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# UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re:

Chapter 11

AIRFASTTICKETS, INC.,

Debtor.

Case No. 15-11951 (SHL)

# FAREPORTAL'S MOTION TO SHORTEN TIME FOR NOTICE OF THE HEARING TO CONSIDER FAREPORTAL INC.'S *EX PARTE* MOTION FOR ORDER AUTHORIZING FAREPORTAL INC. TO (A) CONDUCT A 2004 EXAMINATION OF <u>AIRFASTTICKETS, INC. AND (B) SEEK RELATED DOCUMENT PRODUCTION</u>

Fareportal Inc. ("Fareportal"), by and through its undersigned counsel, Sheppard,

Mullin, Richter & Hampton LLP files this motion (the "Motion") for the entry of an order,

substantially in the form attached hereto as Exhibit A, shortening the time for notice of the

hearing to consider Fareportal's Ex Parte Motion for Order Authorizing Fareportal Inc. to (A)

Conduct a 2004 Examination of Airfasttickets, Inc. and (B) Seek Related Document Production

(the "2004 Motion"), filed on even date herewith, and requesting that the hearing on the 2004

Motion be held on the earliest date on which the Court is available and as determined by the

Court to provide sufficient notice thereof. In support of the Motion, Fareportal respectfully

states as follows:

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#### **Jurisdiction**

1. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Rules 2002 and 9006(c) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"); and Rule 9006-1(b) of the Local Bankruptcy Rules for the Southern District of New York (the "**Local Rules**").

#### **Background**

3. On July 27, 2015, certain of Airfasttickets' ("**Airfasttickets**" or "**Debtor**") creditors filed an involuntary petition against Airfasttickets in the United States Bankruptcy Court for the Southern District of New York, seeking an order for relief under chapter 7 of title 11 of the United States Code (the "**Bankruptcy Code**"). Dk. No. 1.

4. On September 21, 2015, the Debtor filed its *Motion to Convert Chapter 7 Case to Chapter 11 Pursuant to 11 U.S.C. § 706(a)* seeking to convert the Debtor's case to one under chapter 11 of the Bankruptcy Code. Dk. No. 10.

5. On October 28, 2015, the Bankruptcy Court entered an order converting the case to chapter 11 of the Bankruptcy Code. Dk. No. 28.

6. Thereafter, Airfasttickets has been managing its affairs as a debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code.

7. On October 26, 2015, Airfasttickets filed the Debtor's *Motion (i) for Authorization to (A) Sell Substantially All of Its Property Free and Clear of All Liens, Claims, Encumbrances, and Other Interests and (B) Assume and Assign Contracts and (ii) for Approval of Procedures for Determining Cure Amounts (the "Sale Motion").* Dk. No. 27.

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8. As set forth in the Sale Motion, Airfasttickets sought approval of the sale of substantially all of its intellectual property and software and certain related assets (the "**Property**") to Travana, Inc. ("**Travana**"), formerly known as AirTourist, Inc. ("**AirTourist**"). The Property included "[a]ll source code and rights to source code-past, present and future-that is compiled and installed on machines that run the AirFastTickets Website, including all Amazon infrastructure and hosted data contained in or associated with it, and all configuration data necessary in order for the systems to operate properly." Sale Agreement, Exhibit A, at ¶ 1. A full description of the Property was attached as Exhibit A to the Sale Agreement.

9. On November 24, 2015, the Bankruptcy Court entered an order approving the Sale Motion (the "**Sale Order**"). Dk. No. 65. The Sale Order approved the sale of the Property to AirTourist. *See* Sale Order at ¶ 19.

10. Thereafter, on or about August 1, 2016, Fareportal became aware of the Debtor's chapter 11 bankruptcy proceedings through the commencement of litigation commenced by Fareportal against Travana for misappropriation of Trade Secrets (as defined in the 2004 Motion). Fareportal never received any previous notice or other solicitation in connection with the Debtor's bankruptcy proceedings or the sale.

