

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re
MULTI-COLOR CORPORATION., *et al.*,
Debtors.¹

Chapter 11²
Case No. 26-10910 (MBK)
(Jointly Administered)

LANDLORD SP LABEL (TN) LLC’S AMENDED LIMITED OBJECTIONS TO: (I) CONFIRMATION OF THE JOINT PREPACKAGED PLAN; AND (II) RELATED ASSUMPTION OF LANDLORD’S LEASE

SP LABEL (TN) LLC (“**Landlord**”), by and through its undersigned attorneys, hereby:

(a) objects to confirmation of the *Joint Prepackaged Plan of Organization of Multi-Color Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 17] (the “**Plan**”)³; (b) objects to the proposed assumption of its Lease (as defined below) pursuant to the Plan; and (c) joins in any objection to confirmation of the Plan or assumption of an executory contract or unexpired lease filed by any other landlord(s) or contract counterparties for the reasons stated therein and to the extent not inconsistent with these limited objections.⁴

PRELIMINARY STATEMENT

While in concept, Landlord does not oppose assumption of Landlord’s Lease under the

¹ The last four digits of Debtor Multi-Color Corporation’s Tax Identification Number are 5853. A complete list of each of the Debtors (collectively, the “**Debtors**”) in these chapter 11 cases (the “**Cases**”) may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.veritaglobal.net/MCC>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 3284 Northside Parkway NW, Suite 400, Atlanta, Georgia 30327.

² This Landlord’s Amended Limited Objections is identical in all respects to the Landlord’s Limited Objections filed as Docket No. 484 except for correcting certain typographical errors including in the caption and title.

³ Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to it in the Plan.

⁴ To the extent, if any, Landlord is required to file a cure objection regarding assumption of Landlord’s Lease, these objections shall also constitute such a cure objection.



Plan, any such assumption must be based on appropriate cure payments and adequate assurance of future performance of all the tenant's obligations under Landlord's lease as well as otherwise comply with the Bankruptcy Code and applicable law. These limited objections seek to ensure those results.

RELEVANT BACKGROUND

1. Landlord is the landlord under the single "triple net" Lease, dated August 17, 2011 (as amended, and as assigned to and assumed by Debtor Tenant as hereinafter defined) on December 31, 2020, the "**Lease**"), with Multi-Color Corporation (the "**Debtor Tenant**"). The Lease covers certain premises generally located at 801 Alfred Thun Road, Clarksville, Tennessee 37040. Pursuant to a Guaranty and Suretyship Agreement, dated December 30, 2020 (the "**Guaranty**"), LABL INC., the Debtor Tenant's parent and another Debtor herein ("**Guarantor**"), unconditionally guaranteed Debtor Tenant's obligations under the Lease.

2. On January 29, 2026, the Debtors filed voluntary petitions under chapter 11 of the Bankruptcy Code in this Court.

3. Also on January 29, 2026, the Debtors filed the Plan and *Disclosure Statement Relating to the Joint Prepackaged Plan of Reorganization of Multi-Color Corporation and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 18] (the "**Disclosure Statement**"). While the Plan (and Plan Supplement) suggest the Debtors will be assuming the Lease, neither the Plan nor the Disclosure Statement clearly state or reflect that the Debtors will be assuming all tenant obligations under the Lease. Further, the Plan does not provide for reinstatement and/or assumption of Landlord's Lease Guaranty.

LIMITED OBJECTIONS

I. THE DEBTORS' TIME TO ASSUME OR REJECT THE LEASE MAY NOT EXTEND BEYOND CONFIRMATION OF THE PLAN

4. The Plan provides for the Debtors to assume the Lease “as of the [Plan’s] Effective Date” unless the Lease: (a) was previously assumed or rejected by the Debtors; (b) was previously expired or terminated by its terms; or (c) is the subject of a rejection motion as of the Plan’s Effective Date. Plan, Article V.A. The Plan also provides that the Debtors’ “assumption[] of Executory Contracts and Unexpired Leases pursuant to this Plan are effective as of the Effective Date.” Id.

