

CITATION: Paladin Labs Canadian Holding Inc., 2022 ONSC 4931
COURT FILE NO.: CV-22-00685631-00CL
DATE: 2022-08-30

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 INC. AND PALADIN LABS INC.

BEFORE: Chief Justice G.B. Morawetz

COUNSEL: *Robert J. Chadwick, Bradley Wiffen and Nargis Fazli*, for Paladin Labs Canadian Inc. and Paladin Labs Inc.

Sean Zweig and Josh Foster, for KSV Restructuring Inc., proposed Information Officer

HEARD and DETERMINED: August 19, 2022

REASONS: August 30, 2022

ENDORSEMENT

[1] At the conclusion of the hearing held on August 19, 2022, I granted the Initial Recognition Order (Foreign Main Proceeding) and the Supplemental Order (Foreign Main Proceeding) with reasons to be issued. The following are the reasons.

[2] On August 17, 2022 Paladin Labs Inc. ("Paladin"), as the proposed foreign representative of itself and Paladin Labs Canadian Holding Inc. ("Holdings" and, together with Paladin, the "Canadian Debtors") brought an application under Part IV of the *Companies' Creditors Arrangement Act* ("CCAA") for recognition of the Chapter 11 proceedings commenced by Endo International PLC ("Endo-Parent") and certain of its affiliates (collectively, the "Debtors"), including the Canadian Debtors, in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

[3] At the conclusion of a hearing on August 17, 2022, an order (the "Interim Order") was granted which had the effect of, among other things, granting a stay of proceedings (the "Interim Stay) in respect of the Canadian Debtors and certain affiliates that are named as defendants in litigation proceedings in Canada (the "Canadian Litigation Defendants"), pending the first day hearing in the Bankruptcy Court. The endorsement issued on August 17, 2022 (the "August 17 Endorsement") is incorporated by reference into this endorsement and is attached as Schedule 1.

[4] The factual background relied upon for the Interim Order is set out in the August 17 Endorsement.

[5] The affidavits of Nargis Fazli establish that on August 16, 2022 (the "Petition Date"), the Debtors commenced cases (the "Chapter 11 Cases") in the Bankruptcy Court.

[6] On or shortly following the Petition Date, the Debtors filed a number of motions with the Bankruptcy Court (the "First Day Motions") seeking certain interim and final orders (the "First Day Orders"). Copies of the First Day Motions are attached to the August 18, 2022 Affidavit of Ms. Fazli.

[7] The following First Day Orders have now been granted by the Bankruptcy Court:

- (a) Order (I) Authorizing the Foreign Representatives to Act for the Debtors in Foreign Proceedings and (ii) Granting Related Relief;
- (b) Order (I) Directing Joint Administration of the Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b); (ii) Waving the Requirements of Section 342(c)(1) of the Bankruptcy Code and Bankruptcy Rule 2002(n); and (iii) Granting Related Relief;
- (c) Order (I) Enforcing and Restating Sections 362, 365, 525 and 541 of the Bankruptcy Code; Approving Form and Manner of Notice to Non-US Customers, Suppliers, and other Stakeholders of the Debtors; (ii) Approving Form and Manner of Notice to Non-US Customers, Suppliers, and Other Stakeholders of the Non-debtor Affiliates; and (iii) Granting Related Relief;
- (d) Interim Order (I) Authorizing Debtors to Honour Prepetition Obligations to Customers and Related Third Parties and to Otherwise Continue Customer Programs; (ii) Granting Relief from Stay to Permit Setoff in Connection with the Customer Programs; (iii) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers; and (iv) Granting Related Relief;
- (e) Interim Order (I) Authorizing Payment of Certain Prepetition Specified Trade Claims; (ii) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers; and (iii) Granting Related Relief;
- (f) Interim Order Authorizing (I) Debtors to Pay Certain Prepetition Taxes, Governmental Assessments, and Fees; and (ii) Financial Institutions to Honor and Process Related Checks and Transfer Utilities Motion;
- (g) Interim Order (I) Authorizing the Debtors to (a) Continue Using Existing Cash Management Systems, Bank Accounts, and Business Forms and (b) Implement Changes to Their Cash Management System in the Ordinary Course of Business; (II) Granting Administrative Expense Priority for

