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| <b>Tate &amp; Lyle Ingredients Am., Inc. v Whitefox Tech.<br/>USA, Inc.</b>                                                                                                                                                                                      |
| 2011 NY Slip Op 33870(U)                                                                                                                                                                                                                                         |
| April 21, 2011                                                                                                                                                                                                                                                   |
| Sup Ct, New York County                                                                                                                                                                                                                                          |
| Docket Number: 600070/2009                                                                                                                                                                                                                                       |
| Judge: Eileen Bransten                                                                                                                                                                                                                                           |
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| This opinion is uncorrected and not selected for official publication.                                                                                                                                                                                           |

## SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: Eileen Bransten  
JusticePART 3Sate & Lyle Ingredients Americas, Inc.

INDEX NO.

600070/09

MOTION DATE

10/27/2010

MOTION SEQ. NO.

007

MOTION CAL. NO.

- v -  
Whitefox Technologies USA, Inc.  
Whitefox Technologies LimitedThe following papers, numbered 1 to 3 were read on this motion to/for Motion to dismiss

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...

Answering Affidavits — Exhibits

Replying Affidavits

## PAPERS NUMBERED

123Cross-Motion: ☐ Yes ☒ No

Upon the foregoing papers, it is ordered that this motion

IS DECIDED

IN ACCORDANCE WITH ACCOMPANYING MEMORANDUM DECISION

RECEIVED

APR 22 2011

MOTION SUPPORT OFFICE  
NYS SUPREME COURT - CIVILDated: 4-21-11Eileen Bransten  
HON. EILEEN BRANSTEN J.S.C.Check one: ☐ FINAL DISPOSITION ☒ NON-FINAL DISPOSITIONCheck if appropriate: ☐ DO NOT POST ☐ REFERENCE☐ SUBMIT ORDER/JUDG.☐ SETTLE ORDER /JUDG.MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE  
FOR THE FOLLOWING REASON(S):

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: PART THREE

-----X  
TATE & LYLE INGREDIENTS AMERICAS, INC.,

Plaintiff,

-against-

Index No.: 600070/2009E

Motion Date: 10/27/2010

Motion Seq. Nos.: 007 & 008

WHITEFOX TECHNOLOGIES USA, INC.;  
and WHITEFOX TECHNOLOGIES LIMITED,

Defendants.

-----X  
WHITEFOX TECHNOLOGIES USA, INC.;  
and WHITEFOX TECHNOLOGIES LIMITED,

Defendants-Counterclaim Plaintiffs,

-against-

TATE & LYLE PLC,

Additional Defendant on Counterclaim.

-----X  
PRESENT: EILEEN BRANSTEN, J.:

Under motion sequence numbers 007 and 008, plaintiff Tate & Lyle Ingredients Americas, Inc. and third-party defendant Tate & Lyle PLC move to dismiss the counterclaims of Whitefox Technologies, USA Inc. and Whitefox Technologies Limited. For the reasons set forth below, the motions to dismiss are granted in part and denied in part.

### **PROCEDURAL HISTORY**

On January 9, 2009, Plaintiff Tate & Lyle Ingredients Americas, Inc. (“Tate USA”) filed a complaint against Defendants Whitefox Technologies, USA Inc. (“Whitefox USA”) and Whitefox Technologies Limited (“Whitefox UK”) (collectively, “Defendants”). On February 18, 2009, Defendants answered. On July 20, 2010, Defendants filed an amended answer and counterclaimed against Tate USA as well as against third-party defendant Tate & Lyle PLC (“Tate UK”) (collectively, the “Tate entities”).

Defendants counterclaimed eight causes of action against the Tate entities: 1) breach of contract; 2) unjust enrichment; 3) conversion; 4) theft of trade secrets; 5) unfair competition; 6) fraudulent concealment; 7) negligent misrepresentation; and 8) tortious interference with contract against Tate UK only. Amended Counterclaims, ¶¶ 1, 111-170.

Under motion sequence number 007, on August 9, 2010, Tate USA moved to dismiss certain of Defendants’ counterclaims. Tate USA filed a memorandum of law in support of its motion (“Tate USA’s 007 Memo”)<sup>1</sup> as well as an affirmation by Paul J. Whitworth (“Tate USA’s 007 Affirm.”). On September 8, 2010, Defendants opposed Tate USA’s motion to dismiss, and filed a memorandum of law in opposition (“Defendants’ 007 Opp. Memo”) with a supporting affirmation by Roni E. Bergoffen (“Defendants’ 007 Affirm.”). On September

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<sup>1</sup> There are two separate motion sequence numbers in this matter, 007 and 008. Both motion sequences were fully briefed. To avoid confusion, when the motion papers are referenced, they are labeled with the motion sequence number for which they were submitted.

22, 2010, Tate USA replied and filed a memorandum in further support of its motion to dismiss (“Tate USA’s 007 Reply”) and a reply affirmation by Paul J. Whitworth (“Tate USA’s 007 Reply Affirm.”).

Under motion sequence number 008, on September 13, 2010, Tate UK moved to dismiss Defendants’ amended counterclaims for lack of personal jurisdiction and for failure to state a claim. Tate UK filed a memorandum of law in support of its motion (“Tate UK’s 008 Memo”) as well as an affirmation by Paul J. Whitworth (“Tate UK’s 008 Affirm.”). On September 30, 2010, Defendants opposed Tate UK’s motion to dismiss and filed a memorandum of law in opposition (“Defendants’ 008 Opp. Memo”) and an affirmation by Roni E. Bergoffen (“Defendants’ 008 Opp. Affirm.”). On October 15, 2010, Tate UK replied and filed a memorandum in further support of its motion to dismiss (“Tate UK’s 008 Reply”) and a reply affirmation by Paul J. Whitworth (“Tate UK’s 008 Reply Affirm.”).

Oral argument on both motions was held on October 21, 2010.

### **FACTUAL BACKGROUND**

This case concerns a licensing agreement between Tate USA and Whitefox USA (the “Licensing Agreement”). Defendants’ 008 Opp. Memo, p. 2. Tate USA and Whitefox USA signed this Licensing Agreement in 2006. Amended Counterclaims, ¶ 24.

Tate USA is a Delaware corporation with its principal place of business in Illinois. Complaint, ¶ 5; Amended Answer, ¶ 5. Tate USA produces ethanol. Complaint, ¶ 5; Amended Answer, ¶ 5. Tate UK is a United Kingdom corporation with its principal place of business in London, England. Amended Counterclaims, ¶ 6.