5. To the extent the Plan provides that the assumption date of the Lease may occur after the date of entry of an order confirming the Plan, Landlord objects to the Plan as being inconsistent with section 365(d)(4)(A)(ii) of the Bankruptcy Code, which provides: “an unexpired lease of nonresidential real property under which the debtor is the lessee shall be deemed rejected, and the trustee shall immediately surrender that nonresidential real property if the trustee does not assume or reject the unexpired lease by the earlier of . . . (ii) the date of the entry of an order confirming a plan.” See 11 U.S.C. § 365(d)(4)(A)(ii) (emphasis added). Thus, section 365(d)(4)(A)(ii) requires that the Debtors assume or reject the Lease not later than the date of entry of a confirmation order. Landlord objects to confirmation of the Plan insofar as it is inconsistent with section 365(d)(4)(A)(ii).

II. THE DEBTORS MAY NOT REJECT THE LEASE AFTER IT IS ASSUMED

6. Landlord also objects to confirmation of the Plan because Article V.C. of the Plan impermissibly grants the Debtors the right to reject a lease after assumption of that lease if the Debtors dispute, among other things, the applicable landlord’s cure amount or whether the Debtors have provided adequate assurance of future performance. See Plan, Article V.C. (“The Debtors and Reorganized Debtors, as applicable, reserve their right at any time to move to reject any Executory Contract or Unexpired Lease based upon the existence of any such unresolved dispute” (emphasis added)).

7. Again, no provision of the Bankruptcy Code, including sections 365 and 1123, provides for such a post-confirmation lease rejection option. Further, such an option would severely prejudice the Debtors' landlords as they would have no certainty their leases will actually be assumed even though the Debtors had assumed such leases upon confirmation of the Plan.

8. Accordingly, confirmation of the Plan should be denied or granted only if the Plan is modified to provide that the Debtors' assumption of the Lease is irrevocable as of the entry date of any order confirming the Plan.

III. NO ASSUMPTION OF LANDLORD'S LEASE PURSUANT TO THE PLAN MAY OVERRIDE THE BANKRUPTCY CODE OR APPLICABLE LAW

9. Section 365(b)(1) of the Bankruptcy Code provides, in pertinent part, that if there is a default under an executory contract or unexpired lease, a debtor may not assume such contract or lease unless the debtor:

- (A) cures, or provides adequate assurance that the [debtor] will promptly cure, such default . . . ;
- (B) compensates, or provides adequate assurance that the [debtor] will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
- (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1). Accordingly, any proposed assumption of the Lease would require payment to Landlord of all amounts due under the Lease upon assumption if known and due or when known and due in the future. Critically, the Debtors must remain liable for unknown, unliquidated, and/or accrued but not yet due Lease liabilities as and when they become known and due.

10. Yet according to the Plan, payment of the "Cure Claim" for the Lease is all that is required for assumption of the Lease and Landlord would have no other claim for the Debtor Tenant's Lease obligations that arose or accrued before such Lease assumption (any claims arising or accruing after Lease Assumption are addressed infra under adequate assurance of future

performance):

Assumption of any Executory Contract or Unexpired Lease pursuant to this Plan or otherwise and payment of any applicable Cure Claim pursuant to this Plan shall result in the full release and satisfaction of any Cure Claims, Claims, or defaults, whether monetary or non-monetary, including defaults of provisions restricting the change in control or ownership interest or other bankruptcy related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption.

Plan Article V.C. (emphasis added). The Plan defines “Cure Claim” as a claim “based upon a Debtors default under an Executory Contract or an Unexpired Lease assumed by such Debtor under section 365 of the Bankruptcy Code,” Plan Article I.A.53. Unfortunately, therefore, the Plan’s definition of “Cure Claim” and related lease assumption provisions are vague and do not clearly cover all the Debtor Tenant’s Lease obligations that must be assumed and paid. See Plan Art. I.A.53., V.C. Those Lease obligations to be assumed are detailed below.

11. As the Plan and any applicable confirmation or Lease assumption order must make clear that all such Lease obligations are being assumed, the following language should be included in the Plan, any Confirmation Order, and any applicable Lease assumption order:

Notwithstanding anything to the contrary in the Plan, the Confirmation Order, or any other order entered in these cases, any tenant liabilities due under the Debtors’ Lease, dated August 17th, 2011, with landlord SP LABEL (TN) LLC, (as such lease was amended and assigned to and assumed by Debtor Multi-Color Corporation on December 31, 2020 (the “Lease”) and the related Guaranty and Suretyship Agreement, dated December 30, 2020, of Debtor LABL Inc., shall survive entry of this and any other order entered in these cases, including, without limitation, indemnification, property maintenance, environmental, personal injury, property damage, and other Lease payment obligations that accrued under the Lease, except for liabilities under such Lease for the period prior to the entry of this order for: (x) basic rent; and (y) the Landlord’s attorney’s fees and costs due under the Lease that are

not awarded by this Court or agreed to by the parties as cure amounts pursuant to section 365 of the Bankruptcy Code.

