

CANADA / JUDGMENT

Re: 1527920 BC Ltd.

2025 BCSC 2613

COURT

Supreme Court of British Columbia

DECIDED

20 November 2025

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2025 BCSC 2613 Re: 1527920 BC Ltd.

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation:

Re: 1527920 BC Ltd.,

2025 BCSC 2613

Date: 20251120

Docket: S248103

Registry: Vancouver

In the Matter of the Companies' Creditors Arrangement Act,

R.S.C. 1985, c. C36, as Amended

And

In the Matter of the Business Corporations Act, S.B.C. 2002, c.57

And

In the Matter of a Plan of Compromise or Arrangement

of 1527920 BC Ltd.

Petitioner

Before: The Honourable Mr. Justice D.M. Masuhara

Oral Reasons for Judgment

In Chambers

Counsel for the Petitioner, 1527920 BC Ltd.:

H.L. Williams

A. Bowron

Counsel for Dapit NA, LLC:

C. Dennis, K.C.

S. Lusztig

Counsel for the Third Party:

M. Buttery

L. Hodgson

Place and Date of Hearing:

Vancouver, B.C.

November 3 and 5, 2025

Place and Date of Judgment:

Vancouver, B.C.

November 20, 2025

- [1] THE COURT: This is a ruling in relation to an application brought by Felix to have a dispute determined as to the validity of an assignment of certain intellectual property which Dapit says it holds and which is recognized as registered by the US Patent Office.
- [2] Felix argues the assignment is a nullity and should be determined so in this proceeding. It has put forward a proposed litigation plan for approval under which it seeks a speedy summary process via notice of application in place of a standard notice of civil claim. The proposed plan seeks all steps to be concluded for hearing by the end of January 30, 2026. The applicant relies upon the single proceeding model, which is to avoid inefficiency and chaos.
- [3] The application is brought under s. 11 of the Companies' Creditors Arrangement Act, which reads as follows:

11 Despite anything in the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

- [4] Dapit submits that this court does not have jurisdiction over this matter. Alternatively, it says that it is not appropriate for the court to exercise its discretion to engage in the issue that has been brought forward. The arguments include that the proceedings are complete, that Felix has been successfully restructured, and Felix is no longer a debtor company.
- [5] Reliance is placed on my order of February 28, 2025, that approved the restructuring sought. I should note that I have been the judicial officer supervising the insolvency proceeding from the outset of the proceedings.
- [6] Dapit argues that Felix's contention that because the patent dispute is a claim by Felix to an asset, who is the original subject of the CCAA proceedings, the single-proceeding model dictates that the patent dispute be heard and determined in this proceeding, ignores the fact that Felix has already emerged from the CCAA process; that the RVO to facilitate the restructuring was approved; and that the transactions contemplated under it have closed. Under the RVO, Felix retained the desirable assets, in each case free and clear of all but a limited set of permitted encumbrances and with the undesirable assets and liabilities vested out into a separate residual company. Further, the existing share capital of Felix was cancelled for no consideration, and new shares in the capital of Felix were issued from treasury to a group of new investors.
- [7] Resort is also made to the specific terms of my order that Felix "shall cease to be the petitioner in these CCAA proceedings" and "shall be deemed to be released from the purview of the amended restated initial order and other orders of this court granted in respect of these CCAA proceedings except for the RVO," and that in Felix's place, the residual company would be added to the CCAA proceedings as a petitioner, and the style of cause be amended to reflect this.
- [8] Felix argues that the opposition of Dapit is just another roadblock put up to impede the company from moving forward; noting that Dapit engaged actively in the restructuring process, contested the approval application, and never raised the assignment issue.
- [9] On the question of jurisdiction, my view is that a determination is not necessary. I would say that jurisdiction would be at the further end of the jurisdiction spectrum.
- [10] In this regard, I note that s. 11 is focussed on dealing with issues that will genuinely assist in the ongoing restructuring under judicial supervision.
- [11] The section provides broad discretion, but it is not boundless. It must be exercised in furtherance of the CCAA's remedial objectives. Its exercise is guided by three baseline considerations. The applicant bears the burden of demonstrating that the order sought is appropriate in the circumstances, it has acted in good faith, and it has acted with due diligence.

- [12] However, whether there is jurisdiction or not, I am of the view that the relief sought is not appropriate. There is my final order issued on February 28, 2025, that approved the restructuring. The restructuring has been completed; and the company has exited the proceedings. It is no longer a debtor company. It has been successfully restructured.
- [13] I do note, however, there are some saving terms in the order where parties can return, but I do not think that provision can serve to overcome my determination here.
- [14] It was known, based on the submissions of counsel for Felix, or should have been known, that the assignment of the patent application for certain IP at the US Patent Office had been registered in the name of Dapit. This arose about a year before the CCAA proceedings were commenced. The assignment documentation was signed by an officer and a director of Felix. This information was accessible in the data room for the SISP.
- [15] Also, there is no evidence denying knowledge of the assignment agreement by Felix of the IP to Dapit. As I have already noted, I was advised by counsel that it was not anticipated for some reason that Dapit would seriously assert their interest in the IP.
- [16] I have reviewed the subscription agreement and my order approving the restructuring and find that there is no information of the subject IP specifically, or whether the retained assets included the specific IP. I am left to wonder what opinions were provided by the solicitors in the closing regarding the interest at issue here. There is no explanation for why more specificity was not placed in the agreement.
- [17] The monitor recommended the offer be accepted, and further that Dapit was deemed not a qualified bidder. The approval application was contested by Dapit, but the applicants forcefully argued that I should accept the recommendation and that I should respect the integrity of the process that was put in place, and any further process as sought by Dapit should be rejected. I accepted the recommendation of the monitor. My ruling went to appeal but was dismissed.
- [18] While I have some sympathy for Felix, I do not find it appropriate for the process recommended. It comes after restructuring and other orders, which I have mentioned. I am not persuaded that the dispute is just simply that of validity. There appear to be more legal issues with respect to the IP interest. Given my understanding of what issues may arise as provided in the submissions of Mr. Dennis, a summary procedure in my view would not be appropriate.
- [19] Also, with respect to the timing of this application the due diligence aspect has not been adequately met. As the insolvency bar knows, insolvency cases attract special attention from this court given their urgent real-time circumstances. There are quick judicial assignments and priority hearing dates are provided on short notice. Other worthy civil cases are not in general afforded this level of attention. This then, requires examination of why an issue that could be material to the restructuring was not brought forward during the process.

- [20] My view is that Felix decided to accept the risk of the assignment issue not being dealt with in the restructuring. I find it difficult then, at this late stage, to allow the remedial summary process proposed, particularly given that there may well be additional issues that are not amenable to a summary process or appropriate for this court.
- [21] As to the argument of urgency and the lack of ability to close on further financing as argued by the applicant, there is little information supporting the bald statements.
- [22] Having made the ruling that it would not be appropriate to grant the relief sought, I can advise that I have obtained confirmation from the Chief Justice that I would be the case management judge over the action should a notice of civil claim be filed. This might allow for some efficiency.
- [23] That concludes my ruling.
- (SUBMISSIONS ON COSTS)
- [24] THE COURT: There will be no costs awarded.
- [25] Thank you.
- "Masuhara J."

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