Whitefox USA is a Delaware corporation with its principal place of business in Delaware. Complaint, ¶ 6; Amended Answer, ¶ 6. Whitefox UK is a United Kingdom corporation with its principal place of business in London, England. Amended Counterclaims, ¶ 10. Whitefox USA is a subsidiary of Whitefox UK. *Id.*, ¶ 15. Whitefox UK develops membrane-based dehydration technology used to produce ethanol. *Id.*, ¶ 16. Whitefox USA licenses Whitefox UK's technology and intellectual property in the United States. *Id.*, ¶ 15.

In 2003, the Tate entities began negotiating to secure a license to use Defendants' technology to produce ethanol. *Id.*, ¶¶ 23-24. In June 2006, Tate USA and Whitefox USA signed the Licensing Agreement. *Id.*, ¶ 24; Tate USA's 007 Reply Affirm., Ex. A (filed under seal). The Licensing Agreement allowed the Tate entities to use Defendants' technology only under specified "approved conditions." Amended Counterclaims, ¶ 28. The Licensing Agreement also protected Defendants' rights in its technology, processes and equipment. *Id.*, ¶ 40.

Beginning in 2007, the Tate entities allegedly damaged Defendants' equipment and technology. *Id.*, ¶¶ 65-66. The Tate entities also allegedly withheld information from Defendants in violation of the contract. *Id.*, ¶ 73. In December 2008, pursuant to the Licensing Agreement, Defendants issued a notice of default to the Tate entities, giving the Tate entities 60 days to cure the default. *Id.*, ¶ 106. In January 2009, the Tate entities attempted to terminate the contract. *Id.*, ¶¶ 107-108. Defendants argue that the Tate entities had no right to attempt to terminate without notice. *Id.*, ¶¶ 107-108.

After the Tate entities attempted to terminate, Defendants issued their own notice of termination in January 2009. *Id.*, ¶ 108. Thereafter, the Tate entities refused to return, continued to use, Defendants' technology and equipment until at least November 2009, ten months after Defendants terminated the contract. *Id.*, ¶¶ 108-109.

### **STANDARD OF LAW**

#### **Motion to Dismiss under CPLR 3211**

"On a motion to dismiss pursuant to CPLR 3211, the pleading is to be afforded a liberal construction .... We accept the facts as alleged in the complaint as true, accord plaintiffs the benefit of every possible favorable inference, and determine only whether the facts as alleged fit within any cognizable legal theory." *Leon v. Martinez*, 84 N.Y. 2d 83, 87-88 (1994); *see also Yan Ping Xu v. New York City Dept. of Health*, 77 A.D. 3d 40, 43 (1st

Dep't 2010). "It is well settled that bare legal conclusions and factual claims, which are either inherently incredible or flatly contradicted by documentary evidence ... are not presumed to be true on a motion to dismiss for legal insufficiency, and that when the moving party offers matter extrinsic to the pleadings, the court need not assume the truthfulness of the pleaded allegations, but rather is required to determine whether the opposing party actually has a cause of action or defense, not whether he has properly stated one." *O'Donnell, Fox & Gartner, P.C. v. R-2000 Corp.*, 198 A.D. 2d 154, 154 (1st Dep't 1993) (internal citations and quotations omitted); *see also JFK Holding Co., LLC v. City of New York*, 68 A.D. 3d 477, 477 (1st Dep't 2009). When "legal conclusions and factual allegations are flatly contradicted by documentary evidence, they are not presumed to be true or accorded every favorable inference." *Biondi v. Beekman Hill House Apt Corp.*, 257 A.D. 2d 76, 81 (1st Dep't 1999).

### ANALYSIS

#### 1. Motion Seq. No. 008: Tate UK's Motion to Dismiss for Lack of Personal Jurisdiction

Under motion sequence number 008, Tate UK moves to dismiss all counterclaims against it for lack of personal jurisdiction. Tate UK's motion is denied.

Defendants argue that although Tate UK did not sign the Licensing Agreement it is nonetheless bound by the Licensing Agreement's forum selection clause. Amended Counterclaims, ¶ 14. Defendants argue that the Tate entities "worked in concert to negotiate,



approve, execute, and carry out the operations under” the Licensing Agreement. *Id.* Defendants argue that because Tate UK was extensively involved in negotiating, controlling and breaching the Licensing Agreement that it was foreseeable that Tate UK would be bound by the forum selection clause. Defendants’ 008 Opp. Memo, pp. 6-10.

In moving to dismiss, Tate UK argues that it did not submit to the jurisdiction of the New York State Courts in New York County. Tate UK’s 008 Memo, pp. 4-19. Tate UK further argues that this court does not have general jurisdiction over it as a foreign entity under CPLR 301 nor specific jurisdiction under CPLR 302. *Id.*, pp. 4-7. Tate UK also argues that this court cannot impute general or specific jurisdiction from Tate USA to Tate UK. *Id.*, pp. 7-15. Finally, Tate UK argues that it would be improper to pierce the corporate veil in this matter and that due process would be violated if the court exercises jurisdiction. *Id.*, pp. 15-19.

CPLR 3211 (a) (8) governs a motion to dismiss for lack of personal jurisdiction. A party opposing a CPLR 3211 (a) (8) motion to dismiss “need only demonstrate that facts may exist whereby to defeat the motion. It need not be demonstrated that they do exist.” *Peterson v. Spartan Industries*, 33 N.Y. 2d 463, 466 (1974) (quotations omitted); CPLR 3211 [d]. “In the context of a CPLR 3211 (a) (8) motion to dismiss ... a plaintiff is not required to make a prima facie showing of jurisdiction.” *Mobile Training & Education v. Aviation Ground Schools of America*, 28 Misc. 3d 1226A, 1226A (N.Y. Supreme Court N.Y. County 2010)

(decision by Justice Bransten) (citing *Peterson v. Spartan Industries*, 33 N.Y.2d at 466). “In order to defeat a dismissal motion, a plaintiff need only demonstrate that jurisdictional facts may exist and that it is entitled to the disclosure expressly sanctioned by CPLR 3211 (d).” *Id.*

Defendants argue that this court has personal jurisdiction over Tate UK. Defendants contend that the Licensing Agreement’s forum selection clause binds Tate UK to this court’s jurisdiction. Defendants’ 008 Opp. Memo, pp. 3-5. Defendants argue that Tate UK was “intimately involved” in all aspects of the Licensing Agreement’s creation, negotiation, implementation and dissolution, as well as the Tate entities’ use of Defendants’ technology pursuant to the Licensing Agreement. Defendants’ 008 Opp. Memo, p. 3. Defendants allege that: 1) Tate UK and Tate USA acted as and held themselves out as one entity at all times; 2) Tate UK’s employees negotiated and performed due diligence for the Licensing Agreement; 3) Tate USA required Tate UK’s executives’ approval in order to sign the Licensing Agreement; 4) Tate UK’s employees tested Defendants’ technology; 5) Tate UK’s engineers worked on Tate USA’s worksites for the projects involving Defendants’ technology; 6) Tate UK’s CEO made the decision for the Tate entities to stop performing under the Licensing Agreement; and 7) after Defendants terminated the Licensing Agreement in January 2009, Tate UK’s CEO made the decision for the Tate entities to refuse to return Defendants’ equipment and technology, and also decided that the Tate entities would continue to use Defendants’ equipment and technology until November 2009. *Id.*, pp. 3-7.

