

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

IN RE:
YOUTOO TECHNOLOGIES, LLC

Debtor.

Case No. BK-17-14849-JDL
(Chapter 7)

**MOTION TO SELL PROPERTY FREE AND CLEAR OF LIENS, CLAIMS AND
ENCUMBRANCES COMBINED WITH BRIEF AND WITH NOTICE OF
OPPORTUNITY FOR HEARING AND NOTICE OF HEARING**

Douglas N. Gould, Trustee (“Trustee”) for YouToo Technologies, LLC, Debtor (“YouToo”), pursuant to 11 U.S.C. §363(f), respectfully moves this Court for the entry of an order authorizing the sale of the Debtor’s interests in certain patents and other assets of the estate free and clear of liens, claims and interests in the patents other than the prior perfected security interests of the Secured Creditors’ claims referenced herein according to the terms set forth in this Motion to Sell (“Motion”).

In support of this Motion the Trustee presents to the Court and the parties in interest the following:

Jurisdiction

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§1408 and 1409. The statutory predicate to the Motion is 11 U.S.C. §363.

Background

2. YouToo filed its Chapter 7 Bankruptcy Petition on November 30, 2017. Thereafter, Douglas N. Gould was appointed Trustee for the bankruptcy Estate of the Debtor.

3. The following patents (“Patents”) to be sold were disclosed in the Debtor’s Schedules:

Scheduled Asset	Scheduled Value
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TWITTER - EXHIBIT 1025
TWITTER v. YOUTOO
IPR2017-01133

Intangibles-Patents Fair Market Value as of 12/31/2016 Unknown	\$unknown
* U.S. Patent No. 8,311,382 Recording and Publishing Content on Social Media Websites	
* U.S. Patent No. 8,464,304 Content Creation and Distribution System	
* U.S. Patent No. 8,601,506 Content Creation and Distribution System	
* U.S. Patent No. 8,413,206 Participating in Television Programs	
* U.S. Patent No. 9,319,161 Participating in Television Programs	
* U.S. Patent No. 9,083,997 Recording and Publishing Content on Social Media Websites	
U.S. Patent No. 674768	

4. In addition, the estate has patent applications, yet-to-be-allowed patents, pending patent office actions, other intellectual property including, but not limited to, copyrights, trade-names, trademarks, trade secrets, know-how, inventions, designs, domain names, all claims or causes-of-action related to non-disclosure and confidentiality agreements with any party, any and all other rights YouToo may have to pursue claims related to the Patents and Purchased Assets (as defined below) together with all claims and causes of action related thereto without exception, all legal files of Youtoo related to Patents or Patent litigation including any privilege held by Youtoo, all YTT software, data files, records, reports, equipment, marketing materials, and other records (collectively all of the aforementioned identified as the "Purchased Assets").

5. The Purchased Assets are subject to the prior perfected secured claims of secured creditors:

i.	Covenant Global Alpha Fund, LP	\$3,447,739.73
ii.	Covenant Private Equity Partners II, Inc.	\$1,149,246.58
iii.	YouToo Capital Partners, LP	<u>\$ 626,909.48</u>
	Total	<u>\$5,223,895.79</u>

Covenant Global Alpha Fund, LP, Covenant Private Equity Partners II, Inc. and YouToo Capital

Partners, LP (the “Secured Creditors”) consent to the proposed sale. A summary of the Secured Creditors prior perfected security interest claims is attached hereto and marked **Exhibit “1”**.

5. The Trustee has received an offer from Arundel Ventures, LLC, 3400 Carlisle #550, Dallas, Texas 75204 (“Buyer”) to purchase all of the Purchased Assets subject to the Secured Creditors’ prior perfected security interests plus \$200,000.00 to be paid to the Bankruptcy Estate. A copy of the term sheet regarding the proposed sale is attached hereto and marked **Exhibit “2”**.

6. The Trustee believes there are no other parties claiming valid and perfected security interests, liens, claims or encumbrances to the Property other than the Secured Creditors. Trustee believes the Buyer has financial ability to close the sale contemplated herein and is not dependent upon the approval of any third party funding source.

