

The Doorcorp Case: The Court of Appeal renders yet another decision on section 139 BIA and the postponement of claims

June 1, 2012

Last June we discussed the Court of Appeal decision in Stonehaven Country Club, which dealt with the application of section 139 BIA to a claim by Investissement Québec. The Court of Appeal has ruled on the scope of this section once again.

On April 17, 2012, the Honourable Marc Beauregard, writing for the Court of Appeal with Justices Marie-France Bich and Jean Bouchard concurring, quashed in part the Superior Court decision rendered by the Honourable Pierre Journet dated June 11, 2010. This case involved the bankruptcy of Doorcorp Installations Inc. (“Doorcorp”). In it, the Court of Appeal examined the characterization of advances of funds by Ballylickey Investments (“Ballylickey”) to Doorcorp. Given that Ballylickey is the parent company and sole shareholder of Doorcorp, did the advances constitute claims falling under section 139 of the *Bankruptcy and Insolvency Act* (“BIA”), i.e. postponed claims, or were they claims that should be ranked with those of the unsecured creditors?