

Panagiotis Tzavidas

AI Assistant
(Summary of the Law360 article)

Canada Bread's Unprecedented Legal Action

The lawsuit filed by Canada Bread against its former parent company Maple Leaf Foods is described as "largely unprecedented" by experienced competition law expert Calvin Goldman. Canada Bread alleges that Maple Leaf used it as a shield for illegal anti-competitive conduct during the period when Maple Leaf was the controlling shareholder from 1995 to 2014.

Bread Price-Fixing Scandal

In June 2023, Canada Bread was fined \$50 million for participating in a criminal bread price-fixing scheme from 2001 to 2015, one of the largest fines ever imposed in Canada for such offenses. This led to class action lawsuits, with Loblaw and George Weston agreeing to pay \$500 million in July 2022 to settle claims against them related to the same scheme.

Key Allegations Against Maple Leaf

Canada Bread claims that when Maple Leaf was the controlling shareholder, it appointed senior Maple Leaf executives to the Canada Bread board who then directed anti-competitive conduct at Canada Bread, breaching management agreements. This allegedly resulted in Canada Bread facing the brunt of the Competition Bureau investigation, fines, and class action lawsuits.

Maple Leaf's Defense

Maple Leaf categorically denies the allegations, stating it acted appropriately at all times and made full disclosures to Grupo Bimbo when it acquired Canada Bread in 2014. Maple Leaf also notes the courts had previously ruled the plaintiffs had no valid claims against it related to this matter.

Potential Implications

If Canada Bread's claims are proven true in court, Goldman says it could have "potentially very serious legal and financial ramifications." The case underscores the need for robust corporate compliance programs aligned with competition laws to protect companies and their executives.

Broader Competition Law Issues

Legal experts suggest the long-running bread scandal points to underlying issues with Canadian competition law enforcement, such as the extended time required to resolve cases. There are calls for more aggressive enforcement and tools like direct subpoena powers currently lacking for the Competition Bureau.

Follow-up question from the summary

What is Canada Bread's position in their lawsuit against Maple Leaf Foods? What facts and allegations are they relying on in making their claim?

AI Assistant

Canada Bread's position in their lawsuit against Maple Leaf Foods is based on several key allegations and facts. Canada Bread alleges that Maple Leaf Foods, as its controlling shareholder from 1995 to 2014, used Canada Bread as a shield, causing it to assume liabilities from wrongful conduct to benefit Maple Leaf. The claim states that Maple Leaf appointed senior officers to the Canada Bread board and operated the company, including occupying its most senior executive role. It is alleged that Maple Leaf personnel breached management agreements and acted illegally by directing and participating in anti-competitive conduct, leading to an investigation by the Competition Bureau of Canada. This investigation resulted in class actions and a \$50 million fine for Canada Bread. Canada Bread and Grupo Bimbo aim to hold Maple Leaf accountable for all costs, expenses, and damages resulting from these breaches, including those related to the investigation and class action settlements.