Postpetition Intercompany Claims; (III) Granting a Waiver with respect to the Requirements of 11 U.S.C. §345(b); and (IV) Granting Related Relief;

- (h) Interim Order (i) authorizing Debtors to (a) Pay Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (b) Continue Employee Benefits Programs and Pay Related Administrative Obligations; (ii) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers; and (iii) Granting Related Relief;
- (i) Interim Order Authorizing (i) the Debtors to Continue and Renew Their Insurance Programs and Honor all Obligations in respect thereof; (ii) Financial Institutions to Honor and Process Related Checks and Transfers; and (iii) the Debtors to Modify the Automatic Stay With Respect to Worker's Compensation Claims; and
- (j) Interim Order (I) Authorizing Debtors' Use of Cash Collateral; (II) Granting Adequate Protection to Prepetition Secured Party; (III) Modifying the Automatic Stay; and (iv) Granting Related Relief.

[8] Certified copies of the First Day Orders are attached to the August 19 Affidavits of Ms. Fazli.

[9] As noted in the August 17 Endorsement, Paladin seeks:

- (a) an order (the "Initial Recognition Order"), among other things:
 - (i) recognizing Paladin as the foreign representative in respect of the Chapter 11 Cases; and
 - (ii) recognizing the Chapter 11 Cases as a "foreign main proceeding" in respect of the Canadian Debtors;
- (b) an order (the "Supplemental Order"), among other things:
 - (i) recognizing certain First Day Orders issued by the Bankruptcy Court in the Chapter 11 Cases;
 - (ii) granting a stay of proceedings in respect of the Canadian Debtors and the Canadian Litigation Defendants;
 - (iii) appointing KSV Restructuring Inc. ("KSV") as the Information Officer in respect of these proceedings (the "Information Officer"); and
 - (iv) granting an Administration Charge in the amount of Cdn. \$200,000 over the assets of property the Canadian Debtors in favour of Canadian counsel to

the Canadian Debtors, the Information Officer and counsel to the Information Officer.

[10] As noted in the August 17 Endorsement, counsel to Paladin submits that the Proposed Stay in favour of the Canadian Litigation Defendants is intended to give effect in Canada to the Bankruptcy Code stay of proceedings and to enable the Company to focus on its restructuring efforts rather than incurring time and resources to defend itself in the Canadian Litigation. The Canadian Litigation consists principally of a proposed class action proceeding commenced against a broad range of participants, including Paladin and the Canadian Litigation Defendants.

[11] The requested relief for the Initial Recognition Order and for the Supplemental Order was not opposed.

[12] The issues before the court are as follows:

- (a) are the Chapter 11 Cases a “foreign main proceeding”?
- (b) should the Initial Recognition Order be granted?
- (c) should the Supplemental Order be granted?

[13] Pursuant to s. 46(1) of the CCAA, a person who is a foreign representative may apply to court for recognition of a foreign proceeding in respect of which that person is a foreign representative. Two requirements must be met for an order recognizing a foreign proceeding:

- (a) the proceeding is a “foreign proceeding”; and
- (b) the applicant is a “foreign representative” in respect of that foreign proceeding.

Subsection 45(1) of the CCAA defines a “foreign proceeding” as:

a judicial or administrative proceeding in a jurisdiction outside of Canada dealing with creditors’ collective interests generally under any law relating to bankruptcy or insolvency in which a debtor company’s business and financial affairs are subject to control or supervision by foreign court for the purpose of reorganization.

[14] I am satisfied that proceedings pursuant to Chapter 11 of the Bankruptcy Code “under the supervision of a U.S. bankruptcy court satisfy this definition. (See: *Lightsquared LP, Re*, 2012 ONSC 2994 at para. 18 (“*Lightsquared*”); *Payless Holdings LLC, Re*, 2017 ONSC 2242 at para 22).

