CITATION: Re Metroland Media Group Inc., 2025 ONSC 6662
COURT FILE NO.: BK-23-2986886-0031
DATE: 20251128

SUPERIOR COURT OF JUSTICE – ONTARIO [Commercial List]

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF METROLAND MEDIA GROUP INC. OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

BEFORE: Justice Jana Steele

COUNSEL: *Justin Manoryk*, for Metroland Media Group

Ryder Gilliland, for Amir Farahi

Maanit Zemel, for William John Armstrong

HEARD: October 9, 2025

ENDORSEMENT

Overview

[1] Metroland Media Group Inc. ("Metroland") has already completed its proposal and received creditor and court approval. However, the issues before me concern a defamation action by William John Armstrong that was commenced several years ago against Metroland, its parent company, Torstar Corporation ("Torstar"), and Amir Farahi, the author of an article in one of Metroland's publications. Guidance is sought regarding whether Mr. Armstrong was a creditor and bound by Metroland's Proposal and whether Mr. Farahi is covered by the terms of the Release in the Proposal.

[2] Mr. Armstrong's defamation action was dismissed further to an anti-SLAPP motion brought by Metroland, Torstar, and Mr. Farahi pursuant to s. 137.1 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43. Soon after, Metroland filed a Notice of Intention to Make a Proposal in these proceedings. Subsequently, Mr. Armstrong appealed the anti-SLAPP decision as against Torstar and Mr. Farahi only (i.e., not against Metroland). Mr. Farahi and Torstar brought a motion to the Court of Appeal to quash the appeal, which was adjourned *sine die*. The Court of Appeal directed that a judge on the Commercial List in Toronto should interpret the terms of the release in issue: "specifically, whether the appellant, Mr. Armstrong, is a creditor and whether Mr. Farahi

is a contractor and therefore a releasee within the meaning of the Release." Metroland brings this motion further to the direction of the Court of Appeal.

[3] For the reasons set out below, I have determined that Mr. Armstrong is a creditor, and that Mr. Farahi is not a contractor and is, therefore, not a releasee within the meaning of the Release.

Background

[4] Mr. Armstrong is a former Municipal Councilor for the City of London, Ontario.

[5] Metroland is a company incorporated under the laws of Ontario that publishes daily newspapers and online news in Ontario.

[6] Torstar is the parent company of Metroland.

[7] Mr. Farahi is a freelance writer, who contributed a political column to *Our London*, a weekly newspaper published by Metroland until 2018.

[8] On February 2, 2017, Mr. Farahi published a column in *Our London*, which Mr. Armstrong claims was defamatory of him.

[9] Mr. Armstrong commenced a defamation proceeding against Metroland, Torstar Corporation, and Mr. Farahi in April 2017 (the "Defamation Action"), which was dismissed on September 7, 2023, as a SLAPP suit.

[10] Mr. Armstrong is appealing the dismissal of his claim. The Notice of Appeal was delivered on or about October 6, 2023. On January 23, 2024, Mr. Armstrong advised the Court of Appeal that he intended to perfect his appeal against Torstar and Mr. Farahi, only and not Metroland.

[11] On September 15, 2023, Metroland entered proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA").

[12] Mr. Armstrong was listed on Metroland's creditor list, with his claim valued at $1.00.

[13] In or around November 12, 2023, Mr. Armstrong, following correspondence between his counsel and the Trustee, filed a proof of claim, asserting an unsecured claim in the amount of $250,000.

[14] On or about November 12, 2023, Mr. Armstrong also filed a Form 37 Voting Letter in the Metroland proposal proceeding in respect of the first proposal, voting in favour of the acceptance of the proposal.

[15] The Third Amended Proposal filed in these proceedings (the "Proposal") was passed at a creditors' meeting on December 11, 2023. Mr. Armstrong did not file a Form 37 Voting Letter in respect of the Third Amended Proposal.

