quarterly briefing · issue 2

The regime is permanent. Plan accordingly.

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editor's note

Stop waiting for the challenge

Some clients have quietly treated Quebec's language regime as temporary: comply lightly, wait for a Canadian Charter challenge to trim it back. This quarter closed that door. The government moved a full year early to renew the notwithstanding clause shielding the Charter of the French language, entrenching the Bill 96 obligations into the next decade. The message of this issue is budgetary as much as legal: language, privacy, consumer warranty and competition compliance in Quebec are permanent line items, not transition costs.

The same quarter brought good news for disciplined drafters. Three appellate authorities, read together, confirm that Quebec courts hold sophisticated parties to the contracts they actually signed. In Quebec, the contract you write is the contract you get. Write it well.

block 1

Legislative and Regulatory Update

Bill 96 shield renewed five years early: the language regime is entrenched

FACTS

A bill tabled 5 May 2026 renews, one year before the legal deadline, the s. 33 Canadian Charter derogation (the notwithstanding clause) protecting the Charter of the French language as amended by Bill 96. The renewal carries the regime through to approximately 2031.

PRACTICAL IMPACT FOR FOREIGN COUNSEL

The hedge of waiting out a constitutional challenge is gone. The full obligation set stands: francization from 25 employees, French translation of contracts of adhesion and related documents, marked predominance of French on exterior signage including non-French trademarks, and French-language requirements for websites and HR communications. Advise clients to budget compliance as a permanent, multi-year cost.

Source: Assemblée nationale du Québec, 43rd Leg., 3rd Sess.

Loi 29 Phase 2 in force 5 October 2026: warranty of good working order and the planned-obsolescence ban

FACTS

The second phase of Quebec's consumer protection reform takes effect during this quarter. It introduces a legal warranty of good working order for specified new goods and prohibits trading in goods designed with the aim of shortening their useful life.

PRACTICAL IMPACT FOR FOREIGN COUNSEL

Any manufacturer, distributor or retailer selling goods into Quebec is exposed, regardless of where it sits. Warranty terms, supply-contract representations and product-design claims all need review before the deadline. The compliance checklist in Block 5 is built for this.

Source: Publications du Québec (Loi 29).

AMF consultation on Regulation 62-104: take-over and issuer bids

FACTS

The Autorité des marchés financiers has proposed amendments to Regulation 62-104 respecting take-over bids and issuer bids. The comment window closes 12 August 2026.

PRACTICAL IMPACT FOR FOREIGN COUNSEL

Issuer-side clients with Quebec reporting obligations may want to be heard while the window is open. Short deadline, low effort, real influence on future bid mechanics.

Source: AMF.

block 2

Case Law Spotlight: courts respect negotiated bargains

Three authorities, one message for common-law counsel: Quebec civil law will enforce the B2B contract as written, and it will not import doctrines to rescue a party from its own bargain.

6362222 Canada inc. c. Prelco inc., 2021 SCC 39

The Supreme Court upheld a limitation-of-liability clause between sophisticated parties even where the breach touched a fundamental obligation of the contract, expressly rejecting the common-law doctrine of fundamental breach in Quebec civil law.

WHY IT MATTERS FOR CROSS-BORDER DEALS

Risk-allocation clauses drafted for Quebec counterparties hold. Negotiate the limitation and exclusion architecture carefully: the court will apply it, not soften it.

2177 23rd Avenue Holdings c. Pival International inc., 2025 QCCA 19

The Court of Appeal confirmed that freedom of contract governs the negotiation of commercial lease renewals. Where the parties failed to agree on renewal rent, the court declined to write a better deal for the tenant.

WHY IT MATTERS FOR CROSS-BORDER DEALS

Build the consequence of a failed rent negotiation into the lease itself: arbitration, expert determination or a formula. Silence favours the landlord.

Veilleux c. ICAR inc., 2024 QCCA 1057

The Court of Appeal treated art. 2125 C.C.Q., the client's right to terminate a service contract unilaterally, as a live transactional risk in an M&A context, and confirmed that waiver requires clear, express and unconditional consent.

WHY IT MATTERS FOR CROSS-BORDER DEALS

Service and post-closing agreements priced on a fixed term can evaporate. See this issue's Quebec Quirk for the drafting response.

block 3 · quebec quirk of the quarter

The termination right you cannot (easily) contract away

Article 2125 of the Civil Code of Québec gives the client of a contract for services the right to terminate unilaterally, at will, without cause. To a common-law lawyer pricing a three-year managed-services agreement, that is a shock: the counterparty can walk, owing only the value of work done and certain damages under art. 2129, not the profit on the unperformed balance. Waiver is possible between sophisticated parties, but the courts, most recently in **Veilleux c. ICAR inc.**, insist on consent that is clear, express and unconditional. A generic entire-agreement clause or an implied term will not do.

> **PRACTICAL TAKEAWAY**
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> For any fixed-term service arrangement with a Quebec client entity, draft an explicit, conspicuous waiver of art. 2125, or price the walk-away right into the deal: front-load fees, add minimum commitments, or convert the economics into licensing. Assume the termination right exists unless your document says otherwise, in so many words.

block 4

Deal and Litigation Trends

Competition enforcement gets real under the structural presumption

Two May 2026 matters, the challenge to the Keyera/Plains LNG transaction and the P&H/GrainsConnect consent agreement, are early tests of the amended Competition Act's structural presumption. Together with the 2026 thresholds (transaction-size threshold unchanged at CA$93 million; Investment Canada Act review threshold up to CA$2.179 billion for trade-agreement investors), they signal a Bureau willing to litigate market-share cases. Deal timelines and risk allocations should assume it.

The M&A pivot to domestic capital continues

Foreign strategic buyers keep retreating from the Quebec market in favour of local private equity and pension capital. Foreign money that does come in prefers minority stakes, co-investments and strategic partnerships over control.

Hybrid deal structures are the new normal

Put options and earn-outs are spreading through private transactions as buyers and sellers bridge valuation gaps. For foreign counsel, these mechanics interact with Quebec civil-law rules on good faith and abuse of rights: have local counsel stress-test the exit math.

Economic-sovereignty layering raises the entry cost

Bill 96 (language), Loi 25 (data), the REQ ultimate-beneficiary register (transparency) and tighter federal investment review now compound. Quote compliance as a stack, not as four separate lines, when a client asks what entering Quebec costs.

block 5

Practical Checklist: ready for Loi 29 Phase 2 (5 October 2026)

- ✓ **Map the exposure.**
  Identify every product your client sells into Quebec that the new legal warranty of good working order will cover.
- ✓ **Review warranty documents.**
  Align express warranties, durations and remedies with the new legal floor; a contract cannot undercut it.
- ✓ **Re-paper the supply chain.**
  Add representations and indemnities on durability and repairability to supplier and distribution agreements.
- ✓ **Audit design claims.**
  Screen product documentation and marketing for anything that could read as planned obsolescence.
- ✓ **Brief customer-facing teams.**
  Returns, repairs and parts-availability scripts must reflect the new regime from day one.

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