincial liquor-licensing authority that limits the seating capacity in the bar to 30. As Joe's bar becomes increasingly popular, he begins to regularly allow over 60 patrons in at one time. Eventually he is caught, and—having already received two warnings—his operation is closed down for 30 days. Joe is flabbergasted at the severity of the penalty. Soon thereafter, Joe is contacted by a lawyer for The Finny Friends Restaurant in Toronto. The lawyer says that Joe has 48 hours to take down his restaurant awning, modify his social media presence, and destroy anything else with the name "The Finny Friends" on it (including menus, invoices, placemats, and napkins) or he will bring an application for a court order to that effect. To make matters worse, a health inspector is on Joe's doorstep saying that there have been several recent reports of food poisoning originating from Joe's restaurant. What has gone wrong in Joe's business and why?

This is a situation where Joe's ignorance of the law has had a direct, negative impact on the viability of his business. His first mistake was choosing to name his restaurant after another restaurant that he had visited in the past. It is likely that since Joe's restaurant is not in Toronto, he believed it was fine for him to name his restaurant after "The Finny Friends Restaurant" he had previously visited. Had Joe been aware of the rules surrounding corporate names, he would have taken steps to choose an acceptable corporate name, including conducting a NUANs search (Newly Upgraded Automated Name Search) and other steps necessary to the process.

Further, as a business owner, he should have made himself aware of local bylaws and regulations. If he had, he would have understood the local rules surrounding his restaurant's maximum capacity and the severity regarding non-compliance. Similarly, he would have understood the rules surrounding food preparation and associated consequences for non-compliance.

2. Sam owns a small gas station in Alberta. He is very angry that a customer has failed to pay her outstanding account with his business, despite numerous reminders from him and promises from her to do so. His idea is to print up a poster and tape it to the main entrance of the gas station. The poster would contain a photograph of the derelict customer, her name, as well as a statement "PAY YOUR OVERDUE ACCOUNT" in bold, upper case font. "It's the only way I have to get through to my no-good customer. Plus it's the truth. She does owe me money. Quite a bit in fact", Sam told a friend. Does this plan involve Sam disclosing personal information? Should he go ahead with the plan? Explain.

Given that students have very little background at this point in the course, the instructor might consider approaching this problem conceptually. This Situation for Discussion is itself based on a decision of the Information and Privacy Commissioner of Alberta and is chosen because the facts are highly compelling. Students may, for example, feel tremendous sympathy for the business owner and believe that he should be able to take steps like publicly posting the

<sup>4</sup> Based on a case summary posted by the Office of the Information and Privacy Commission of Alberta, "Gas Station Posts Sign Disclosing Individual's Past Due Account" Case P2005-CS-001, online: <a href="https://www.oipc.ab.ca/decisions/case-summaries.aspx">https://www.oipc.ab.ca/decisions/case-summaries.aspx</a>.

customer's name in order to be paid. However, as discussed below, such conduct would be contrary to privacy legislation. The fact situation therefore shows that businesses need to be aware of what law applies to it in order to avoid compliance issues, investigations, and adverse publicity.

Students will know, under the federal privacy regime discussed in the textbook on page 5, that personal information includes someone's name. It would therefore be a violation of *PIPEDA* (the federal legislation) to reveal the customer's name in this way without her consent.

In Alberta (where this incident took place), a separate privacy regime applies by virtue of the *Personal Information Protection Act*, c P-6.5, but the same conclusion would be reached. Putting the customer's name on a poster without the customer's consent and then taping it to the door of his business is a breach of privacy. (Section 7(1)(d) of the Alberta legislation provides that an organization shall not, with respect to personal information about an individual, "disclose the information unless the individual consents to the disclosure of that information.") This conclusion is fortified by the fact that the Office of the Information and Privacy Commissioner of Alberta, on similar facts, found a privacy breach and for this very reason. As a result of the Privacy Commissioner's ruling, the owner in question removed the sign and, according to the case summary, "studied resource material" provided by the office regarding his "privacy responsibilities and obligations." See Office of the Information and Privacy Commission of Alberta, "Gas Station Posts Sign Disclosing Individual's Past Due Account" Case P2005-CS-001, online: <a href="https://www.oipc.ab.ca/decisions/case-summaries.aspx">https://www.oipc.ab.ca/decisions/case-summaries.aspx</a>.

In the end, the owner in the Situation for Discussion should have either involved a debt collector or sued his derelict customer civilly.