Forum selection clauses bind non-signatory corporations if the corporations are “sufficiently close in their relation” to the signatory-corporation or the dispute. *Indosuez International Finance, B.V. v. National Reserve Bank*, 304 A.D. 2d 429, 431 (1st Dep’t 2003), citing *International Private Satellite Partners, L.P. v. Lucky Cat*, 975 F. Supp. 483, 486 (W.D.N.Y. 1997) (“it is well established that a range of transaction participants, parties and non-parties, should benefit from and be subject to forum selection clauses. An entity that is not a party to a contract containing a forum selection clause may therefore be bound by the clause if the entity is closely related to the dispute such that it becomes foreseeable that it will be bound”) (citations and quotations omitted). A “non-signatory defendant must be [so] closely related to the dispute such that it becomes foreseeable that it will be bound” by a forum selection clause. *Universal Grading Service v. eBay*, 2009 US Dist. LEXIS 49841, at \* 58-59, 2009 WL 2029796, at \*16 (E.D.N.Y. June 9, 2009).

Tate UK argues that, as a non-signatory, it should not be bound to the forum selection clause. It argues that in cases where a forum selection clause binds a non-signatory corporation, that 1) the non-signatory corporation was the successor to the signatory corporation by a *de facto* merger; 2) a merger of identity occurred between a parent and subsidiary corporation; or 3) the parent corporation exercised total control over the subsidiary. Tate UK’s 008 Reply, pp. 2-3. Tate UK argues that no *de facto* merger, merger of identity, or incidence of total domination is present here, and that therefore Tate UK

cannot be bound by the forum selection clause. *Id.* Tate UK also argues that the factual record belies Defendants' arguments. Tate UK states that: 1) Tate UK's employees did not predominantly conduct the Licensing Agreement negotiations; 2) Tate UK's CEO did not know who decided to stop paying Defendants; and 3) there is no legal precedent for the proposition that Tate UK's review of the Licensing Agreement bound them to its forum selection clause. Tate UK's 008 Reply, pp. 5-7.

The standard of law applicable at this stage of the pleading is not that total control exists or that a *de facto* merger occurred, but rather that facts may exist that would show that a non-signatory corporation is closely related to either the dispute or the subsidiary corporation that it was reasonably foreseeable that the non-signatory would be bound by the forum selection clause. *Indosuez International Finance, B.V. v. National Reserve Bank*, 304 A.D. 2d at 431; *Dogmoch Int'l Corp. v. Dresdner Bank AG*, 304 A.D.2d 396, 397 (1st Dep't 2003). Facts may exist here showing a sufficiently close relationship between Tate UK and Tate USA such that Tate UK may be bound by the forum selection clause. *Peterson v. Spartan Industries*, 33 N.Y. 2d at 466; *Mobile Training & Education v. Aviation Ground Schools of America*, 28 Misc. 3d at 1226A; *Indosuez International Finance, B.V. v. National Reserve Bank*, 304 A.D. 2d at 431; *Dogmoch Int'l Corp. v. Dresdner Bank AG*, 304 A.D. 2d at 397).

Tate UK admits that: 1) Tate UK employees were involved in the negotiations for the Licensing Agreement; 2) Tate UK's CEO made the ultimate decision to abandon Defendants' equipment and sue Defendants; 3) Tate UK's CEO based his decision on Tate UK executives' recommendations; and 4) Tate USA required Tate UK's approval before signing the Licensing Agreement. Tate UK's Memo, pp. 4-19. These facts imply that Tate UK was so closely related to Tate USA and the Licensing Agreement that Tate UK may have foreseen being bound by the forum selection clause. *Indosuez International Finance, B.V. v. National Reserve Bank*, 304 A.D. 2d at 431; *Dogmoch Int'l Corp. v. Dresdner Bank AG*, 304 A.D. 2d at 397. Other facts may exist that would prove that Tate UK was so closely related here that it foresaw or should have foreseen being bound by the forum selection clause. *Peterson v. Spartan Industries*, 33 N.Y. 2d at 466, *Mobile Training & Education v. Aviation Ground Schools of America*, 28 Misc. 3d at 1226A (to defeat a motion to dismiss, a plaintiff need only demonstrate that jurisdictional facts may exist supporting personal jurisdiction).

Tate UK's motion to dismiss all counterclaims against it for lack of personal jurisdiction is denied.

**2. Motion Seq. No. 007 & 008: The Tate Entities' Motions to Dismiss Counterclaims for Failure to State a Claim Under CPLR 3211**

Under motion sequence numbers 007 and 008, the Tate entities (Tate UK and Tate USA) move to dismiss Defendants' second through the seventh counterclaims for failure to

state a claim. Under motion sequence number 008, Tate UK further moves to dismiss the eighth counterclaim, which Defendants assert only against Tate UK. Tate UK joins and adopts Tate USA's arguments as to the second through the seventh counterclaims. Tate UK's 008 Memo, pp. 20-21. The court therefore addresses the Tate entities' arguments to dismiss the second through seventh counterclaims collectively, and Tate UK's arguments to dismiss the eighth counterclaim as Tate UK's arguments.

#### **A. Second Counterclaim for Unjust Enrichment**

The Tate entities' motion to dismiss Defendants' second counterclaim for unjust enrichment is denied.

