

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

**ORECK CORPORATION,
et al.,**

Debtors.

§
§ **Case No. 13-04006**
§ **Chapter 11**
§ **Judge Lundin**
§
§ **Hearing: Dec. 17, 2013**

**DEBTORS' REPLY TO RESPONSE OF ZHAO HUI FILTERS (US) INC. TO
DEBTORS' SECOND OMNIBUS OBJECTION TO CERTAIN CLAIMS**

The Debtors hereby file this Reply to the Response of Zhao Hui Filters (US) Inc. ("ZHF") to the Debtors' Second Omnibus Objection to Certain Amended Claims and Certain Duplicate Claims [Docket No. 1060.]. For their Reply, the Debtors state as follows:

BACKGROUND

1. ZHF and one of the Debtors, Oreck Manufacturing Company ("OMC"), are parties to a certain Supply and License Agreement (the "Agreement") dated October 28, 2009. The Agreement is signed by a representative of ZHF and John Arena, as Vice President, General Counsel and Secretary of OMC. A true and correct copy of the Agreement is attached hereto as Exhibit A.

2. On August 20, 2013, ZHF filed nine separate § 503(b)(9) claims in the identical amount of \$239,345.57 against each of the Debtors. Similarly, on September 13, 2013, ZHF filed nine separate general unsecured claims in the identical amount of \$800,535.99 against each of the Debtors.

3. On October 28, 2013, the Debtors filed their Second Omnibus Objection to Certain Amended Claims and Certain Duplicate Claims (the "Objection") [Docket No. 983]. The Debtors objected to duplicate claims filed by ZHF in the Debtors' cases (the "Objectionable

Claims"). To allow ZHF to recover on its Objectionable Claims would result in multiple and/or unwarranted recoveries by ZHF.

4. ZHF is not entitled to recover the Objectionable Claims. Based on the clear language in the Agreement, ZHF is only entitled to its claim against OMC. Only those persons named as parties to the contract will be bound by its terms and liable for their breach. *V. L. Nicholson Co. v. Transcon Inv. and Financial Ltd., Inc.*, 595 S.W.2d 474, 482 (Tenn. 1980). *See* 17 Am.Jur.2d Contracts s 294 (1964). The mere mention of the "affiliates" of Oreck in the preamble of the Agreement does not give rise to liability for the remaining Debtors.

5. The only Debtor that was a signatory to the Agreement was OMC. OMC's representative did not have the authority to bind all of the Debtors in his capacity as Vice President, General Counsel and Secretary of OMC. Instead, only OMC was a party and liable under the Agreement.

6. Moreover, ZHF only sent invoices to OMC, not all of the Debtors. The invoices attached to ZHF's proofs of claim are attached hereto as Exhibit B.

7. The Debtors expressly reserve the right to make such other and further responses as may be appropriate at or prior to the hearing on this Objection.

WHEREFORE, for the foregoing reasons, the Debtors respectfully request that this Court grant the Debtors' Second Omnibus Objection to the Objectionable Claims by ZHF.

Dated: January 17, 2014

Respectfully submitted,

/s/ William L. Norton III

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 17th day of January, 2014, the foregoing document was automatically served via the Courts electronic filing system to those parties registered to receive electronic filings in this case.

/s/ William L. Norton III