[16] The Proposal was approved by the Court on January 24, 2024. The release language in the Proposal was approved in para. 8 of the approval order:

> **8. THIS COURT ORDERS** that the Releases set out in paragraph 4.2 of the Proposal are hereby approved and shall be effective on the Effective Date and subject to the limitations of the Releases set out in paragraph 4.3 of the Proposal.

[17] Section 4.2 of the Proposal contains the following broad release (the "Release"):

> **4.2 Releases**
>
> On the Effective Date,
>
> (a) The Company, the Affiliates, and their respective employees, contractors, Directors, officers, heirs and assigns;
> (b) The Proposal Trustee, the Proposal Trustee's counsel, and their respective heirs and assigns; and
> (c) Counsel to the Company and their respective heirs and assigns
>
> (each of the Persons named in (a) to (c) above in this section, in their capacity as such, being herein referred to individually as a "Released Party" and all referred to collectively as "Released Parties") shall be released and discharged from all Claims, any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, including claims for contribution or indemnity which any Creditor or other Person may be entitled to assert against the Released Parties, including claims that are liquidated, unliquidated, fixed, contingent, matured, unmatured, legal, equitable, present, future, known, unknown, disputed, undisputed or whether by guarantee, by surety, by subrogation or otherwise incurred and whether or not such a right is executory in nature, shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, all to the fullest extent permitted by governing law, provided that nothing herein will waive, discharge, release, cancel or bar the right to enforce the Company's obligations under the Proposal.

[18] On or about March 6, 2024, Metroland exited the BIA proceedings.

[19] On or about April 4, 2024, Mr. Armstrong's claim was disallowed by the Trustee. His contingent claim was valued at $0. The Notice of Disallowance stated:

> As a trustee in the matter of the proposal of Metroland Media Group Ltd., we have disallowed your claim ... pursuant to subsection 135(2) of the [BIA] for the

> following reasons: the action was dismissed by the court with no order or judgment against Metroland, and as of the filing date, no action is ongoing against Metroland.
>
> And further take notice that if you are dissatisfied with our decision in disallowing your claim in part (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

[20] Mr. Armstrong did not appeal the Trustee's disallowance.

[21] In advance of the hearing of Mr. Armstrong's appeal to the Court of Appeal, the respondents brought a motion to quash on the basis that he was bound by the Proposal.

[22] On December 12, 2024, the Court of Appeal declined to hear either the motion to quash or the appeal. As noted above, the Court of Appeal directed that the Court interpret the terms of the release in issue.

Issues

[23] Is Mr. Armstrong a creditor of Metroland?

[24] Is Mr. Farahi a contractor and therefore a "Released Party" within the meaning of the Release?

Analysis

Is Mr. Armstrong a creditor of Metroland?

[25] Mr. Armstrong is a creditor of Metroland.

[26] Mr. Armstrong takes the position that he was not a creditor under the BIA or under the Proposal.

[27] Mr. Armstrong points to s. 62 of the BIA:

> [...]
>
> (2) Subject to subsection (2.1), a proposal accepted by the creditors and approved by the court is binding on creditors in respect of
>
> (a) all unsecured claims;
>
> (3) The acceptance of a proposal by a creditor does not release any person who would not be released under this Act by the discharge of the debtor.
>
> [emphasis added.]

[28] Section 2 of the BIA defines "creditor" to mean "a person having a claim provable as a claim under this Act." Section 2 further defines a claim provable: "claim provable in bankruptcy, provable claim or claim provable includes any claim or liability provable in proceedings under this Act by a creditor."

[29] Mr. Armstrong notes that under section 121(2) of the BIA: "The determination whether a contingent or unliquidated claim is a provable claim and the valuation of such a claim shall be made in accordance with section 135." He submits that when a trustee determines under section 135(2) that a claim is not a provable claim, the claimant is not a creditor. His position is that when the Trustee determined his claim and disallowed it, he was not a creditor under the BIA. I disagree. The fact that a trustee determines that a specific claim is not provable does not mean that an approved proposal would not be binding on that creditor. It would be illogical if a particular creditor, who was entitled to participate in the process, was not then bound by the outcome.