Defendants claim that the Tate entities unjustly enriched themselves by "receiving and using modules, trade secrets and confidential proprietary information and not paying [Defendants] the agreed-upon licensing fees." Amended Counterclaims, ¶ 120. Defendants argue that this alleged unjust enrichment occurred in the ten months after Defendants rescinded the Licensing Agreement, between January and November 2009. Amended Counterclaims, ¶¶ 108-109; Defendants' 007 Memo, p. 5. The Tate entities argue that Defendants' unjust enrichment claim is barred because a valid contract exists between the parties and because the claim arises out of the same subject matter of the contract of which Defendants claim breach. Tate USA's 007 Memo, pp.3-4. The Tate entities also raise

further arguments in their reply memorandum. Tate USA's 007 Reply Memo, pp. 2-3. However, the court may not consider arguments raised for the first time in reply papers. *Shia v. McFarlane*, 46 A.D. 3d 320, 321 (1st Dep't 2007).

A party may recover for unjust enrichment for the time after the rescission of a contract. *Waldman v. Englishtown Sportswear*, 92 A.D. 2d 833, 836 (1st Dep't 1983) (allowing plaintiff's unjust enrichment claim to stand for the period following the termination of his contract); *see also Elite Investigations v. St. Regis Hotel Joint Venture*, 197 A.D. 2d 456, 456-457 (1st Dep't 1993) (citing *Waldman v. Englishtown Sportswear*, 92 A.D. 2d 833 and allowing an unjust enrichment claim to stand for period following termination of an agreement); *see also Branick Intl. Realty Corp v. City of New York*, 27 Misc. 3d 1222A, 1222A (N.Y. Supreme Court N.Y. County 2010) (decision by Justice Jaffe) (citing *Waldman v. Englishtown Sportswear*, 92 A.D. 2d 833 and allowing an unjust enrichment claim to stand for time period following termination of an agreement). Thus, Defendants may recover against the Tate entities for unjust enrichment for the period following the alleged breach. *Waldman*, 92 A.D. at 836.

The court accepts Defendants' facts as true for the purposes of a motion to dismiss the counterclaims. *Leon v. Martinez*, 84 N.Y. 2d at 87-88; *Yan Ping Xu v. New York City Dept. Of Health*, 77 A.D. 3d at 43. Defendants state that Defendants rescinded the contract in January 2009. Amended Counterclaims, ¶¶ 107-109, 120. Defendants also allege that the

Tate entities used the Defendants' technology and equipment after the rescission. *Id.* Nothing provides any indication that the rescinded contract's provisions still apply after the rescission. Defendants' unjust enrichment claim is allowed for the period following the rescission of the contract. *Waldman v. Englishtown Sportswear*, 92 A.D. 2d at 836, *Elite Investigations v. St. Regis Hotel Joint Venture*, 197 A.D. 2d at 456-457, *Branic Intl. Realty Corp v. City of New York*, 27 Misc. 3d at 1222A.

#### **B. Third Counterclaim for Conversion**

The Tate entities' motion move to dismiss Defendants' third counterclaim for conversion is granted.

Defendants claim that the Tate entities deprived Defendants of their property interest by using, damaging and withholding from Defendants their "modules, trade secrets and other confidential proprietary information." Amended Counterclaims, ¶ 125. The Tate entities argue that Defendants' conversion claim should be dismissed because: 1) the conversion claim duplicates the breach of contract claim; and 2) conversion claims are not permitted for trade secrets or other intangible property. Tate USA's 007 Memo, pp. 4-6.

The elements of conversion are 1) a party' right or interest in certain property; and 2) the opposing party's dominion over or interference with the property to the detriment of the first party's right. *Colavito v. New York Organ Donor Network, Inc.*, 8 N.Y.3d 43, 50



(2006). Conversion claims that are merely duplicative of contract claims should be dismissed. *Automobile Coverage, Inc v. American Intl. Group, Inc*, 42 A.D. 3d 405, 407 (1st Dep't 2007); *Richbell Information Services v. Jupiter Partners, LP*, 309 A.D. 2d 288, 306 (1st Dep't 2003).

Defendants' breach of contract claim states that the Tate entities breached by: failing to use Defendants' modules correctly; failing to pay for repairs to damaged modules; failing to provide Defendants with monthly data or allowing Defendants to inspect their equipment; disassembling modules; and not returning the modules to Defendants following the contract's rescission. Amended Counterclaims, ¶ 113.

Similarly, Defendants' conversion claim asserts that the Tate entities converted Defendants' property by using, damaging and withholding modules; failing to provide information regarding the modules to Defendants; and failing to return Defendants' property on demand. *Id.*, ¶ 125. Defendants' breach of contract claim also alleges that the Tate entities did not return the equipment as per the contract, a claim that also is repeated in the conversion claim. Complaint, ¶¶ 113, 125. No discernable difference exists between these two claims and they are duplicative. Defendants' conversion claim is therefore dismissed. *Automobile Coverage, Inc v. American Intl. Group, Inc*, 42 A.D. 3d at 407, *Richbell Information Services v. Jupiter Partners, LP*, 309 A.D. 2d at 306.

Defendants argue that their conversion claim is not duplicative of the breach of contract claim. Defendants argue that the Tate entities used Defendants' property after Defendants terminated the Licensing Agreement and after Defendants demanded the return of its property. Defendants' 007 Opp. Memo, pp. 8-9. Defendants contend that their argument is supported by the holdings of *470 West End Corp v. East River Savings Bank*, 102 Misc. 2d 1024 (N.Y. Civil Court N.Y. County 1980); *Sullivan & Cromwell LLP v. Charney*, 15 Misc. 3d 1128A (N.Y. Supreme Court N.Y. County 2007) (decision by Justice Fried); and *Volt Delta Resources LLC v. Soleo Communications, Inc.*, 11 Misc. 3d 1071A (N.Y. Supreme Court N.Y. County 2006) (decision by Justice Fried). Defendants' 007 Opp. Memo, p. 9.

Defendants' asserted cases are inapposite. *470 West End* involved a mortgage contract between the plaintiff and a defendant bank. *470 West End Corp v. East River Savings Bank*, 102 Misc. 2d at 1027. The plaintiff had previously employed an agent to deliver a check in partial fulfillment of a mortgage contract. *Id.* The defendant bank had previously accepted a check from the agent on behalf of plaintiff's mortgage contract. *Id.* However, the agent had deposited the check in violation of plaintiff's express directions, and the plaintiff both discharged the agent and demanded the return of the mortgage check from the bank. *Id.* With full knowledge of the agent's discharge, the defendant bank nonetheless wrongfully refunded the plaintiff's check to the discharged agent. *Id.*

The court in *470 West End* found that the act of “returning the deposit to the discharged agent amounted to a violation of [a] duty and an act of conversion” and that the act constituted “an overt and positive act of conversion” that was separate from the failure to return the deposit to the plaintiff. *470 West End Corp v. East River Savings Bank*, 102 Misc. 2d at 1027. The facts in *470 West End* are not analogous. Here, there is no allegation that the Tate entities have done anything to Defendants’ property other than retaining it and using it as they did before, in breach of the Licensing Agreement. Amended Counterclaims, ¶ 113. There is no alleged overt and positive act of conversion here. *cf. 470 West End v. East River Savings Bank*, 102 Misc. 2d at 1027.

