

Nortel bankruptcy to be resolved in trial

BY JEFF GRAY - Law Reporter

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Nortel's assets, including billions in sales from its patents, have been in limbo as its creditors, and the remaining units of Nortel around the world, fought in multiple courts over how the money should be distributed. (NATHAN DENETTE/THE CANADIAN PRESS)

The U.S. and Canadian judges overseeing the long-deadlocked bankruptcy of Nortel Networks Corp. have ruled that a joint cross-border trial will be held later this year to determine how to divvy up the defunct company's remaining \$9-billion.

Mr. Justice Geoffrey Morawetz of the Ontario Superior Court and Chief Judge Kevin Gross of the U.S. Bankruptcy Court for the District of Delaware, announced their decision on a conference call with lawyers Friday, turning down a request by Nortel's former European operations to have the fight moved into private arbitration proceedings.

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The judges approved a plan put forward by those overseeing the company's North American units and its U.S. and Canadian creditors who said the worldwide dispute should be resolved in open court, arguing that the issues were too important to decide in secret in an arbitration.

The plan calls for an "expedited schedule" and joint hearings, and was designed to avoid overlapping and contradictory insolvency rulings in different jurisdictions.

Nortel's assets, including billions in sales from its patents, have been in limbo as its creditors, and the remaining units of Nortel around the world, fought in multiple courts over how the money should be distributed. Three attempts at a mediated settlement, including one earlier this year overseen by Ontario Chief Justice Warren Winkler, have failed.

Since Nortel's collapse, thousands of pensioners in the company, as well as former employees on long-term disability benefits, have seen their incomes slashed while lawyers and consultants have racked up more than \$800-million in fees from Nortel since the company filed for insolvency proceedings in 2009.

Lawyers for Nortel, and the company's Canadian pensioners, declined to comment.