[30] Under section 62(2) of the BIA, a proposal approved by a debtor's creditors and the court is binding on all the creditors, even a dissenting minority:

> 62(2) Subject to subsection (2.1), a proposal accepted by the creditors and approved by the court is binding on creditors in respect of
>
> (a) All unsecured claims; and
>
> (b) The secured claims in respect of which the proposal was made and that were in classes in which the secured creditors voted for the acceptance of the proposal by a majority in number and two thirds in value of the secured creditors present, or represented by a proxyholder, at the meeting and voting on the resolution to accept the proposal.

[31] Metroland's position is that Mr. Armstrong was a creditor of Metroland, and he is bound by the Proposal. Metroland notes that Mr. Armstrong filed a proof of claim, which was disallowed. Section 135 of the BIA provides:

> (1) The trustee shall examine every proof of claim or proof of security and the grounds therefor and may require further evidence in support of the claim or security.
>
> (1.1) [...]
>
> (2) The trustee may disallow, in whole or in part,
>
> a. Any claim;
>
> b. Any right to a priority under the applicable order of priority set out in this Act; or
>
> c. Any security.

> (3) [...]
>
> (4) A determination under subsection (1.1) or a disallowance referred to in subsection (2) is final and conclusive unless, within a thirty day period after the service of the notice referred to in subsection (3) or such further time as the court may on application made within that period allow, the person to whom the notice was provided appeals from the trustee's decision to the court in accordance with the General Rules.

[32] Metroland submits that the Trustee's decision was final and conclusive and that if Mr. Armstrong believed it was incorrect, it was incumbent on him to appeal the disallowance, which he did not do. Metroland points to *Associated Freezers of Canada Inc. (Faillite de)*, 1999 CanLII 11515 (QC CS), where the Quebec Superior Court made the following statement regarding s. 135 of the BIA, at para. 27:

> Section 135(2) [of the] BIA gives to the Trustee the extraordinary power to decide whether or not a creditor's claim is to be allowed. If his decision is not challenged by a[n] appeal to the bankruptcy court, it becomes final and conclusive, both as to the rights of the creditor and his right to participate in any eventual distribution under the authority of the BIA.

[33] However, Mr. Armstrong argues that because the court had dismissed the Defamation Action on September 7, 2023, he did not have a "Claim" under the Proposal on the Filing Date, and therefore he was not a "Creditor". The appeal to the Ontario Court of Appeal was not filed until later (Oct. 6, 2023) and was not perfected against Metroland in any event. Mr. Armstrong says he only filed the claim because the Trustee told him to do so, even though he did not think he had a claim.

[34] In my view, the extremely broad definition of "Claim" as defined in the Proposal, would include the contingent claim of Mr. Armstrong as against Torstar.

[35] Section 1.1(k) of the Proposal provides that a "Creditor" is any Person having a Claim. "Claim" is defined to mean:

> all Preferred Claims, all Unsecured Claims, and any right of any Person against the Company or any of the Affiliates in connection with any indebtedness, liability or obligation of any kind owed by the Company [...] before and on the Filing Date, [...] whether liquidated, unliquidated, fixed, contingent, matured [...] present, future, known or unknown [...] including, without limitation, any other indebtedness, liability or obligation of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the Act. [...]

[36] Even though Mr. Armstrong had not yet filed an appeal in respect of the Defamation Action, he still had a contingent or future claim against Metroland or its Affiliate, Torstar. His action had been dismissed when Metroland entered into proceedings under the BIA, but Mr. Armstrong was still within the allowable time to file an appeal. On the date that the BIA

proceedings were entered into (Sept. 15, 2023), Mr. Armstrong had a contingent or future claim against both Metroland and Torstar. On the date the Proposal was approved by the Court (Jan. 24, 2024), Mr. Armstrong, having advised the Court of Appeal that he intended to perfect his appeal against Torstar and Mr. Farahi, had a contingent or future claim against Torstar and Mr. Farahi.