In *Volt Delta*, the plaintiff alleged breach of contract in the defendant’s use of its license outside the license’s scope and for failing to pay royalties. *Volt Delta Resources LLC v. Soleo Communications, Inc.*, 11 Misc. 3d at 1071A. The plaintiff did not allege, as part of the breach of contract claim, that the defendant retained the property. *Id.* Instead, the plaintiff in *Volt Delta* only alleged that the defendant wrongfully retained the plaintiff’s property in the conversion claim. *Id.* This is not the case here, where Defendants specifically included as part of both their breach of contract claim and their conversion claim the allegation that the Tate entities retained Defendants’ property after termination of the Licensing Agreement. Amended Counterclaims, ¶ 113.

Finally, *Sullivan & Cromwell* is inapposite because it did not involve a challenge to a conversion claim as being duplicative of a breach of contract claim. In *Sullivan & Cromwell*, the court refused to dismiss either the breach of contract claim or the conversion claim. Although, as Defendants argue, the court in *Sullivan & Cromwell* stated that “conversion arises when the owner demands the return of its property and the demand is refused,” *Sullivan & Cromwell LLP v. Charney*, 15 Misc. 3d at 1128A, *Sullivan & Cromwell* does not overrule appellate law which states that conversion claims that duplicate breach of contract claims should be dismissed. See *Automobile Coverage, Inc v. American Intl. Group, Inc*, 42 A.D. 3d at 407, *Richbell Information Services v. Jupiter Partners, LP*, 309A.D. 2d at 306. *Sullivan & Cromwell*, like *470 West End*, and *Volt Delta*, is not dispositive here.

Defendants also argue that their conversion claim is not duplicative of the breach of contract claim because the Tate entities used Defendants’ property in a manner that the Licensing Agreement did not contemplate. Defendants’ 007 Opp. Memo, pp. 8-10. However, Defendant’s argument restates the breach of contract claim’s allegation that the Tate entities violated the approved conditions for using Defendants’ property; damaged and disassembled Defendants’ property; and did not repair the damaged property. Amended Counterclaims, ¶ 113. Defendants conversion claim merely re-states that the Tate entities subjected Defendants’ property “to unapproved conditions” in violation of the Licensing Agreement that damaged Defendants’ property. Defendants 007 Opp Memo, p. 10.

Defendants never allege that the Tate entities committed an overt and positive act of conversion beyond mere violations of the Licensing Agreement, which are covered by the breach of contract claim. *MacDonnell v. Buffalo Loan Trust & Safe Deposit*, 193 N.Y. 92, 101 (1908); *see also 470 West End*, 102 Misc. 2d at 1027 (citing *MacDonnell v. Buffalo Loan Trust & Safe Deposit*, 193 N.Y. at 101).

The Tate entities, to the extent the conversion claim involves intangible property such as trade secrets, also argue to dismiss the conversion claim on the grounds that only tangible property may be subject to a conversion action. Tate USA's 007 Memo pp. 6-7. This argument has merit.

The subject matter of a conversion action must be tangible personal property. *Barrett v. Toroyan*, 28 A.D.3d 331, 333 (1st Dep't 2006). The Court of Appeals recently expanded conversion to cover electronic documents "indistinguishable from printed documents." *Thyroff v. Nationwide Mut. Ins. Co.*, 8 N.Y.3d 283, 292-293 (2007). However, the Court of Appeals severely limited this holding, stating because *Thyroff* only examined electronic records that were indistinguishable from printed documents, "we do not consider whether any of the myriad other forms of virtual information should be protected by the tort." *id.* at 293. Therefore, *Barrett's* holding is still good law for all other intangible property, including trade secrets. As such, any claim for conversion of intangible property such as trade secrets would

be dismissed on these grounds as well. The Tate entities motion to dismiss Defendants' conversion claim is granted.

### **C. Fourth Counterclaim for Theft of Trade Secrets**

The Tate entities' motion to dismiss Defendants' fourth counterclaim for theft or misappropriation of trade secrets is denied.

Defendants allege that the confidential information that they provided to the Tate entities is entitled to trade secret status. Amended Counterclaims, ¶ 128. Defendants contend that the confidential information: is not known by competitors or third parties; gives Defendants significant competitive advantage over competitors; is not generally known by the public; and cost millions in research and man-hours to formulate. *id.*, ¶¶ 128-130. Defendants allege that the Tate entities continue to use Defendants' trade secrets without license. *Id.*, ¶ 134. Defendants further allege that the Tate entities discussed Defendants' trade secrets with Defendants' competitors. *Id.*, ¶¶ 137-138.

To establish a claim for misappropriation of trade secrets, a party must show that: 1) it possesses a trade secret; and 2) the opposing party used that trade secret in breach of an agreement, confidence, or duty, or as a result of discovery by improper means. *Sylmark Holdings Ltd. v. Silicone Zone Int'l Ltd.*, 5 Misc. 3d 285, 297 (N.Y. Supreme Court N.Y. County 2004) (decision by Justice Cahn) (citations omitted); *see also North Atlantic*

*Instruments v. Haber*, 188 F. 3d 38, 43-44 (2nd Cir. 1999); *Krispy Kreme Doughnut v. Satellite Donuts*, 725 F. Supp. 2d 389, 397 (S.D.N.Y. 2010).

The Tate entities argue that Defendants' misappropriation of trade secrets claim duplicates Defendants' breach of contract claim. Tate USA's 007 Memo, pp. 6-7. However, Defendants' breach of contract claim does not mention or involve Defendants' trade secrets. See Amended Counterclaims, ¶¶ 111-116. Thus, this argument is unavailing.