11. On August 24, 2016, Fareportal filed the 2004 Motion Dk. No. 196. Pursuant to the 2004 Motion, Fareportal seeks an entry of an order (the "**2004 Order**") approving (i) Fareportal to file under seal the 2004 Motion as it contains information designated as confidential, commercial and/or trade secret information; (ii) authorizing Fareportal to file a publically-available, redacted version of the 2004 Motion on the docket in these proceedings from which all confidential, commercial and/or trade secret information shall be redacted; and

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(iii) directing that the unredacted 2004 Motion shall remain under seal and not be made available to anyone other than as set forth herein.

### **Relief Requested**

12. By this Motion, Fareportal seeks entry of an order, substantially in the form attached hereto as <u>Exhibit A</u>, shortening the notice period required by Bankruptcy Rules 2002 and 9006(c) by scheduling the hearing to consider the 2004 Motion on the earliest date on which the Court is available and as determined by the Court to provide sufficient notice thereof.

#### **Basis for Relief**

13. Under Local Rule 9006-1(b), all motions "shall be served at least fourteen (14) days before the return date," except as otherwise ordered by the Court or required by the Bankruptcy Rules. Pursuant to Bankruptcy Rule 9006(c) and Local Rule 9006-1(b), the Court may, in its discretion, order a shortened notice period. *See* Fed. R. Bankr. P. 9006(c)(1) ("[W]hen an act is required or allowed to be done at or within a specified time by these rules or by a notice given thereunder or by order of the court, the court for cause shown may in its discretion with or without motion or notice order the period reduced."); *In re Landmark Park Plaza Ltd. P'ship,* 167 B.R. 752, 757-58 (Bankr. D. Conn. 1994) (shortening time for notice of hearing on creditor's proposed plan and disclosure statement where simultaneous exposure to two rival plans was in the best interest of creditors); *United States v. Air Line Pilots Ass'n, Int'l*, No. 92-115, 1993 WL 559245, at \*7 (D. Del. June 22, 1993) (finding that the bankruptcy court did not abuse its discretion by holding the hearing on the joint fee motion on only six days' notice under Rule 9006(c), rather than on twenty days' notice required under Rule 2002(a)(7)).

14. Farportal submits that cause exists to seek the relief sought in the 2004 Motion under a shortened notice period. As outlined in the 2004 Motion, the Court is scheduled to

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consider the Debtor's Plan of Liquidation on October 13, 2016 (the "<u>Confirmation Hearing</u>"). Due to the current status of the case – specifically the impending solicitation of votes on the Debtor's Plan of Liquidation and Confirmation Hearing -- and the fact that Farportal only recently became aware of the Debtor's bankruptcy proceedings, including the sale of Debtor's Property to Travana, Fareportal believes it is equitable and critical that Fareportal obtain the relief sought in the 2004 Motion as far in advance of the Confirmation Hearing as possible.

15. Specifically, and as set forth in further detail in the 2004 Motion, Fareportal seeks information regarding the identity of the source code sold to Travana and related Property with respect thereto in order to ensure that Fareportal's misappropriated Trade Secrets were not sold as part of the bankruptcy process. To the extent that the proceeds from the sale of the Property to Travana underpin the Debtor's Plan of Liquidation, discovery as to the nature of the Property and whether it includes misappropriated Trade Secrets may become a central issue in confirmation and the case in general. Moreover, to the extent that Fareportal finds that the Property includes misappropriated Trade Secrets or other infringing intellectual property, Fareportal is cognizant of the timeline during which it would need to bring a motion under Federal Rule of Civil Procedure 60(b) (made applicable in bankruptcy proceedings by Federal Rule of Bankruptcy Procedures 9024) given the impending Confirmation Hearing.

16. In addition, Fareportal believes that the information currently sought in the 2004 Motion is narrow in scope and designed for a specific purpose and, in that sense, should be neither burdensome nor particularly difficult for the Debtor to provide in the short term.