[37] As explained by the Trustee in a letter to Mr. Armstrong's counsel, dated May 29, 2025:

> Mr. Armstrong filed a claim in the Metroland proceedings on November 12, 2023, in the amount of $250,000, which claim was rejected by the Proposal Trustee on April 4, 2024, pursuant to section 6.9 of the Proposal and section 135(2) of the *Bankruptcy and Insolvency Act (Canada)* ("BIA"). In review of Mr. Armstrong's claim, the Proposal Trustee understood that it was a contingent claim quantified by the value of the lawsuit Mr. Armstrong filed against Metroland, which lawsuit was dismissed by the Court, with no judgement or ongoing action against Metroland as at the time of the Notice of Intention to Make a Proposal proceedings. Accordingly, the Proposal Trustee determined that Mr. Armstrong's contingent claim was valued at $0.
>
> [emphasis added.]

[38] A Proposal is a contract between the debtor and its creditors: *Employer's Liability Assurance Corporation v. Ideal Petroleum (1959) Ltd.*, [1978] 1. S.C.R. 230, at p. 239. The Supreme Court of Canada noted in *Ideal Petroleum* that when a proposal is made in accordance with the BIA formalities, it "binds all the creditors, even the dissenting minority."

[39] In the context of proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, the court in *Labourers' Pension Fund of Central and Eastern Canada v. Sino-Forest Corporation*, 2013 ONSC 1078, 100 C.B.R. (5th) 30, at para. 77, leave to appeal refused, 2013 ONCA 456, leave to appeal refused, [2013] S.C.C.A. No. 395, noted that there was no right to "opt-out" of a CCAA process. Morawetz J. (as he then was) noted that "[i]f that were possible, no creditor would take part in any CCAA compromise where they were to receive less than the debt owed to them."

[40] Here, Mr. Armstrong filed a proof of claim, which was disallowed. Metroland submits that it would be absurd if the disallowance of a claim in full exempted a creditor from an outcome that is binding on all other similarly situated creditors. I agree.

[41] As noted by the Supreme Court of Canada in *Newfoundland and Labrador v. AbitibiBowater Inc.*, 2012 SCC 67, [2012] 3 S.C.R. 443, at para. 35:

> The reason the *BIA* and the *CCAA* include a broad range of claims is to ensure fairness between creditors and finality in the insolvency proceedings for the debtor. [...] The rationale is slightly different in the context of a corporate proposal or reorganization. In such cases, the broad approach serves not only to ensure fairness between creditors, but also to allow the debtor to make as fresh a start as possible after a proposal or an arrangement is approved.

[42] Mr. Armstrong's claim was disallowed by the Trustee, and, because he did not appeal this outcome, the Trustee's determination became final and conclusive. I agree with Metroland's submission that allowing Mr. Armstrong's claim to continue against Torstar, an affiliate of Metroland, would violate the fundamental insolvency principles of equal treatment amongst similarly situated creditors, finality, and a fresh start for the reorganized debtor company.

[43] Mr Armstrong had a contingent claim against Metroland and Torstar. The Trustee treated Mr. Armstrong as a creditor. Mr. Armstrong filed a proof of claim as a creditor and voted on the First Proposal. I am satisfied that Mr. Armstrong is a creditor under the Proposal and is bound by its terms.

Is Mr. Farahi a "contractor" and therefore bound by the Release?

[44] Metroland submits that Mr. Armstrong did not dispute the scope or extent of the releases at the approval hearing, nor did he seek to appeal from the approval order. Metroland submits that the finality of a court-approved proposal must be respected in these circumstances. I agree. However, the question is whether Mr. Farahi was covered by the Release.

