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Canada's Top Court Releases Precedent-Setting Decision on Litigation Funding and a Court's Discretion in Restructuring Process

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The Supreme Court of Canada's decision in *9354-9186 Québec Inc. v Callidus Capital Corporation* unanimously overturned a unanimous decision of the Québec Court of Appeal. The Supreme Court's decision, released on January 23, 2020, was issued from the bench with reasons to follow.

The reasons will be important for the insolvency bar since they are expected to clarify the rules governing third-party litigation funding in an insolvency context. They are also expected to confirm that under the *Companies' Creditors Arrangement Act*, a supervising judge has wide discretion to render any appropriate order to protect the integrity and fairness of a restructuring process. In addition, the reasons may provide important guidance regarding the principles governing creditors' vote in a restructuring context.

The decision is significant because it is the first time Canada's highest court has considered litigation funding in any context. The legal community will benefit from the Supreme Court's analysis when it releases its written reasons for this matter in the coming months.

Christian Lachance, Jean-Philippe Groleau, Gabriel Lavery Lepage and Hannah Toledano successfully represented the plaintiffs in this matter.

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