



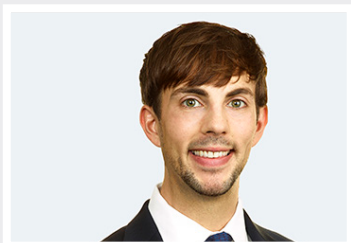
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Cannabis Industry Update: Outcome of the Final Vote of the Senate on Bill C-45

On June 7, 2018, Bill C-45, the *Cannabis Act* (the “**Bill**”), had its third and final reading in the Senate and [passed](#) with 56 votes in favour, 30 against, and one abstention. In the week leading up to the Senate vote, the Senate’s Social Affairs, Science and Technology Committee (the “**Senate Committee**”) adopted approximately [40 new amendments](#) to the Bill, 29 of which were proposed by Senator Tony Dean, the sponsor of the Bill. The majority of amendments adopted were technical in nature, however, there are a few of particular importance to the cannabis industry that are discussed in more detail below.

Amendment to ban home cultivation of cannabis plants

One of the most contentious amendments to the Bill allows provinces to ban the home cultivation of cannabis for recreational purposes. The Bill currently allows for up to four cannabis plants to be grown by individuals in their home. This amendment provides the provinces with the discretion to either continue to allow the four plant limit, or ban it, thereby eliminating the option for individuals to grow their own

cannabis. The Senate Committee rejected a second amendment, proposed by the Conservatives, which would have imposed a blanket prohibition on home-growing across Canada. If this amendment is passed, we would not be surprised to see individuals challenge the constitutionality of such bans. [The Government has stated](#) that when the Bill comes into force, individuals with a medical need will continue to be able to produce the same number of plants as they are currently able to pursuant to the *Access to Cannabis for Medical Purposes Regulations*. Manitoba and Quebec have already indicated that they would like to implement the ban to prohibit home cultivation of cannabis plants in these provinces.

Amendment to ban branding on non-cannabis products

Another controversial amendment adopted by the Senate Committee is to remove an exception to the restriction on marketing and branding cannabis products. Specifically, the Bill had previously allowed for companies to brand non-cannabis products, such as t-shirts, hats and smartphone cases.

If passed, this amendment could result in unintended consequences beyond the inability to promote brands on clothing and other non-cannabis products. For instance, the amendment could prohibit companies from using company logos on signage and promotional flyers. Some licensed producers have also been critical of the amendment with respect to differentiating their products from cannabis sold in the illicit market.

Other Amendments to the Bill

The following are additional amendments of note that the Senate has adopted:

- Possession of cannabis over the designated maximum will be a “ticketing offence”, similar to an administrative penalty or a parking ticket;
- If a person fails to pay a fine by the deadline stated on the ticket and is subsequently convicted, he or she will have 60 days to pay the fine, as opposed to 30 days pre-amendment;
- Prescribed maximum potency limitations will be placed on cannabis products;
- It will be a ticketing offence for an adult to provide five grams or less of cannabis to a youth who is less than two years younger and if more than five grams are supplied it would be a criminal offence, however parents will be allowed to share it with their children, as they currently can with wine or other forms of alcohol;

- All licensed producers must publicly disclose all of its shareholders or executive members who are not based in Canada; and
- Permanent residents of Canada will not be subject to deportation for offenses that result in 6 months or less of prison time.

Next Steps

Following the final vote of the Senate that took place on June 7, 2018, the Bill will go back to the House of Commons, whereby the Government will decide whether to accept the Senate’s amendments. If the House of Commons rejects any of the amendments, the Bill will return to the Senate for further review and debate. It is anticipated that the House of Commons will meet very soon to debate the amendments and will send an acceptable form of the Bill back to the Senate for ratification and then Royal Assent into law. Although this process could be quick, any additional reviews and back and forth with the Senate will lead to further delay.

So, when can I buy recreational cannabis?

It has been projected that provincial and territorial governments will require eight to twelve weeks following Royal Assent of the Bill to properly prepare for the sale of cannabis. This is supported by Health Minister Ginette Petitpas Taylor who has said that provinces and territories will need two to three months to prepare before retail sales of legal cannabis are actually available.

Preparation activities include the lawful movement of product from licensed producers to distribution and retail outlets. Cannabis products will also need to be packaged and labelled in compliance with the Bill and regulations, which are yet to be released and will be released prior to legal retail sales. Finally, retail stores will need time to train staff, ensure that their packaging and delivery are compliant, and prepare for sales to the retail public. Accordingly, there is much work to be done after Royal Assent and before the public will legally be able to purchase recreational cannabis. As such, we do not expect that recreational cannabis will be available to the public until August or September 2018 at the earliest.

For more information on these developments and how they may impact you, please contact the Cannabis Law Group at Torkin Manes LLP at cannabis-law.ca.