Sponsorships & Cannabis: Are they a violation of promotion restrictions?

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Since the legalization of cannabis and the coming into force of the laws and regulations surrounding cannabis on October 17, 2018, the cannabis industry has been busy trying to make sense of the restrictions on cannabis promotion.

Health Canada is investigating whether licensed producer Canopy Growth and cannabis extraction company Halo Labs violated the sponsorship restriction sections of the *Cannabis Act* by sponsoring an event in support of Kids, Cops & Computers for the Merry Go Round Children's Foundation. It was reported that the logos of the cannabis companies were displayed in the event materials.

The *Cannabis Act* does not prohibit sponsoring a person, entity, event, activity or facility. However, section 21 of the *Cannabis Act* prohibits displaying, referring or using (a) the brand element of cannabis, a cannabis accessory or a service related to cannabis, and (b) the name of a person or company that produces, sells or distributes cannabis, cannabis accessories or provides a service related to cannabis in a promotion that is used in the sponsorship of a person, entity, event, activity or facility.

There are specific circumstances which allow cannabis licence holders to sponsor, display its brand elements or even speak at an event while staying on the right side of the law.

Organizations seeking to obtain sponsorships from cannabis licence holders should obtain legal advice in creating specific sponsorship packages for cannabis licence holders. We strongly recommend that organizations not use their "standard sponsorship package" with cannabis licence holders. Doing so may expose the organization and the cannabis licence holder to liability. If you require more information on this matter, please contact us.

Read more on this topic: **Navigating Canadian Cannabis Promotion Restrictions: The Age-Gate Exception**

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Co-author Danielle Grzybowski has left TDS to pursue a new opportunity, effective May 26, 2023. Anyone wishing to contact Danielle should contact Marilyn Chubaty at marilync@tdslaw.com or by phone at (204) 934-2591 and she will be delighted to assist you.

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