[15] The second requirement under s. 47(1) of the CCAA is that the applicant is a “foreign representative” in respect of the foreign proceeding.

[16] The foreign representative order appointing Paladin as the foreign representative of the Chapter 11 Cases is one of the First Day Orders granted by the Bankruptcy Court.

[17] I am satisfied that all the requirements for recognizing Paladin as “foreign representative” and the Chapter 11 Cases as a “foreign proceeding” within the meaning of s. 47(1) of the CCAA have been satisfied.

[18] Having recognized the Chapter 11 Cases as a “foreign proceeding”, I am required to determine whether the foreign proceeding is a “foreign main proceeding” or a “foreign non-main proceeding”.

[19] Section 45(1) of the CCAA defines a “foreign main proceeding” to be a foreign proceeding in a jurisdiction where the debtor company has the “centre of its main interests” (“COMI”).

[20] The CCAA does not define what constitutes a debtor’s COMI. S. 45(2) provides that, absent evidence to the contrary, the debtor’s COMI is deemed to be the location of its registered office. The wording of s. 45(2) and case law interpreting it establishes that this presumption can be rebutted with evidence demonstrating that a debtor company’s COMI is located in a jurisdiction other than the location of its registered office.

[21] In *Lightsquared*, the following factors, considered as a whole, were found to be relevant to the determination of whether the location in which the foreign proceeding has been filed is the debtor’s COMI. The factors are:

- (a) the location is readily ascertainable by creditors;
- (b) the location is one in which the debtor’s principal assets or operations are found; and
- (c) the location is where the management of the debtor takes place.

(See: *Lightsquared* at paragraph 25).

[22] The affidavit of Daniel Vas, sworn August 17, 2021, addresses the issue of the COMI of the Canadian Debtors.

[23] The Canadian Debtors are part of a global specialty pharmaceutical group (“Endo” or the “Company”). Since its acquisition by the company in 2014, Paladin has become an integrated member of the broader Endo corporate group. The following elements of the Canadian Debtors and Canadian Business, among others, are integrated with the Endo corporate group:

- (a) the Canadian Debtors are indirect, wholly-owned subsidiaries of Endo Parent, which is a public company listed on NASDAQ;

- (b) Endo's senior leadership is located in the United States and exercises strategic management and control of the entire corporate group, including the Canadian Debtors;
- (c) 2021, the Canadian Business account for approximately 3% of the Company's consolidated worldwide revenue. The Company generated approximately 97% of its consolidated revenue of customers in the United States;
- (d) the Canadian Business employees approximately 5% of the Debtors' workforce;
- (e) the Company's overall capital structure is centrally managed by the Company;
- (f) the Canadian Debtors are guarantors of the Company's US \$8.15 billion in principal amount of funded indebtedness and have granted liens on all of their assets and property to secure the payment of the Company's secured indebtedness;
- (g) the Company's overall financial position is managed on a consolidated basis from Endo's corporate office in the United States;
- (h) Paladin's cash management system is integrated with Company's Cash Management System; and
- (i) the Company centrally manages all aspects of litigation involving Endo entities, including the Canadian Litigation involving Paladin and the Canadian Litigation Defendants.

[24] I am satisfied that, while the Canadian Debtors' registered head offices are in Canada, they are integrated members of the broader Endo corporate group that are centrally managed by Endo's senior leadership located in the United States. The foregoing facts, when considered in total, are sufficient to rebut the presumption that the COMI of the Canadian Debtors is located in the jurisdiction of their head offices. As such, I am satisfied that the COMI of each of the Canadian Debtors is in the United States. Accordingly, the Chapter 11 Cases are recognized as a "foreign main proceeding" in respect of the Canadian Debtors pursuant to s. 47(2) of the CCAA.