The Tate entities also argue that Defendants fail to satisfy the second element required to state a claim for misappropriation of trade secrets. Tate USA's 007 Memo, pp. 6-7. The Tate entities argue that Defendants do not allege any confidence or duty owed by the Tate entities to Defendants apart from the Licensing Agreement. *Id.*, p. 7. However, a claim for misappropriation of trade secrets can be based on a breach of contract as well as on a confidence or duty. *Sylmark Holdings Ltd. v. Silicone Zone Int'l Ltd.*, 5 Misc. 3d at 297; *North Atlantic Instruments v. Haber*, 188 F. 3d at 43-44; *Krispy Kreme Doughnut v. Satellite Donuts*, 725 F. Supp. 2d at 397. Defendants here allege a breach of contract as the basis of their misappropriation of trade secret claim. Amended Counterclaims, ¶¶ 128-138. Defendants' claim for misappropriation for trade secrets is not duplicative of the breach of contract claim because the breach of contract claim is a necessary prong of the misappropriation of trade secrets claim. *Sylmark Holdings Ltd. v. Silicone Zone Int'l Ltd.*,

5 Misc. 3d at 297; *North Atlantic Instruments v. Haber*, 188 F. 3d at 43-44; *Krispy Kreme Doughnut v. Satellite Donuts*, 725 F. Supp. 2d at 397.

The Tate entities next argue that Defendants fail to allege that Defendants possessed any trade secrets, the necessary first prong to establish a claim for misappropriation of trade secrets. Tate USA's 007 Memo, pp. 7-9; *Sylmark Holdings Ltd. v. Silicone Zone Int'l Ltd.*, 5 Misc. 3d at 297. The Tate entities argue that Defendants' allegations of possession of trade secrets are nothing more than bare legal conclusions. Tate USA's 007 Memo, pp.7-8.

A trade secret is "any formula, pattern, device or compilation of information which is used in one's business, and which gives [the party] an opportunity to obtain an advantage over competitors who do not know or use it." *Ashland Management v. Janien*, 82 N.Y. 2d 395, 407 (1993). Several factors to be considered in deciding whether something is a trade secret are: 1) the extent to which the information is known outside of the business; 2) the extent to which it is known by employees and others involved in the business; 3) the extent of measures taken by the business to guard the secrecy of the information; 4) the value of the information to the business and its competitors; 5) the amount of effort or money expended by the business in developing the information; 6) the ease or difficulty with which the information could be properly acquired or duplicated by others. *Id.*

Defendants have sufficiently alleged that they possessed trade secrets sufficient to survive a motion to dismiss. Defendants have alleged that the trade secrets they possess



involve: 1) proprietary procedures for startup, operation and shut down of modules; 2) materials used in the fiber bundle models and the modules; 3) dimensions and components of the fiber bundle models; 4) the effect of variations in process variables on the condition and efficacy of the modules; 5) tolerances of each component; 6) design of the modules; and 7) operations manuals regarding the modules. Amended Counterclaims, ¶ 49; Defendants' 007 Opp Memo, pp. 11-12. Procedures, designs and materials can be trade secrets. *See, FMC Corp. v. Taiwan Tainan Giant Industrial Co.*, 730 F. 2d 61, 63 (2nd Cir. 1984) (compound formulas, processes of manufacturing, methods for treating material and equipment specifications are "paradigmatic trade secrets under New York law"). Accepting all facts alleged in the complaint as true, and according Defendants the benefit of every possible inference, the court determines that Defendants have alleged that they possessed trade secrets to a degree sufficient to withstand a motion to dismiss. *Leon v. Martinez*, 84 N.Y. 2d at 87-88. The Tate entities's motion to dismiss Defendants' fourth counterclaim for theft or misappropriation of trade secrets is denied.

#### **D. Fifth Counterclaim for Unfair Competition**

The Tate entities' motion to dismiss Defendants' fifth counterclaim for unfair competition is denied.

Defendants allege that the Tate entities unfairly compete with Defendants by using Defendants' trade secrets without a license or payment of licensing fees. Amended Counterclaims, ¶ 142. Defendants also allege that the Tate entities unfairly competed with Defendants by speaking to Defendants' competitors about Defendants' trade secrets in order to develop similar technology, and also unfairly competed by failing to return Defendants' equipment. *Id.*, ¶¶ 142, 143.

The Tate entities argue that Defendants fail to state claim for unfair competition. Tate USA's 007 Memo, pp. 9-11. The Tate entities contend that: 1) Defendants' unfair competition claim duplicates Defendants' breach of contract claim; and 2) that Defendants fail to allege that the Tate entities exploited Defendants' property to gain a competitive edge. *Id.*

In opposition, Defendant argues that: 1) the unfair competition claim does not duplicate the breach of contract claim; and 2) an unfair competition claim does not require actual competition between the parties. Defendants' 007 Opp. Memo, pp. 15-18.

The tort of unfair competition is based upon the misappropriation and improper use of another's commercial asset or trade secrets to gain an advantage. *Ruder & Finn v. Seaboard Surety Co.*, 52 N.Y. 2d 663, 671 (1981); *CBS Corp. v. Dumsday*, 268 A.D. 2d 350, 353 (1st Dep't 2000) (citing *Ruder & Finn v. Seaboard Surety Co.*, 52 N.Y. 2d 663). "New York courts have not explicitly defined what types of actions qualify as unfair competition."

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*Louis Capital Markets, L.P. v. REFCO Group Ltd, LLC*, 9 Misc. 3d 283, 288 (N.Y. Supreme Court N.Y. County 2005) (decision by Justice Ramos).

Tate USA and Tate UK (the “Tate entities”) argue that Defendants fail to allege that the Tate entities exploited Defendants’ property to gain a competitive advantage. Tate USA’s 007 Memo, pp. 10-11. The Tate entities argue that Defendants have not alleged a bad faith misappropriation nor any other competitive exploitation. *Id.*, p. 10. The Tate entities further argue that they are not in competition with Defendants. *Id.* However, “competition of product is not an essential element of unfair competition.” *Greyhound Corp v. Greyhound Securities*, 26 Misc. 2d 303, 304 (N.Y. Supreme Court N.Y. County 1960) (decision by Justice Gold). Defendants must only allege that the Tate entities misappropriated and improperly used Defendants’ trade secrets to gain an advantage. *Ruder & Finn v. Seaboard Surety Co.*, 52 N.Y. 2d at 671; *CBS Corp. v. Dumsday*, 268 A.D. 2d at 353). Here, Defendants allege that the Tate entities are wrongfully using Defendants’ trade secrets to develop with Defendants’ competitors technology similar to Defendants’ technology. Amended Counterclaims, ¶ 143. The Tate entities’ argument that Defendants fail to allege exploitation of Defendants’ property to gain an unfair advantage is therefore not dispositive here. *Greyhound Corp v. Greyhound Securities*, 26 Misc. 2d at 304.

