

CITATION: Paladin Labs Canadian Holding Inc., 2022 ONSC 5810
COURT FILE NO.: CV-22-00685631-00CL
DATE: 2022-10-17

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 Erik Axell*, for Paladin Labs Inc.

Josh Foster, for KSV Restructuring Inc., Information Officer

Guy P. Martel and Danny Duy Vu, for Ad Hoc First Lien Group

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

HEARD and

DETERMINED: October 13, 2022

RELEASED: October 17, 2022

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”), in its capacity as the Foreign Representative (the “Foreign Representative”) in respect of the proceedings commenced by Endo International plc and certain of its affiliates, including Paladin and Paladin Labs Canadian Holding Inc. (the “Canadian Debtors”), under Chapter 11 of the United States Code (the “Chapter 11 Cases”) brought this motion for an order (the “Second Supplemental Order”) to recognize and enforce the Second Day Orders (as defined below) entered by the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) following a hearing held on September 28, 2022.

[3] Endo International plc and certain of its affiliates, including the Canadian Debtors (collectively, the “Debtors”) commenced the Chapter 11 Cases on August 16, 2022. Following a hearing on August 18, 2022 in respect of the various “First Day Motions” filed by the Debtors, the Bankruptcy Court granted certain interim and/or Final Orders (the “First Day Orders”), including

an order authorizing Paladin to act as the Foreign Representative for the purposes of Canadian recognition proceedings.

[4] On August 19, 2022, the Initial Recognition Order was granted, which, among other things, recognized Paladin as the “Foreign Representative” and the Chapter 11 Cases as a “Foreign Main Proceeding”, and a Supplemental Order, which among other things, granted recognition to the First Day Orders.

[5] On September 28, 2022, the Bankruptcy Court heard various motions filed by the Debtors in the Chapter 11 Cases. The Bankruptcy Court entered the following orders which the Foreign Representative seeks to have recognized (the “Second Day Orders”):

- (a) Order (I) appointing Roger Frankel as Future Claimants’ Representative, Effective as of the Petition Date; and (II) Granting Related Relief;
- (b) Second Interim Order (I) Authorizing Debtors to (A) Pay Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (B) Continue Employee Benefit Programs and Pay Related Administrative Obligations; (II) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers; and (III) Granting Related Relief;
- (c) Final Order (I) Authorizing Debtors to Honor 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 Customer Programs; (III) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers; and (IV) Granting Related Relief.
- (d) Final Order (I) Authorizing Payment of Prepetition Specified Trade Claims; (II) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers; and (III) Granting Related Relief;
- (e) Final Order Authorizing (I) Debtors to Pay Certain Prepetition Taxes, Governmental Assessments, and Fees; and (II) Financial Institutions to Honor and Process Related Checks and Transfers;
- (f) Final 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 Workers’ Compensation Claims;
- (g) Final Order 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) Order (I) Prohibiting Utilities from Altering, Refusing, or Discontinuing Service; (II) Deeming Utilities Adequately Assured of Future Performance; and (III) Establishing Procedures for Determining Requests for Additional Adequate Insurance;

[6] Section 49 of the *Companies' Creditors Arrangement Act* provides that the court may make any order that it considers appropriate if it is satisfied that it is necessary for the protection of the debtor company's property or the interests of a creditor or creditors.

[7] Having reviewed the record, including the affidavits of Daniel Vas and Andrew Harnes, both sworn October 7, 2022 and hearing submissions of counsel to the Foreign Representative, I am satisfied that recognition of the Second Day Orders is appropriate to preserve the value of the Canadian Debtors, and to enable the continued operation of the Canadian business in the ordinary course and to ensure judicial cooperation and comity while the Endo Group pursues a global restructuring in the Chapter 11 Cases.

[8] Accordingly, the motion is granted and an order giving effect to the foregoing has been signed.



Chief Justice G.B. Morawetz

Date: October 17, 2022