[45] Mr. Farahi is not covered by the Release.

[46] The Release is part of the Proposal, which the parties agree is a contract.

[47] As a contract, the principles of contractual interpretation apply. The Supreme Court of Canada in *Sattva Capital Corp. v. Creston Moly Corp.*, 2014 SCC 53, [2014] 2 S.C.R. 633, at para. 47, confirmed that "the interpretation of contracts has evolved towards a practical, common-sense approach not dominated by technical rules of construction."

[48] In *Prism Resources Inc. v. Detour Gold Corporation*, 2022 ONCA 326, 162 O.R. (3d) 200, at para. 16, citing *Weyerhaeuser Company Limited v. Ontario (Attorney General)*, 2017 ONCA 1007, 77 B.L.R. (5th) 175, at para. 65, rev'd on other grounds, 2019 SCC 60, [2019] 4 S.C.R. 394, the Court of Appeal for Ontario indicated that when interpreting a contract, the court should:

a. determine the intention of the parties in accordance with the language they have used in the written document, based upon the "cardinal presumption" that they have intended what they have said;

b. read the text of the written agreement as a whole, giving the words used their ordinary and grammatical meaning, in a manner that gives meaning to all of its terms and avoids an interpretation that would render one or more of its terms ineffective;

c. read the contract in the context of the surrounding circumstances known to the parties at the time of the formation of the contract. The surrounding circumstances, or factual matrix, include facts that were known or reasonably capable of being known by the parties when they entered into the written agreement, such as facts concerning the genesis of the agreement, its purpose, and the commercial context in which the

agreement was made. However, the factual matrix cannot include evidence about the subjective intention of the parties; and

d. read the text in a fashion that accords with sound commercial principles and good business sense, avoiding a commercially absurd result, objectively assessed.

[49] Metroland submits that Mr. Farahi was covered by the Release.

[50] As set out above, the broad Release applies to "the Company, the Affiliates, and their respective employees, contractors, Directors, officers, heirs and assigns." The term "contractor" is not defined in the Release or in the BIA.

[51] Metroland submits that when Mr. Farahi contributed columns to *Our London*, he did so as an independent contractor further to a freelancer agreement. Metroland points to two Freelance Agreements that were signed by Mr. Farahi: one, dated 05/02/2015, and the other, dated 10/25/2016. Metroland argues that the agreements don't have a term and therefore don't expire. However, as discussed below, this is inconsistent with the accounting system evidence filed by Metroland.

[52] The Freelance Agreements address the intellectual property rights for articles written by Mr. Farahi. The agreements also provide that Mr. Farahi is an independent contractor of Metroland, and that the agreement does not create an employment relationship.

[53] Mr. Armstrong submits that the ordinary meaning of contractor is a contractual relationship between Metroland and Mr. Farahi. Mr. Armstrong further argues that there must be a contract as of January 25, 2024, because the Release applies to contractors "On the Effective Date." Mr. Armstrong notes that the best evidence that Metroland and Mr. Farahi have provided is that Mr. Farahi was a contractor in 2016. There is no evidence that Mr. Farahi was a contractor after that time. In fact, the evidence provided by Metroland included an accounting system form in respect of Mr. Farahi, which refers to the contract start date being February 5, 2015, and the contract end date being December 31, 2016. I agree with Mr. Armstrong that based on the evidence provided by Mr. Farahi and Metroland, the most that I can determine is that Mr. Farahi was a contractor in 2015, and the contract ended on December 31, 2016.