The Tate entities also argue that Defendants’ unfair competition claim duplicates its breach of contract claim. The Tate entities contend that breach of contract claim and the

unfair competition claim allege that the Tate entities have failed to pay licensing fees for Defendants' trade secrets. Amended Counterclaims, ¶¶ 113, 142. However, Defendants' unfair competition claim also alleges that the Tate entities presently exploit Defendants' trade secrets and share the trade secrets with other competitors. *Id.*, ¶¶ 113, 143. The Tate entities' present use of Defendants' trade secrets is not part of Defendants' breach of contract claim. *Id.* It is unclear whether these the Tate entities' current actions actually constitute a tort independent from the breach of contract claim. However, upon a motion to dismiss, the court must take all inferences in favor of the non-moving party. *Leon*, 84 N.Y. 2d at 87-88. Accepting all facts alleged in the complaint as true, and according Defendants the benefit of every possible inference, the court determines that Defendants allege an unfair competition claim that is not duplicative of its breach of contract claim. *Id.* Therefore, the Tate entities motion move to dismiss Defendants' fifth counterclaim for unfair competition is denied.

**E. Sixth Counterclaim for Fraudulent Concealment and Seventh Counterclaim for Negligent Misrepresentation**

The Tate entities' motion to dismiss Defendants' sixth counterclaim for fraudulent concealment and Defendants' seventh counterclaim for negligent misrepresentation is granted.

Defendants allege that the Tate entities fraudulently concealed and negligently misrepresented several vital facts regarding the conditions at the factories where the Tate

entities used Defendants' technology. Amended Counterclaims, ¶¶ 147, 154. Defendants allege that the Tate entities were in a special and unique position of superior knowledge in respect to Defendants regarding these conditions, and that Defendants had no way to verify the Tate entities' statements about the conditions. *id.*, ¶¶ 148-149. Defendants allege that the Tate entities' position of superior knowledge created a special relationship between Defendants and the Tate entities, and the Tate entities had a duty to disclose any concealed facts that were vital to Defendants' technology. *Id.*, ¶ 150.

The Tate entities' alleged misrepresentations and omissions include: 1) telling Defendants that the factories would be run under the approved conditions of the contract; 2) representing that the Tate entities could control materials flowing into the modules; 3) not informing Defendants that the Tate entities could not avoid damaging the modules; and 4) not informing Defendants about conditions to which the Tate entities subjected the modules. *Id.*, ¶ 157. Defendants further allege that these misrepresentations and omissions amount to negligent misrepresentation as well. *Id.*, ¶¶ 156-164.

In moving to dismiss the claim, the Tate entities argue that Defendant's fraudulent concealment and negligent misrepresentation claims: 1) duplicate Defendants' breach of contract claim; 2) are not pled in sufficient detail; and 3) fail to allege a special relationship or duty to disclose. Tate USA's 007 Memo, pp. 12-18.

A claim of fraud concerning a contract must allege: 1) a misrepresentation of fact, not of future intent; 2) that the fact is extraneous to the contract; and 3) that the fact either induced the allegedly defrauded party to enter into the contract or otherwise involves a duty separate from a duty that the contract imposes. *Orix Credit Alliance v. R.E. Hable Co.*, 256 A.D. 2d 114, 115 (1st Dep't 1998), *Hawthorne Group, LLC v. RRE Ventures*, 7 A.D. 3d 320, 323 (1st Dep't 2004). "A fraud claim that only restates a breach of contract claim may not be maintained." *Orix Credit Alliance v. R.E. Hable Co.*, 256 A.D. 2d at 115; *see also Schur v. Watner*, 2009 NY Slip. Op. 30847U, at \*5 (N.Y. Supreme Court N.Y. County 2009) (decision by Justice Kornreich) (citing *Orix Credit Alliance v. R.E. Hable Co.*, 256 A.D. 2d 114).

A claim for negligent misrepresentation should be dismissed if it is not separate, distinct or independent from a breach of contract claim. *Rocco v. Town of Smithtown*, 229 A.D. 2d 1034, 1035 (4th Dep't 1996); *RKB Enterprises v. Ernst & Young*, 182 A.D. 2d 971, 972 (3d Dep't 1992); *125 West 22nd St. Holding, LLC v. Calabrese Associates*, 2008 NY Slip. Op. 32249U, at \*7 (N.Y. Supreme Court N.Y. County 2008) (decision by Justice Ramos).

Defendants' claims for fraudulent concealment and negligent misrepresentation replicate Defendants' claim for breach of contract. The contractual obligations that the Tate entities allegedly breached included: 1) a failure to operate modules in accordance with the

Licensing Agreement's approved conditions; and 2) a failure to provide monthly data to Defendants; 3) failure to allow Defendants access to inspect the facilities. Amended Counterclaims, ¶ 113. These alleged breaches are identical to Defendants' allegations supporting their claims for fraudulent concealment and negligent misrepresentation, wherein Defendants allege that: 1) the Tate entities represented that the factories would be run in accordance with the Licensing Agreement's approved conditions and were not; 2) the Tate entities failed to provide data to Defendants; and 3) the Tate entities failed to allow Defendants access to inspect the facilities. *Id.*, ¶¶ 147,-148, 157-158. Defendants allege no facts that are extraneous or collateral to the contract as a basis for the fraudulent concealment and negligent misrepresentation claims. The facts that Defendants allege are material to the contract provisions, thereby negating any claims of negligent misrepresentation or fraudulent concealment. *Orix Credit Alliance v. R.E. Hable Co.*, 256 A.D. 2d at 115; *Rocco v. Town of Smithtown*, 229 A.D. 2d at 1035.

The Tate entities also move to dismiss Defendants' sixth and seventh counterclaims because: 1) the fraudulent concealment and negligent misrepresentation claims are not pled in sufficient detail; and 2) the fraudulent concealment and negligent misrepresentation claims fail to allege a special relationship or duty to disclose. Tate USA's 007 Memo, pp. 12-18. Because the court dismisses Defendants' sixth and seventh counterclaims on other grounds, it need not consider the Tate entities' remaining arguments.

### **F. Eighth Counterclaim for Tortious Interference with Contract**

Finally, Tate UK's motion to dismiss Defendants' eighth counterclaim for tortious interference with contract is denied.