[25] Having recognized the foreign proceeding as a foreign main proceeding, s. 48(1) of the CCAA requires the court to grant an order, subject to any terms and conditions that it considers appropriate:

- (a) staying, unless otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken against the debtor company under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*;

- (b) restraining, until otherwise ordered by the court, for the proceedings in any action, suit or proceeding against the debtor company;
- (c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the debtor company; and
- (d) prohibiting the debtor company from selling or otherwise disposing of, outside the ordinary course of its business, any of the debtor company's property in Canada that relates to the business and prohibiting the debtor company from selling or otherwise disposing of any of its other property in Canada.

[26] Counsel to Paladin submits that the primary effect of the Initial Recognition Order is to recognize the Chapter 11 Cases as a foreign main proceeding and to make the order required pursuant to s. 48(1) of the CCAA.

[27] The proposed order is consistent with the Ontario model order and I am satisfied that the Initial Recognition Order is both necessary and appropriate and it is granted.

[28] The proposed Supplemental Order provides for stay of proceedings in respect of the Canadian Debtors and the Canadian Litigation Defendants and their respective directors and officers.

[29] Paladin submits that a stay of proceedings in respect of the Canadian Debtors and the Canadian Litigation Defendants is appropriate to give effect to the stay of proceedings in the Chapter 11 Cases and to preserve and protect the value of the Canadian Business. Counsel submits that it is important for the Canadian Debtors to be protected pursuant to a Canadian court order from the exercise of rights or remedies to preserve the value of the Canadian Business and for the Canadian Litigation Defendants to be protected by a stay of proceedings in Canada while the Company pursues its restructuring efforts in the Chapter 11 Cases.

[30] The proposed Supplemental Order provides for a more expansive stay of proceedings in favour of the Canadian Debtors and Canadian Litigation Defendants that goes beyond the more limited stay of proceedings provided for in s. 48(1) of the CCAA. In particular, the proposed Supplemental Order prohibits the exercise of rights or remedies against the Canadian Debtors, the Canadian Litigation Defendants or the Canadian Business; prohibits the discontinuance or termination of contracts with the Canadian Debtors; and stays all proceedings in respect of directors and officers of the Canadian Debtors and the Canadian Litigation Defendants.

[31] Paladin also seeks recognition of certain First Day Orders granted by the Bankruptcy Court, as described in the affidavits of Ms. Fazli. The First Day Orders include certain administrative motions with respect to the Chapter 11 Cases and certain operational motions pertaining to the conduct of the Debtors' business during the Chapter 11 Cases.

[32] Section 49(1) of the CCAA provides the court with broad jurisdiction to grant "any orders that it considers appropriate" with respect to foreign proceedings if the court is satisfied that it is

necessary for the protection of the debtor company's property or the interests of a creditor or creditors. Subsection 52(1) of the CCAA requires that the court "cooperate, to the maximum extent possible, with the foreign representative and the foreign court involved in the foreign proceeding."

[33] Paladin submits that it is appropriate for this court to recognize the First Day Orders because:

- (a) the Bankruptcy Court has assumed jurisdiction over the Chapter 11 Cases and COMI will be furthered by this court's recognition of orders granted by the Bankruptcy Court in those proceedings;
- (b) as Endo operates a global business with a significant presence in the United States, it is appropriate for the Chapter 11 Cases overseen by the Bankruptcy Court to be the primary forum for the companies' restructuring proceedings; and
- (c) the First Day Orders are sought by the Debtors to enable them to carry on their business in the ordinary course, minimize the adverse effects of the Chapter 11 Cases on their overall business, and to preserve value for the benefit of stakeholders.

- (c) Paladin also submits that recognition of the First Day Orders is necessary for the protection of the Canadian Debtors and is in the best interests of the stakeholders of the Canadian Debtors, who stand to benefit from the continued operation of the Canadian business without disruption during the Chapter 11 Cases.

[34] I am satisfied that it is appropriate to recognize the First Day Orders.