A. Known Tenant Lease Obligations

12. The Debtors' known unpaid tenant Lease obligations consist of: (a) accrued but not yet due tenant Lease obligations such as real estate taxes; (b) deferred maintenance and repair obligations; (c) Landlord's legal fees and expenses of not less than \$10,405.00 as of February 28, 2026, plus any additional amounts incurred by Landlord regarding these cases after February 28, 2026, through the Lease assumption date; and (d) other known accruing tenant Lease obligations such as basic rent, utilities, maintenance, and insurance.

Attorney's Fees

13. The Lease entitles Landlord to reimbursement of its legal fees and expenses as they were incurred due to, among other things, enforcement of Landlord's rights under the Lease after the Debtor Tenant's default. See Lease § 7(a)(i).

14. The Bankruptcy Code requires payment of attorneys' fees due under a lease before it may be assumed. See Travelers Cas. and Sur. Co. of America v. Pacific Gas and Elec. Co., 549 U.S. 443, 449 (2007) (upholding enforcement of a contract provision requiring payment of attorneys' fees because the Bankruptcy Code does not require disallowance of a contract-based claim for attorneys' fees); In re Fresh-G Rest. Intermediate Holding, LLC, 580 B.R. 103, 114 n. 53 (Bankr. D. Del. 2017) ("landlord entitled to attorney's fees when lease allows such fees") (citations omitted).⁵ Consequently, the Debtors must reimburse Landlord for all its legal fees and expenses incurred through the Lease assumption date.

⁵ See also Urban Retail Props. v. Loews Cineplex Entm't Corp., 2002 WL 5355479 (S.D.N.Y. Apr. 9, 2002) (where lease "provides for recovery of attorneys' fees and interest, their receipt deserves the same priority under Section 365(d)(3) as any of the debtors' other obligations that arise postpetition . . ."); In re Westview 74th St. Drug Corp., 59 B.R. 747, 757 (Bankr. S.D.N.Y. 1986) (payment of attorneys' fees required as condition to lease assumption).

15. The amount listed above for attorney's fees excludes attorneys' fees due under the Lease for the period after February 28, 2026, as such fees are not yet known. Nevertheless, all such Lease obligations still must be paid in full for the period through the Lease's assumption date.

Accrued Obligations

16. There are multiple tenant Lease obligations that are accruing but not yet due, such as base monthly rent, real estate taxes, utilities, insurance, etc. The Bankruptcy Code's requirement that any assumption of the Lease be based on adequate assurance of future performance requires that the Debtor Tenant be obligated to pay such accrued Lease obligation as an when due.

Unliquidated Obligations

17. Under the Lease, the Debtor Tenant has obligations to repair and maintain the premises covered by the Lease. While the nature of Landlord's claims for the Debtor Tenant's deferred maintenance and repair obligation is known, the liquidated amounts are not yet known. The key is that all such tenant obligations are assumed by the Debtor Tenant and payable as provided in the Lease.

Interest

18. To the extent interest is due under the Lease, the "full benefit of the bargain" principle (explained in more detail below) requires payment of interest provided for in a lease being assumed. See In re Entertainment, Inc., 223 B.R. 141, 151 (Bankr. N.D. Ill. 1998) (court allowed 18% interest reasoning: "The cure of a default under an unexpired lease pursuant to 11 U.S.C. § 365 is more akin to a condition precedent to the assumption of a contract obligation than it is to a claim in bankruptcy. One of the purposes of section 365 is to permit debtors to continue in a beneficial contract; provided, however, that the other party to the contract is made whole at the time of the debtor's assumption of the contract.") (citation omitted). For an assumed lease,

interest on unpaid prepetition charges runs through the lease's assumption date. See In re Skylark Travel, Inc., 120 B.R. 352, 355 (Bankr. S.D.N.Y. 1990).