Defendants allege that Tate UK: 1) knew about the Licensing Agreement between Tate USA and Whitefox USA; 2) knew that Tate USA could not operate under the Licensing Agreement's approved conditions; and 3) induced and procured Tate USA's breach of the Licensing Agreement. Amended Counterclaims, ¶¶ 166-168. In moving to dismiss, Tate UK argues that: 1) Defendants fail to state a claim for tortious interference of contract against Tate UK; and 2) the *Felsen* doctrine (detailed below) allows Tate UK to interfere with Tate USA's contracts. Tate UK's 008 Memo, pp. 21-23.

To state a claim for tortious interference with contract, a party must allege: 1) the existence of a valid contract between it and a third party; 2) the opposing party's knowledge of that contract; 3) the intentional procuring of the breach, and 4) damages. *Foster v. Churchill*, 87 N.Y. 2d 744, 749-750 (1996); *Cognata v. Next Management LLC*, 2009 NY Slip. Op. 30598U, \*6-7 (N.Y. Supreme Court N.Y. County 2009) (decision by Justice Tolub) (quoting *Foster v. Churchill*, 87 N.Y. 2d at 749-750).

Tate UK's argument that Defendants fail to state a claim for tortious interference is merely an unsupported conclusory statement. *See* Tate UK's 008 Memo, p. 21. Defendants have pleaded that a contract existed between Tate USA and Whitefox UK; that Tate UK



knew about this contract; that Tate UK intentionally procured the breach of the contract; and that Tate UK's interference caused damages to all Defendants. Amended Counterclaims, ¶¶ 165-170. Defendants thus allege all four prongs required to state a claim for tortious interference with contract. *Foster v. Churchill*, 87 N.Y. 2d at 749-750.

Tate UK further argues that even if Defendants state a claim for tortious interference with contract, that the claim is justified by the *Felsen* "economic interest" doctrine. Tate UK's 008 Memo, pp. 21-23; Tate UK's 008 Reply Memo, pp. 7-9. The *Felsen* doctrine derives from *Felsen v. Sol Cafe*, 24 N.Y. 2d 682 (1969). In *Felsen*, the Court of Appeals stated that "a person who has a financial interest, as a stockholder, in the business of another is privileged to interfere with a contract which that other person or business had with a third person if his purpose is to protect his own interest and if he does not employ improper means." *Id.* at 687 (citations omitted); *see also Jonas v. Newedge USA, LLC*, 2008 NY Slip. Op. 32168U, at \*20 (N.Y. Supreme Court N.Y. County 2008) (decision by Justice Lowe) (quoting *Felsen v. Sol Cafe*, 24 N.Y. 2d at 687). "Procuring the breach of a contract in the exercise of equal or superior right is acting with just cause or excuse and is justification for what would otherwise be an actionable wrong." *Felsen v. Sol Cafe*, 24 N.Y. 2d at 687 (citations omitted); *Torrenzano Group, LLC v. Burnham*, 26 A.D. 3d 242, 243 (1st Dep't 2006) (quoting *Felsen v. Sol Cafe*, 24 N.Y. 2d at 687).

To prove economic justification for interference under the *Felsen* doctrine, a party must show “that it acted to protect its own legal or financial stake in the breaching party’s business.” *White Plains Coat & Apron Co., Inc. v. Cintas Corp.*, 8 N.Y. 3d 422, 426 (2007); *RennerGlobe, Inc. v. Northeast Biofuels, LLC*, 24 Misc. 3d 1212A, 1212A (N.Y. Supreme Court N.Y. County 2009) (decision by Justice Bransten).

Tate UK argues that the *Felsen* doctrine is “an absolute bar” to Defendants’ tortious interference claim. Tate UK’s 008 Memo, p. 22. Tate UK argues that Defendants recognize that Tate UK’s interference with the contract was in support of Tate UK’s economic interest. *id.* Tate UK argues that any interference with the contract was a result of damage to the Tate entities’ modules and Defendants inability to abide by the terms of the contract. *id.* Tate UK argues that such economic self-interest is justified by the *Felsen* doctrine.

To prove economic justification under the *Felsen* doctrine, Tate UK cites only to the testimony of Tate UK’s CEO, who stated that much of Defendants’ debit and credit happened to be Tate UK’s money. Tate UK’s 008 Reply Memo, p. 8; Defendants’ 008 Affirm, Ex. 4 (filed under seal). This evidence is not sufficient to prove economic justification in the context of a motion to dismiss. *White Plains Coat & Apron Co., Inc. v. Cintas Corp.*, 8 N.Y. 3d at 426; *RennerGlobe, Inc. v. Northeast Biofuels, LLC*, 24 Misc3d at 1212A. The question of whether the *Felsen* doctrine excuses any alleged interference by Tate UK is a question that

must be explored. *RennerGlobe, Inc. v. Northeast Biofuels, LLC*, 24 Misc. 3d at 1212A. Tate UK's motion to dismiss the eighth counterclaim is denied.

Accordingly, it is

ORDERED that, under motion sequence number 008, Tate & Lyle PLC's motion to dismiss Whitefox Technologies USA, Inc. and Whitefox Technologies Limited's counterclaims for lack of personal jurisdiction is DENIED; and it is further

ORDERED that, under motion sequence number 008, Tate & Lyle PLC's motion to dismiss Whitefox Technologies USA, Inc. and Whitefox Technologies Limited's second, fourth, fifth and eighth counterclaims is DENIED; and it is further

ORDERED that, under motion sequence number 007, Tate & Lyle Ingredients, Inc.'s motion to dismiss Whitefox Technologies USA, Inc. and Whitefox Technologies Limited's second, fourth and fifth counterclaims is DENIED; and it is further

ORDERED that, under motion sequence numbers 007 and 008, Tate & Lyle PLC and Tate & Lyle Ingredients, Inc.'s motion to dismiss Whitefox Technologies USA, Inc. and Whitefox Technologies Limited's third, sixth and seventh counterclaims is GRANTED; and it is further

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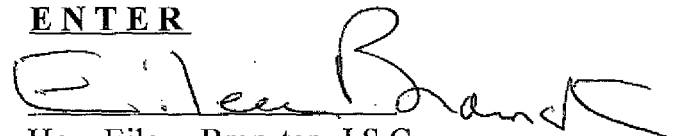
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ORDERED that parties have ten days from the date of this order to come to the court and retrieve the sealed documents submitted with these motions. If the parties do not retrieve the sealed documents in that time, the documents will be destroyed.

This constitutes the Decision and Order of the Court.

Dated: New York, New York  
April 21, 2011.

**ENTER**



Hon. Eileen Bransten, J.S.C.