[35] Paladin also seeks the appointment of KSV as the Information Officer in this proceeding. The Information Officer's role is to help facilitate cooperation between the Canadian proceeding, the foreign representative and the foreign court, including to keep this court apprised of the status of the foreign proceeding and to act as a point of contact to respond to inquiries from interested parties in Canada.


[36] I am satisfied that it is appropriate to appoint KSV as the Information Officer.

[37] The proposed Supplemental Order provides for the granting of a charge in the maximum amount of Cdn. \$200,000 (the "Administration Charge") over the assets of the Canadian Debtors to secure the fees and disbursements of Canadian counsel to the Canadian Debtors, the Information Officer and counsel to the Information Officer. The proposed Administration Charge does not extend to the assets or property of any Debtors other than the Canadian Debtors. The Administration Charge is proposed to rank in priority to all other encumbrances in respect of Canadian Debtors.

[38] I am satisfied that the amount of the proposed Administration Charge is reasonable in the circumstances and it is granted.

[39] In my view, proposed Supplemental Order is consistent with the Ontario model order and is appropriate in the circumstances and is granted.

[40] The Initial Recognition Order and the Supplemental Order have been signed in the form presented.



Chief Justice G.B. Morawetz

Date: August 30, 2022

CITATION: Paladin Labs Canadian Holding Inc., 2022 ONSC 4748

COURT FILE NO.: CV-22-00685631-00CL

DATE: 2022-08-17

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 INC. AND PALADIN LABS INC.

BEFORE: Chief Justice G.B. Morawetz

COUNSEL: *Robert J. Chadwick, Bradley Wiffen and Nargis Fazli*, for Paladin Labs Canadian Inc. and Paladin Labs Inc.

Sean Zweig, Josh Foster and Noah Goldstein, for KSV Restructuring Inc., proposed Information Officer

HEARD: August 17, 2022

ENDORSEMENT

[1] This application is brought under Part IV of the CCAA by Paladin Labs Inc. ("Paladin") as the proposed foreign representative of itself and Paladin Labs Canadian Holding Inc. ("Holdings" and, together with Paladin, the "Canadian Debtors") for recognition of chapter 11 proceedings commenced by Endo International plc ("Endo Parent") and certain of its affiliates (collectively, the "Debtors"), including the Canadian Debtors, in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

[2] The Canadian Debtors are part of a global specialty pharmaceutical group ("Endo" or the "Company") that produces and sells both generic and branded products. Endo Parent, the ultimate parent of Endo's global enterprise, is an Irish publicly-traded company headquartered in Dublin, Ireland.

[3] While Endo's global headquarters is in Ireland, the majority of its business is conducted in the United States. In 2021, Endo earned approximately 97% of its total consolidated revenue from customers in the United States. Endo's senior leadership located in the United States exercises overarching strategic management and control of the entire corporate group, including the Canadian Debtors.

[4] The Canadian Debtors are integrated members of the broader Endo corporate group. Paladin is Endo's Canadian operating company. Paladin sells specialty pharmaceutical products that it owns, licenses or distributes to a variety of customers across Canada. Holdings is a holding

company that owns all of the shares of Paladin. Both Paladin and Holdings are incorporated pursuant to the *Canada Business Corporations Act*.

[5] On August 16, 2022 (the "Petition Date"), the Debtors, including the Canadian Debtors, filed voluntary petitions for relief (the "Petitions") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the Bankruptcy Court.