3. Peter is a fudge maker of some renown and obviously requires a reliable supplier of sugar. His current sugar supplier has been very dependable but recently, is delivering late—sometimes days at a time. Peter is concerned that the supplier has entered into too many supply contracts with a variety of businesses and cannot fill his orders on a timely basis. Peter knows the sugar supplier is in breach of his contract for delivering late but wants to avoid a full-blown legal battle. What alternative approaches might address Peter's problem more effectively?

While there is no single approach to how Peter should solve this delivery issue, it stands to reason that contacting his supplier and directly expressing his concerns would be the place to begin. Depending on the explanation he receives for late delivery, Peter can offer solutions. If the entire explanation is simply that the supplier has taken on too many other contracts, Peter can suggest that a certain percentage of them be wound down. If there are other causes—perhaps too many deliveries being grouped on the same day, Peter can suggest a better system for scheduling. If informal dialogue fails to produce a solution, Peter can request that the two seek mediation or arbitration. Perhaps a solution suggested or mandated by an independent third party will bear fruit and resolve the problem. Given that his supplier has otherwise proven reliable, Peter is best advised to try to salvage that relationship rather than immediately seek to terminate his contract and sue for damages.

4. Several provinces across Canada, including Ontario, Manitoba, and Saskatchewan, have proposed or passed legislation that prevents children from buying or renting video games that are expressly violent or sexual, as determined by a ratings board.

Businesses found supplying these games to minors face penalties that range from

fines to having their business licences revoked. How effective do you think government regulation is in limiting children's access to violent video games? Are there better ways of achieving these types of goals? Is it the role of government to provide legal consequences for the underage renting or purchase of violent video games? [footnotes deleted]

Similar to other areas in which the government has used regulation to limit minors' access to certain products, the proposed legislation will be effective but not to the extent the government would like. Minors are still able to get video games, just as they have been able to get alcohol or cigarettes. However, the obligations placed on the businesses, and the potential licence revocation and fines, will go a long way to preventing minors from having easy access to such video games. The government has tried other methods to achieve these goals, but experience shows that the most effective method is to regulate the businesses that distribute the material.

Whether or not it is the government's role to provide legal consequences for the underage renting or purchase of violent video games is debatable. Obviously, parents can regulate what goes on in their homes but only government can regulate the activities of businesses.

5. Olivia owns a convenience store and has invested a lot of money in gambling machines for the store. Recently, the government passed a law banning the machines from the store immediately, although pubs are allowed to continue operating these machines. Is this law fair? Does it violate any of the common values associated with the law? Would it make a difference if the law applied only to new businesses? Would it make a difference if the government provided compensation to the convenience stores affected or phased in the law to allow for a period of adjustment?

This problem is intended to stimulate discussion as to what the characteristics of a "good" law would be, versus an unfair one. There were a number of unfortunate—even unjust—factors in the new law:

- It is retroactive and applies to businesses that have already set up on the basis of such machines being permissible.
- It appears to be arbitrary in that gambling is still permitted in bars—why, therefore, ban them from convenience stores?
- It has features of expropriation surrounding it. Will the storeowner be compensated? On what basis?

When the government makes laws that regulate business, some party will likely be hurt financially. The law generally does its best to regulate the marketplace by allowing businesses to make money while ensuring that the public is protected.

The law must change and adapt to the evolving requirements of society. In some situations, when the law is undergoing a change, legislators will grandfather-in certain groups as this prevents drastic financial losses and gives established businesses time to adjust changes in the law. Compensation and phased-in periods allow businesses to find alternative methods of income. However, those that cannot do so will eventually go out of business.

6. A businessman who worked in the dry-cleaning business for almost three decades received a jail sentence for repeatedly breaching environmental protection laws related to the improper storage of a cancer-causing agent called perchloroethylene used in the dry-cleaning process. His operation did not follow rules requiring the chemical, as well as its waste water and residue, to be stored in a closed container.

The businessman's lawyer said that his client was embarrassed by the infraction but simply got too busy to supervise this aspect of operations. Do you agree with a law that can send an individual to jail even though there is no proof that anyone fell ill from the infraction and no proof that the individual intentionally disregarded the law?5

It is likely that students will have mixed opinions about this question. Based on the current situation, the outcome seems fair. This was not a fact scenario where the business owner was committing a first offence; rather, he had "repeatedly" caused violations. While he may have been able to argue ignorance the first time, once he had been alerted to his environmental impacts, he should have made safe disposal a priority. By choosing not to, he was prioritizing other aspects of his business over the safety of his clients and community. Even though no one was directly injured (as far as we know), environmental regulation is gauged to prevent the severe and often predictable harms that result from infractions. Business owners of all descriptions have an obligation to become aware of the regulatory structures governing the business at issue and comply with those structures.

