

SUPERIOR COURT
(Commercial Division)

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

NO.: 500-11-044334-130

DATE: April 11, 2013

PRESIDING: THE HONOURABLE CLAUDINE ROY J.S.C.

IN THE MATTER OF THE RECEIVERSHIP OF:

EFFIGI INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC., in its capacity as Receiver in respect of Effigi Inc.

Petitioner

JUDGMENT

- [1] **THE COURT**, after having examined the *Motion for Authorization to Sell Intellectual Property and Other Related Assets of the Debtor* (the "**Motion**") pursuant to section 243 of the *Bankruptcy and Insolvency Act* ("**BIA**") presented by Petitioner Richter Advisory Group Inc., in its capacity as Receiver in respect of Effigi Inc.;
- [2] **CONSIDERING** the allegations of the Motion, the affidavit and exhibits filed in support thereof;
- [3] **CONSIDERING** the representations made by counsel;
- [4] **CONSIDERING** that the Motion is well founded in fact and in law;

FOR THESE REASONS, THE COURT:

- [5] **GRANTS** the Motion;
- [6] **SHORTENS** the delays of service and presentation of the Motion;
- [7] **DECLARES** that the service of the Motion constitutes good and sufficient service on all persons and further **DECLARES** that the Receiver is relieved of any other requirements for service of the Motion;
- [8] **AUTHORIZES** Richter Advisory Group Inc., (the "**Receiver**") in its capacity as receiver in respect of the property and assets of Effigi Inc. (the "**Debtor**") to sell the following property (the "**Property**") to 9143-4746 Quebec Inc. (the "**Purchaser**") for the price and applicable taxes (the "**Price**") more fully set forth in the "*Convention de vente de la propriété intellectuelle*" dated April 9, 2013 (Exhibit P-8) (the "**Sale Agreement**"), namely:
- a. all of the Debtor's right, title and interest in and to the following (the "**Intellectual Property**"):
- i. the trademarks listed in Schedule "A" to the Sale Agreement;

- ii. the patents listed in Schedule "B" of the Sale Agreement;
 - iii. the domain names listed in Schedule "C" of the Sale Agreement; and
 - iv. the other marks listed in Schedule "D" of the Sale Agreement;
- b. all of the Debtor's rights in and to all merchandise which is in possession of third parties or in transit, as well as all of the Debtor's right, title and interest in and to all deposits or other payments given or made by the Debtor, prior to the date of execution of the Sale Agreement in respect of such merchandise but specifically excluding inventory in any of the Debtor's existing nine (9) retail stores, its head office at 1155 Chomedey A-13 E, Laval, Quebec and its distribution centre at 5555 Boulevard des Rossignols, Laval, Quebec (the "**Off-Premises Inventory**");
- c. all of the Debtor's rights in and to all currently existing orders, commitments or other undertakings between the Debtor and its wholesale customers for the purchase by such wholesale customers of the Off-Premises Inventory (the "**Purchase Orders**"); and
- d. all of the Debtor's rights in and to all orders, commitments and undertakings between the Debtor and its suppliers for the purchase of Off-Premises Inventory by the Debtor (the "**Purchase Bookings**");

[9] **ORDERS** the Receiver, upon receipt of the Price, to file with this Court a certificate in the form substantially similar to the draft annexed to the present Judgment as Annex "A" (the "**Certificate**");

[10] **DECLARES** that, upon filing of the duly signed Certificate with the Court, all right, title and interest in and to the Property shall be and is hereby vested in the Purchaser absolutely and forever, free and clear of and from any and all prior claims, hypothecs, security interests, leases, charges, pledges, hypothecations, mortgages, trusts, deemed trusts, right of first refusal or other pre-emptive rights,

restrictions on transfer of title, levies, priorities, liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims or encumbrances, whether contractual, statutory or otherwise, by operation of law or equity or otherwise, whether or not they have been attached or been perfected, published, registered or filed and whether secured, unsecured or otherwise, including, without limitation, all hypothecs, charges, security interests or claims evidenced by registrations at the *Register of Personal and Movable Real Rights* and any other personal property registry systems, other than "Inventory Expenses Charges" (as defined herein) (collectively, the "**Encumbrances**"), and subject to the right of any secured creditor (other than the holders of Inventory Expense Charges) to be paid out of any and all proceeds paid by the Purchaser to the Receiver under the Sale Agreement (collectively, the "**Proceeds**"), in accordance with its rank;