[54] Kimmel J., in approving the Proposal, commented on the breadth of Release sought. She stated at paras. 54-56:

> 54. The Proposal Trustee is of the view that the releases in favour of the directors, officers, employees and contractor contained in the Proposal are reasonable and not overly broad in the circumstances. Having now considered the further and supplementary submissions and materials provided, I am satisfied that the releases

> the court is being asked to approve in the Proposal satisfy the *Metcalfe* requirements[1].
>
> 55. The Proposal allows for a fresh start based on the Company's operational and balance sheet restructuring that has occurred over a lengthy period of negotiation and various iterations of the Proposal. The third party beneficiaries of the releases would be included since no one had objected to them. The collective efforts of all involved will benefit the Company and its creditors going forward.
>
> 56. These types of releases are not granted as a matter of course and will continue to be scrutinized by the court. The releases in this case are about as broad as they could be and should not be taken as a precedent for the scope or breadth of releases that the court will necessarily approve in other cases.

[55] In the affidavit evidence filed by Metroland when court approval of the Proposal was sought, the then CEO of Metroland, Neil Oliver, filed an affidavit sworn January 23, 2024. Kimmel J. referred to this evidence in para. 53 of her endorsement. She stated:

> Further justifications are provided in paragraphs 14 to 20 of the Proposal Trustee's Supplemental Factum on this motion as well as in a Third Supplementary Report of the Proposal Trustee dated January 23, 202[4] and a January 23, 2024 affidavit of Neil Oliver providing details about the contributions made by the directors, officers, employees and contractors of the Company and its Affiliates (as defined in the Proposal) to proposal proceedings and the ongoing restructuring efforts, including the formulation and implementation of the accepted Proposal, and to the ongoing operations of Metroland. These supplementary materials were delivered after the hearing at the court's request to provide further supporting evidence regarding these factors.

[56] Mr. Oliver's affidavit, in para. 4, names the current directors and officers of Metroland and the Affiliates. In paragraph 6 of his affidavit, Mr. Oliver noted that "[t]he employees, contractors, directors and officers have contributed substantially and meaningfully to the restructuring and ongoing operations of Metroland." He continues by setting out a non-exhaustive list of their collective contributions.

[57] Mr. Farahi is not named in Mr. Oliver's affidavit, nor is there any evidence that he contributed in any way listed in para. 6 of Mr. Oliver's affidavit. Mr. Farahi wrote an article for

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[1] As noted at para. 49 of Kimmel J.'s endorsement, in *Metcalfe*, the Court of Appeal determined that the following requirements must be satisfied to justify a third-party release: (i) the parties to be released are necessary and essential to the restructuring of the debtor; (ii) the claims to be released are rationally related to the purpose of the Plan (Proposal) and necessary for it; (iii) the Plan (Proposal) cannot succeed without the releases; (iv) the parties who are to have claims against them released are contributing in a tangible and realistic way to the Plan (Proposal); and (v) the Plan (Proposal) will benefit not only the debtor companies but creditors generally.

Our London in 2017; this was long before Metroland's Proposal proceedings started. He had a prior contract with Metroland that terminated at the end of 2016. There is no evidence of a contractual relationship beyond then. Mr. Farahi certainly was not a contractor "On the Effective Date."

[58] The Release language is broad in breadth and scope. As noted by Kimmel J., the Releases in this case "are about as broad as they could be." However, the Releases do not, in my view, cover Mr. Farahi.

[59] The Proposal was intended to give Metroland a fresh start, and it did that. However, the Releases in the Proposal were not intended to cover persons who wrote articles years prior, in their personal capacity, for a Metroland publication.

Disposition and Costs

[60] I have determined that:

a. Mr. Armstrong is a creditor and covered by the Proposal; and

b. Mr. Farahi is not a contractor and therefore not a releasee under the Release.

[61] The parties had agreed that the successful party was entitled to their costs and agreed on a fixed amount. However, neither party was wholly successful. Accordingly, the parties are encouraged to resolve the issue of costs. If they are unable to do so by December 12, 2025, they shall notify my judicial assistant. In such case, any party seeking costs may file written submissions (up to 3 pages double spaced) by January 2, 2026. Responding written submissions (up to 3 pages double spaced) may be filed by January 16, 2026. Copies of the submissions shall be sent by email to my judicial assistant.

J. Steele J.

Date: November 28, 2025