[6] On this application, Paladin, as the proposed foreign representative of the Chapter 11 Cases (the "Foreign Representative"), seeks the following relief pursuant to Part IV of the CCAA:

- (a) an order (the "Interim Order"), among other things, granting a stay of proceedings (the "Interim Stay") in respect of the Canadian Debtors and certain affiliates that are named as defendants in litigation proceedings in Canada (the "Canadian Litigation Defendants"), pending the First Day Hearing of the Bankruptcy Court and a subsequent hearing of this Court for the granting of the Initial Recognition Order and the Supplemental Order;
- (b) an order (the "Initial Recognition Order"), among other things:
 - (i) recognizing Paladin as the Foreign Representative in respect of the Chapter 11 Cases; and
 - (ii) recognizing the Chapter 11 Cases as a "foreign main proceeding" in respect of the Canadian Debtors; and
- (c) an order (the "Supplemental Order"), among other things:
 - (i) recognizing certain First Day Orders issued by the Bankruptcy Court in the Chapter 11 Cases;
 - (ii) granting a stay of proceedings in respect of the Canadian Debtors and the Canadian Litigation Defendants;
 - (iii) appointing KSV Restructuring Inc. ("KSV") as the information officer in respect of these proceedings (the "Information Officer"); and
 - (iv) granting an Administration Charge in the amount of CDN\$200,000 over the assets and property of the Canadian Debtors in favour of Canadian counsel to the Canadian Debtors, the Information Officer and counsel to the Information Officer.

[7] Today, the requested relief is solely for the Interim Order.

[8] Paladin operates a specialty pharmaceutical business in Canada (the "Canadian Business") that is focused on the sale of branded pharmaceuticals to Canadian customers. The remainder of

the products sold are either distributed by Paladin on behalf of other Endo entities or licenced by Paladin from third party pharmaceutical companies.

[9] Paladin does not manufacture the pharmaceutical products sold by the Canadian Business.

[10] The registered head office of the Canadian Debtors is located at leased premises in Montreal, Quebec. Paladin has 98 employees in Canada, 77 of whom are office workers and 21 of whom are sales representatives and field employees. None of Paladin's employees are unionized.

[11] For the year ended December 31, 2021, Paladin generated aggregate net revenue of approximately CDN\$106 million. As of June 30, 2022, Paladin had total assets of approximately CDN\$491 million and total liabilities of approximately CDN\$667 million, excluding its obligations as a guarantor of Endo's approximately US\$8.15 billion of funded indebtedness.

[12] Counsel to the Applicant submits that Endo's existing capital structure and in funded debt obligations have become unsustainable.

[13] Endo is also under significant financial pressure due to the litigation overhang on the Company from having been named as a defendant in over 3,500 lawsuits, primarily in the United States, relating to the marketing and sale of FDA-approved prescription opioids (the "Opioid Lawsuits").

[14] Paladin, along with the Canadian Litigation Defendants who are affiliated entities in the Endo corporate group, are subject to various litigation claims in Canada (the "Canadian Litigation"). The Canadian Litigation consists principally of eight proposed class action lawsuits initiated in various provinces across Canada relating to the manufacturing, distribution and marketing of opioid products (the "Canadian Opioid Lawsuits") and one proposed class action lawsuit initiated in Federal Court alleging a price-fixing scheme relating to generic drugs.

[15] The issues to be considered are:

- (a) whether Ontario is a proper jurisdiction for these recognition proceedings; and
- (b) whether this Court should grant the Interim Order providing for the Interim Stay and other ancillary relief, including a stay of proceedings in respect of the Canadian Litigation Defendants, pending the determination of Paladin's application for the Initial Recognition Order and the Supplemental Order;

[16] Paladin submits that Ontario is a proper jurisdiction for these recognition proceedings in Canada. Part IV of the CCAA does not contain any provisions with respect to the jurisdiction of a particular court to hear a recognition application. Paladin submits that it is appropriate for this Court to take jurisdiction with respect to this recognition application given the Canadian Debtors' substantial connection to Ontario, including the following:

- (a) despite having its registered head office in Quebec, Paladin has a significant and predominant business presence in Ontario. Ontario is Paladin's largest market

based on both revenue and number of customers and approximately 50% of Paladin's Canadian purchases (by total dollar value) are from Ontario vendors;

- (b) substantially all of the products sold in the Canadian Business are received in and shipped from Ontario; and
- (c) pursuant to Ontario law governed documents, the Canadian Debtors granted liens on all of their present and after acquired property to secure the obligations under the Credit Agreement, the First Lien Notes and the Second Lien Notes. Pursuant to the Canadian Pledge and Security Agreement dated April 27, 2017, and the Second Lien Canadian Pledge and Security Agreement dated June 16, 2020, the Canadian Debtors unconditionally submitted to the exclusive jurisdiction of the Ontario courts in any action or proceeding pertaining to the applicable security agreement or any related action, proceeding or claim.