- [11] **ORDERS** that for the purposes of determining the nature and priority of the Encumbrances, the Proceeds shall stand in the place and stead of the Property and all Encumbrances shall attach to the Proceeds with the same priority as they had immediately prior to the date hereof;
- [12] **DECLARES** that notwithstanding paragraph 10 of the present Judgment, the Property shall remain charged with and subject to any and all hypothecs, prior claims, security interests, liens, charges, encumbrances and third party rights securing all amounts, of any nature whatsoever, which may be paid or may be required to be paid in order for the Purchaser to properly import, land into Canada, clear, purchase and/or obtain unencumbered and unfettered possession of the Off-Premises Inventory and includes all balances of purchase prices, all taxes, all customs duties, all freight forwarders fees and charges, all customs brokers fees and charges, all transporters fees and charges and any other third party fees and amounts (the "**Inventory Expenses Charges**");

- [13] **AUTHORIZES** the Receiver, upon its receipt of the Price, to pay and remit same to the Debtor's senior secured creditor, Wells Fargo Capital Finance Corporation Canada;
- [14] **ORDERS** that notwithstanding:
- a) the pendency of these proceedings;
 - b) the pendency of any other proceedings pursuant to the *Bankruptcy and Insolvency Act*; and
 - c) the provisions of any federal or provincial statute or law,
- the Sale Agreement and the transaction envisaged thereby shall be binding on and opposable against Richter Advisory Group Inc., in its capacity as Trustee to the Debtor's bankruptcy and any other trustee in bankruptcy appointed in respect of the Debtor;
- [15] **DECLARES** that the present Judgment and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada;
- [16] **REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative body in any Province of Canada and any Canadian federal court, tribunal, regulatory or administrative body and any federal or state court, tribunal, regulatory or administrative body in the United States of America and any court, tribunal, regulatory or administrative body elsewhere, to act in aid of and to be complementary to the Court in carrying out the terms of the present Judgment;
- [17] **ORDERING** the sealing of Exhibit P-8 until further order of this Court;
- [18] **ORDERS** the provisional execution of the present Judgment, notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever;

[19] THE WHOLE without costs.

Claudine Rey, j.c.s.

COPIE CONFORME

Officier adjoins

ANNEX A

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

S U P E R I O R C O U R T
(Commercial Division)

N^o: 500-11-044334-130

IN THE MATTER OF THE RECEIVERSHIP OF:

EFFIGI INC.

("Debtor")

– and –

RICHTER ADVISORY GROUP INC., in its
capacity as Receiver in respect of Effigi Inc.

("Petitioner")

RECEIVER'S CERTIFICATE

RECITALS

- A. Pursuant to a judgment dated April ●, 2013 (the "**Judgment**"), this Court approved the "Convention de Vente de la Propriété Intellectuelle" dated April 9, 2013 (the "**Sale Agreement**") between Richter Advisory Group Inc., in its capacity as Receiver in respect of Effigi Inc. (the "**Debtor**") and 9143-4746 Quebec Inc. (the "**Purchaser**") produced as Exhibit P-8 in support of the Receiver's Motion for Authorization to Sell Intellectual Property and Other Related Assets of the Debtor and provided for, *inter alia*, the vesting in the Purchaser of the "Property" more fully described in the Judgment which vesting is to be effective upon the filing with the office of this Court of a certificate duly signed by the Receiver confirming the full payment by the Purchaser of the Price for the Property (the "**Certificate**").
- B. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Judgment.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has fully paid the Price for the Property payable pursuant to the Sale Agreement.
2. This Certificate is delivered by the Receiver on May ●, 2013.

RICHTER ADVISORY GROUP INC., in its
capacity as Receiver in respect of Effigi Inc.

Per: _____

Name:

Title: