

17.6 Government aid and controls

17.6.1 The Department of Consumer and Corporate Affairs

The functions of the Department relate to consumer affairs; corporations and corporate securities; combines, mergers, monopolies and restraint of trade; bankruptcy and insolvency; patents, copyrights and trade marks.

The Department has five main divisions — the Bureau of Consumer Affairs, the Bureau of Corporate Affairs, the Bureau of Intellectual Property, the Bureau of Field Operations and the Office of the Director of Investigation and Research under the Combines Investigation Act. The Bureau of Consumer Affairs co-ordinates government activities in the field of consumer affairs. Branches within the Bureau include Consumer Services, Consumer Research and Consumer Standards. The Bureau of Corporate Affairs administers legislation and regulations pertaining to corporations. Its branches include Corporations, Bankruptcy, Securities and Research. The Bureau of Intellectual Property administers laws pertaining to patents, copyright and industrial design, and trade marks, with a branch responsible for each of these three fields. The Bureau of Field Operations supervises the Department's operations across Canada, staffing regional offices in Vancouver, Winnipeg, Toronto, Montreal and Halifax and district offices in 22 other cities. They ensure that laws and regulations administered by the Department are uniformly applied and interpreted in all parts of the country. The field force includes consumer consultants and information officers in each region, complaints officers, inspectors and specialists in the fields of bankruptcy and false and misleading advertising.

The Office of the Director of Investigation and Research, Combines Investigation Act, has four branches, specializing in Combinations, Mergers and Monopolies, Trade Practices and Research. The Restrictive Trade Practice Commission (Combines Investigation Act) is also in the Department and reports directly to the Minister.

Anti-combines legislation. Canadian anti-combines legislation seeks to eliminate restrictive trade practices in order to stimulate maximum production, distribution and employment through open competition. Legislative measures, including some formerly included in the Criminal Code, were amended in 1960 and consolidated into the Combines Investigation Act (RSC 1970, c.C-23).

In general terms, the Combines Investigation Act makes illegal the operation of combines that prevent, or lessen "unduly", competition in production, manufacture, purchase, barter, sale, storage, rental, transportation or supply of an article of trade or commerce or in the price of insurance. Although the exchange of statistics or defining of product standards are not to be construed as illegal practices, this exemption is no longer valid if the purpose of the exchange of information is to reduce the possibility of increased competition in the fields of prices, production quantities or quality, customers, markets or distribution channels, or if it has the effect of restricting entry or expansion into that particular business, trade or industry. While combines which relate to export trade only are generally exempt from these constraints imposed by the Act, any such arrangement that may have an adverse effect on the volume of export trade or on the businesses of Canadian competitors or domestic consumers is still subject to prosecution.

Under the Act it is illegal to participate in a merger or a monopoly that effectively operates to the detriment of the public interest or that lessens competition.

Price discrimination and "predatory price cutting" are treated very explicitly in the Act. No supplier may make a practice of discriminating among his competing trade customers by offering more advantageous prices to one over another. Under the law, if a second buyer is willing to buy on the same terms and in the same quantities, he must be given the same price. Prices established by a supplier cannot be set lower in one locality than another, or unreasonably low anywhere, if the policy is designed to eliminate or lessen competition or has that effect.

Advertising or display allowances to competing trade customers must be granted in proportion to their purchases and any expenses required to be incurred by customers must also be in proportion to their purchases. No service may be exacted in return for allowances unless all different types of customers are able to perform that service.

Other sections of the Act forbid misleading or deceptive advertising, either as to normal price or as to presumably factual statements describing goods or property offered for sale.