

CITATION: Paladin Labs Canadian Holding Inc., 2023 ONSC 2516

COURT FILE NO.: CV-22-0068563-00CL

DATE: 2023-04-28

SUPERIOR COURT OF JUSTICE - ONTARIO

**RE: IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C 36, AS AMENDED**

**AND IN THE MATTER OF PALADIN LABS CANADIAN HOLDING INC. AND
PALADIN LABS INC.**

**APPLICATION OF PALADIN LABS INC. UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED**

BEFORE: Chief Justice G.B. Morawetz

COUNSEL: *Robert J. Chadwick, Bradley Wiffen, Andrew Harmes and Erik Axell*, for Paladin
Labs Canadian holdings Inc. and Paladin Labs Inc.

Sean Zweig, for KSV Restructuring Inc.

Guy P. Martel and Nathalie Nouvet, for the Ad Hoc First Lien Group

Natalie Renner, for McKesson Canada Corp.

Mary Paterson, for Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw
Companies Limited

Reidar Mogerman, K.C. and Grant Moffat, for His Majesty the King in the right of
the Province of British Columbia

Sarah White, for Mylan Pharmaceuticals ULC

Alexia Parente, for Janssen Inc.

HEARD and

DETERMINED: April 25, 2023

REASONS: April 28, 2023

ENDORSEMENT

[1] At the conclusion of the hearing, the motion was granted with reasons to follow. These are the reasons.

[2] Paladin Labs Inc. ("Paladin") brings this motion in its capacity as the foreign representative (the "Foreign Representative") in respect of the proceedings commenced by Endo International plc ("Endo Parent") and certain of its affiliates (collectively, the "Debtors"), including Paladin and Paladin Labs Canadian Holding Inc. (collectively, the "Canadian Debtors"), under chapter 11 of the United States Code (the "Chapter 11 Cases"), for an order (the "Fourth Supplemental Order"), among other things, recognizing and enforcing the following orders granted by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") in the Chapter 11 Cases:

- (a) Order (I) Establishing Bidding, Noticing, and Assumption and Assignment Procedures, (II) Approving Certain Transaction Steps, and (III) Granting Related Relief (the "Bidding Procedures Order"); and
- (b) Order (I) Establishing Deadlines for Filing Proofs of Claim; (II) Approving Procedures for Filing Proofs of Claim; (III) Approving the Proof of Claim Forms; (IV) Approving the Form and Manner of Notice Thereof; and (V) Approving the Confidentiality Protocol (the "Bar Date Order").

[3] The Bidding Procedures Order approves procedures (the "Bidding Procedures") for a two-phase marketing and sale process to be conducted by the Debtors to identify value-maximizing transactions for the sale or sales of substantially all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code (the "Sale").

[4] The Bar Date Order establishes a process and procedures for the filing of claims against the Debtors, approves the procedures for providing notice to known and unknown creditors, and sets various deadlines by which particular types of creditors must file their claims.

[5] The Bankruptcy Court heard the Debtors' motions on March 28 and 29, 2023 and granted the Bidding Procedures Motion after overruling objections by the U.S. Trustee and the FCR. The Bar Date Motion was granted by the Bankruptcy Court on an unopposed basis.

[6] This motion was not opposed.

[7] The Foreign Representative submits that recognition of these orders pursuant to section 49 of the CCAA is consistent with the principles of comity and in the best interests of the Canadian Debtors and their stakeholders.

[8] The Information Officer is of the view that the relief sought is reasonable and appropriate for the reasons set out at Section 4.3 of its Third Report.

[9] It is noted that an element of the Sale is that the Stalking Horse Bidder has agreed, subject to the closing of the Stalking Horse Bid, to establish and fund separate voluntary trusts for the benefit of general unsecured creditors (the "Voluntary GUC Creditor Trust") and for present private opioid claimants (the "PPOC Trust"). Eligible creditors will have the opportunity to voluntarily opt-in to the applicable trust and execute certain releases and will thereby be eligible to receive consideration from the applicable trust.

[10] The Voluntary GUC Creditor Trust and the PPOC Trust are in addition to the trusts to be established by the Stalking Horse Bidder for the benefit of certain public opioid claimants (the "Public Opioid Trust") and tribal opioid claimants (the "Tribal Opioid Trusts") in the United States. Under the terms of the Public/Tribal Opioid Term Sheet, which was negotiated by the Stalking Horse Bidder directly with the Multi-State EC, public entities in Canada with potential or asserted claims against the Debtors (including federal, provincial, municipal or indigenous governments) are not eligible to participate in the Public Opioid Trust or the Tribal Opioid Trust.

[11] Issues relating to the affected public entities in Canada remain to be addressed.

[12] I am of the view that approval of the Bidding Procedures is not against Canadian public policy, and in fact is consistent with similar relief typically granted in Canadian restructuring proceedings.

[13] Having reviewed the record and hearing submissions, I am satisfied that recognition of the Bidding Procedures Order will enable the Canadian Debtors, jointly with the other Debtors, to proceed with the sale process to identify one or more transactions that maximize the value of their business and assets. I am also satisfied that the Bar Date Order will enable the Debtors, including the Canadian Debtors, to ascertain the nature, validity and amount of claims asserted against them.

[14] The motion is granted and the Fourth Supplemental Order has been signed.


Chief Justice G.B. Morawetz

Date: April 28, 2023