[17] I accept these submissions and find that Ontario is the proper jurisdiction for these recognition proceedings.

[18] The Debtors commenced the Chapter 11 Cases in the Bankruptcy Court by filing the Petitions. However, the order recognizing Paladin as the foreign representative of the Chapter 11 Cases (the "Foreign Representative Order"), if granted, will not be issued by the Bankruptcy Court until the First Day Hearing has occurred. As such, there will be a period of time between the commencement of the Chapter 11 Cases and the time when Paladin is able to file the certified materials contemplated by subsection 46(2) of the CCAA and return to this Court as the formally appointed Foreign Representative seeking the relief in the Initial Recognition Order and the Supplemental Order.

[19] The proposed Interim Order provides for a stay of proceedings in favour of the Canadian Debtors, the Canadian Litigation Defendants and their respective directors and officers.

[20] In my view, the granting of the Interim Stay and the other relief in the proposed Interim Order is in accordance with the principles of cooperation and comity and is within the Court's jurisdiction and I am satisfied that this relief is both necessary and appropriate to protect the operations of the Canadian Business pending the return of the balance of Paladin's application.

[21] The proposed Interim Order also provides for a stay of proceedings in Canada in favour of affiliates of the Canadian Debtors that are subject to litigation in Canada. The seven current Canadian Litigation Defendants that would be protected by the stay are (a) affiliates of Endo Parent and/or the Canadian Debtors, (b) Debtors in the Chapter 11 Cases, and (c) named defendants in various litigation commenced in Canada.

[22] Counsel submits that the proposed stay in favour of the Canadian Litigation Defendants is intended to give effect in Canada to the Bankruptcy Code stay of proceedings and to enable the Company to focus on its restructuring efforts rather than incurring time and resources to defend

itself in the Canadian Litigation. The Canadian Litigation consists principally of eight proposed class action proceedings commenced against a broad range of participants, including Paladin and the Canadian Litigation Defendants.

[23] Paladin is only seeking to have the Chapter 11 Cases recognized in Canada with respect to the Canadian Debtors.

[24] I am satisfied this Court has the jurisdiction to grant a stay with respect to non-applicant debtor companies. The Court's jurisdiction arises from its authority under subsection 49(1) of the CCAA and pursuant to section 106 of the CJA.


[25] This Court has previously exercised its jurisdiction to impose a stay of proceedings in insolvency proceedings to non-applicant third-parties "where it is important to the reorganization and restructuring process, and where it is just and reasonable to do so" (see: *Tamerlane Ventures Inc. Re.*, 2013 ONSC 5461 at para 21; *Pacific Exploration & Production Corp. Re.*, 2016 ONSC 5429 at para 26), including in class action litigation.

[26] I also note that this Court has stayed opioid litigation similar to the Canadian Opioid Lawsuits in connection with recent Part IV recognition proceedings. (See: *Purdue Pharma LP. Re.*, 2019 ONSC 7042).

[27] In my view, it would be prejudicial to permit the Canadian Litigation to continue against the Canadian Litigation Defendants when the underlying claims against such entities are closely related to the claims against Paladin. The granting of a stay in favour of the Canadian Litigation Defendants is, in my view, appropriate in the circumstances.

[28] In summary, I am satisfied that it is appropriate to grant the Interim Order and I have signed the order in the form presented.

[29] The balance of the relief sought in the Application will be addressed at a hearing to be scheduled through the Commercial List Office.



Chief Justice G.B. Morawetz

Date: August 17, 2022