#### PHOTO CAPTIONS

Photo caption, page 8: What are the reputational costs to Maple Lodge Farms for its recent convictions and how can those be managed?

<sup>&</sup>lt;sup>5</sup> Tony Blais, "Dry Cleaner Gets House Arrest" *Edmonton Journal* (24 February 2016) at A1 and online: <a href="http://nationalpost.com/news/canada/dry-cleaner-gets-house-arrest-for-using-toxic-chemical/wcm/8ec02f68-86b5-4660-b137-dfa7be999eca">http://nationalpost.com/news/canada/dry-cleaner-gets-house-arrest-for-using-toxic-chemical/wcm/8ec02f68-86b5-4660-b137-dfa7be999eca>.

There is no doubt that Maple Lodge's convictions for animal cruelty have—justifiably—tremendous reputational costs, particularly as the company appeared indifferent to the suffering of animals en route to slaughter.

As for how to manage those reputational costs, it could be argued that Maple Lodge got off to a very poor start on that front. According to Colin Perkel, "Chicken producer ordered to spend \$1 million after cruelty conviction," CTV News (28 March 2014), online: CTV News <a href="http://www.ctvnews.ca/business/chicken-producer-ordered-to-spend-1m-after-cruelty-conviction-1.1750902">http://www.ctvnews.ca/business/chicken-producer-ordered-to-spend-1m-after-cruelty-conviction-1.1750902</a>:

Maple Lodge Farms couldn't be reached immediately for comment... but the company posted a statement on its website.

"While the onus continues to be on Maple Lodge Farms to transport birds in a humane manner in compliance with industry regulations and best practices, the company applauds the court for also drawing attention to bigger picture challenges in the supply managed chicken industry," the company said.

Maple Lodge Farms noted the court called upon legislators to review the regulatory framework that governs chicken production in Canada, from egg to table.

"Until a regulatory framework review results in changes that allow growers, transporters and processors to make adjustments to schedules without adverse consequences, continued transportation challenges within the industry can be anticipated."

However, Maple Lodge Farms did say it is focused on finding solutions that provide better conditions for live birds during all phases of production.

Perkel adds in the same story that the federal food inspection agency has described the company as an "animal-transport repeat violator" and that prosecution had noted at trial that "[i]t wasn't humane transportation which governed the defendant's actions but a near religious dedication to supplying its production lines."

One could argue that the Maple Lodge posting is entirely self-serving and an attempt to deflect attention away from its own failings. Instead, there is every argument that a convicted

company should have taken unequivocal responsibility. There may be transportation challenges but there is no need for a regulatory framework for Maple Lodge to do the right thing and ensure that chickens being transported for slaughter do not die inhumane deaths by slowly succumbing to the cold.

It is worth noting that Maple Lodge Farms was made subject to a number of probation conditions, including, as Perkel summarizes the matter, "to make public the convictions, sentence and measures it is taking to avoid further offences by "prominent" website posting." This Maple Lodge has done at

<a href="https://www.maplelodgefarms.com/wp-content/uploads/2016/04/Our-Journey-to-Improved-Bird-Welfare-July122016.pdf">https://www.maplelodgefarms.com/wp-content/uploads/2016/04/Our-Journey-to-Improved-Bird-Welfare-July122016.pdf</a>.

#### Photo caption, page 9: What kinds of dangers are posed by drones?

While there are clear benefits to drones, the dangers cannot be ignored. The most obvious risks are those related to safety and privacy. Drones pose a danger to those on the ground as well as to air traffic, in the extreme case. Drones can also be used to enter private property to record individuals or even confidential or proprietary information. Drones may also play a role in the smuggling or selling of illegal goods, such as drugs or weapons, as they would allow the user to make the sale without having to be physically present.

Photo caption, page 12: How can parties resolve a business dispute without going to court?

Of course, parties can simply try to talk out an issue and come to an acceptable solution. If this proves impossible, involving a neutral third party—such as a mediator or an arbitrator—can help keep a business dispute out of court.

Photo caption, page 14: This man said that he had been locked in a car trunk over a debt owed to his attackers. He was freed by firefighters. How is this method of dispute resolution inconsistent with the values informing the Canadian justice system?

The man in the trunk has presumably been locked in there by people to whom he owes money. They want him to pay. This method of dispute resolution bears none of the hallmarks of the Canadian justice system because the process for determining liability and the rules applied to the dispute are not fair and are not free from bias. There is no third-party judge bringing any objectivity to the process. The creditors are judge, jury, and executioner. That is, they decide what the "facts" are, they decide what the "law" is, and they visit a punishment on the debtor.