Supreme Court of Canada rules inoperability of arbitration agreement in insolvency proceedings (Peace River v Petrowest)

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On 10 November 2022, in a unanimous decision, the Supreme Court of Canada rendered its ruling in the matter of Peace River Hydro Partners v Petrowest Corp. The decision provides clarification on when insolvency proceedings will render an arbitration agreement inoperative in the context of a court-ordered receivership. The Supreme Court of Canada refused to stay the civil lawsuit of a receiver despite the existence of numerous arbitration agreements. This is significant as (in the current economic climate) a commercial party may find itself subject to a dispute vis-à-vis an insolvent or bankrupt counterparty with an arbitration agreement governing the debt claim.

Peace River Hydro Partners v Petrowest Corp, 2022 SCC 41

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