7. The exact value of the Purchased Assets is unknown. The validity of certain of the Patents is the subject of a proceeding pending in the United States Patent and Trademark Office before the Patent Trial and Appeal Board: *Twitter, Inc., Petitioner vs. YouToo Technologies, LLC*, Case IPR2017-00829. Based upon information and belief, the value of the Purchased Assets is less than the prior perfected security interests of the Secured Creditors.

Relief Requested

8. By this Motion, the Trustee seeks entry of an order (i) authorizing the Trustee to sell the Purchased Assets free and clear of liens, claims, interests and encumbrances to the Buyer or its assignee subject to the Secured Creditors’ perfected security interest of \$5,223,895.79 plus \$200,000.00 to be paid to the Bankruptcy Estate; (ii) a determination that the 10 day stay provided in Bankruptcy Rule 6004(g) does not apply.

9.. In the exercise of his business judgment, the Trustee believes that the proposed sale is in the best interest of creditors of the Debtor's Estate.

Terms of the Proposed Sale

10. Trustee requests this Court authorize him to transfer all rights and interests in the Purchased Assets and referenced in the attached exhibits.

11. To effectuate the conveyance of the Purchased Assets free and clear as stated above and to facilitate the implementation and effectiveness of the Sale, Trustee requests the Sale Order specifically state that the same shall be effective upon closing to remove any and all of liens, claims and encumbrances from the Purchased Assets other than the Secured Creditors' prior perfected security interests. The Bankruptcy Code specifically authorizes a Trustee to sell assets free and clear of liens, claims and encumbrances pursuant to 11 U.S.C. §363(f).

The Trustee's Sale of the Property to the Buyer Should Be Approved Pursuant To Section 363(b)(1) of the Bankruptcy Code

12. Section 363(b)(1) of the Bankruptcy Code provides that "[t]he Trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate". 11 U.S.C. §363(b)(1). Courts have uniformly held that approval of a proposed sale of property pursuant to §363(b) of the Bankruptcy Code is appropriate if a Court finds that the transaction represents a reasonable business judgment on the part of the debtor or Trustee. *See Institutional Creditors of Continental Air Lines, Inc. vs. Continental Air Lines, Inc. (In re Continental Air Lines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986); *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983); *Stephens Industries, Inc. vs. McClung*, 789 F.2d 386, 391 (6th Cir. 1986); *In re Inosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989); *In re Phoenix Steel Corp.*, 82 B.R. 334, 335 (Bankr. D. Del. 1987); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (Bankr. D. Del. 1991).

11. The Trustee submits that the proposed sale of the Purchased Assets is a reasonable business decision in light of the circumstances and is in the best interest of the estate and its creditors. Further, the Trustee submits that the proposed sale presents the best opportunity to realize the maximum value of the estates' assets for distribution to unsecured creditors and payment of administrative claims of the estates.

**The Trustee's Sale of the Property to the Buyer
Should be Approved Pursuant to Section 363(f) of the Bankruptcy Code**

12. Pursuant to §363(f) of the Bankruptcy Code, a Trustee may sell property under §363(b) free and clear of any interest in such property if:

- (a) applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- (b) such entity consents;
- (c) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (d) such interest is in bona fide dispute; or
- (e) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. §363(f).

13. As mentioned above, the Trustee is not aware of any creditors that assert the Purchased Assets secure repayment of any pre-petition indebtedness other than the Secured Creditors. The Secured Creditors consent to the sale subject to their prior perfected security interests with the sale free and clear of any other liens and interests other than the security interests of the Secured Creditors.

The Ten (10) Day Stay Provided in Bankruptcy Rule 6004(g) Should Not Apply

14. Trustee, in his business judgment, believes that the sale proposed herein should be consummated immediately upon entry of an Order granting this Motion to Sell. For that reason, the Trustee requests that this Court order that the ten (10) day stay provided in Bankruptcy Rule

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