17. Accordingly, Fareportal does not believe that a reduction of the notice period will unduly prejudice any party in interest and, is, in fact, warranted under the circumstances.

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18. Fareportal has served notice of the filing of the 2004 Motion in accordance with Rules 2002 and 6004(a) of the Bankruptcy Rules and Local Rules 2002-1 and 6004-1 and will provide a subsequent notice of the hearing and objection deadline for entry of the 2004 Order upon the Court's determination of this Motion by electronic mail. In addition, Fareportal will provide notice of the hearing date and objection deadline by overnight delivery to those parties in interest that do not have electronic mail. Based on the foregoing, Fareportal believes the shortened notice period for entry of the 2004 Order is sufficient and appropriate.

#### **Notice**

19. No trustee or examiner has been appointed in this chapter 11 case. Fareportal will serve notice of this Motion, the deadline to interpose objections to the Motion as well as the hearing to consider the Motion on all parties entitled to such notice in accordance with Bankruptcy Rule 2002. Fareportal respectfully submits that no further notice of this Motion is required.

#### No Prior Request

20. No prior request for the relief sought in this Motion has been made to this or any other court.

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WHEREFORE, Fareportal respectfully requests that the Court enter an order granting the

relief sought herein, substantially in the form attached hereto as Exhibit A, and granting such

other and further relief as may be just and proper.

Dated: August 24, 2016 New York, New York

# SHEPPARD MULLIN RICHTER & HAMPTON LLP

By: <u>/s/ Malani Cademartori</u> Malani J. Cademartori, Esq. Michael Driscoll, Esq. Eric Raphan, Esq. 30 Rockefeller Plaza New York, New York 10112 Tel: (212) 653-8700 Fax: (212) 653-8701 E-mail: mcademartori@sheppardmullin.com eraphan@sheppardmullin.com

Counsel to Fareportal Inc.

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# <u>Exhibit A</u>

**Proposed Order** 

# UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re:

Chapter 11

Case No. 15-11951 (SHL)

AIRFASTTICKETS, INC.,

Debtor.

# ORDER GRANTING FAREPORTAL'S MOTION TO SHORTEN TIME FOR NOTICE OF THE HEARING TO CONSIDER FAREPORTAL'S *EX PARTE* MOTION FOR ORDER AUTHORIZING FAREPORTAL INC. TO (A) CONDUCT A 2004 EXAMINATION OF AIRFASTTICKETS, INC. AND (B) SEEK <u>RELATED DOCUMENT PRODUCTION</u>

Upon the motion (the "**Motion**"),<sup>1</sup> of Fareportal ("**Fareportal**"), for entry of an order shortening the time for notice of the hearing to consider *Fareportal's Ex Parte Motion for Order Authorizing Fareportal Inc. to (A) Conduct a 2004 Examination of Airfasttickets, Inc. and (B) Seek Related Document Production*; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that the relief requested in the Motion is in the best interests of Fareportal and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that, except as otherwise ordered herein, no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor;

# IT IS HEREBY ORDERED THAT:

- 1. The Motion is GRANTED to the extent set forth herein.
- 2. Pursuant to Bankruptcy Rules 2002 and 9006(c) and Local Rule 9006-1(b), the

<sup>&</sup>lt;sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

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hearing for entry of the 2004 Order in connection with the 2004 Motion shall be held on [ ], 2016 at [ ] (ET).

3. Any objection to entry of the 2004 Order shall be due on [ ] at [ ] p.m. (ET).

4. Fareportal shall mail notice of the hearing on entry of the 2004 Order and corresponding objection deadline by overnight and electronic mail (where available) to all entities required under the Bankruptcy Rules within one day after entry of this Order.

5. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. Fareportal is authorized and empowered to take all actions necessary to implement the relief granted in this Order.

7. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: New York, New York August , 2016

> THE HONORABLE SEAN H. LANE UNITED STATES BANKRUPTCY JUDGE