B. Unknown Tenant Lease Obligations

19. Any assumption and/or assumption and assignment of the Lease also must include the Debtor Tenant's assumption of Lease obligations for currently unknown defaults for which payment ultimately would be due. Such obligations include, without limitation, indemnification, environmental liabilities, and other Lease payment obligations that accrued under the Lease, but are not yet known. Accordingly, the Plan and any order confirming the Plan should not interfere with the requirement that assumption and/or assumption and assignment of the Lease include assumption of all monetary Lease obligations, even those that are accrued but unknown.

20. Payment of all unknown lease obligations is required to assume an unexpired lease under the Bankruptcy Code. See In re Ionosphere Clubs, Inc., 85 F.3d 992, 999 (2d Cir. 1996) ("Congress's intent in imposing [the] conditions on the ability of the debtor to assume the contract was to ensure that the contracting parties received the full benefit of their bargain."); In re Frontier Properties, Inc., 979 F.2d 1358, 1367 (9th Cir. 1992) ("the cost of assumption is nothing short of complete mutuality and requires performance in full as if bankruptcy has not intervened."); In re Bon Ton Restaurant & Pastry Shop, Inc., 53 B.R. 789, 793 (Bankr. N.D. Ill. 1985) ("Section 365(b)(1) is intended to provide protection to the non-debtor lessor to ensure that he receives the full benefit of his bargain in the event of assumption."); 3 Collier on Bankruptcy ¶ 365.06[3][b] (16th ed. rev. 2017) ("The idea of cure in the [Bankruptcy] Code is to provide the other party to the contract with the benefit of its economic bargain.").

21. Correspondingly, payment of such unknown amounts is mandated by the general rule requiring a debtor to assume a lease or contract in full. See In re CellNet Data Systems, 327 F.3d 242, 249 (3d Cir. 2003) (assumption or rejection is an "all-or-nothing proposition – either the

whole contract [or lease] is assumed or the entire contract [or lease] is rejected.”); Cinnicola v. Scharffenberger, 248 F.3d 110, 119 (3d Cir. 2001) (“If the trustee [or debtor in possession] meets the assumption requirements under § 365 it must assume the executory contract entirely.”).⁶

22. This obligation to assume responsibility to pay lease obligations for unknown amounts is also consistent with section 365’s language. For example, section 365(b), which governs a debtor’s cure obligation upon assumption, applies “[i]f there has been a default” other than one based on the debtor’s bankruptcy filing or financial condition. 11 U.S.C. § 365(b)(1). In effect, if a lease default is unknown, then the debtor could not be expected or required to cure it prior to assumption. Correspondingly, “adequate assurance of future performance [is required] by the assignee” of an assumed lease “whether or not there has been a default.” 11 U.S.C. § 365(f)(2).

23. Further, regarding the Lease at issue here, requiring payment of all unknown Lease obligations is consistent with equitable principles. For several years the Debtor Tenant has had exclusive control over the leased premises as the Lease is a triple net lease under which the tenant is responsible for paying essentially all liabilities associated with the leased premises. Hence, in comparison with the Landlord, the Debtor Tenant is far better positioned to know of any potential Lease liabilities that might have arisen, whether environmental, property maintenance, personal injury, or another type.

C. Adequate Assurance Of Future Performance⁷

⁶ See also AGV Productions, Inc. v. Metro-Goldwyn-Mayer, Inc., 115 F. Supp. 2d 378, 391 (S.D.N.Y. 2002) (“[U]nder the law of bankruptcy a contract cannot be assumed in part or rejected in part.”); In re MF Glob. Holdings Ltd., 466 B.R. 239, 241 (Bankr. S.D.N.Y. 2012) (“An executory contract may not be assumed in part and rejected in part The trustee must either assume the entire contract, *cum onere*, or reject the entire contract,”).

⁷ In these objections, Landlord is not objecting concerning the reorganized Debtors’ financial ability to perform under the Lease once assumed except as adequate assurance of future performance concerns the Plan’s failure to reinstate the Guaranty of the Debtor Tenant’s obligations under the Lease. Instead, here the adequate assurance of future performance objection concerns the Debtors’ obligation to perform all Lease obligations due in the future even if such obligations already arose or accrued, but are not yet due, are as yet unliquidated, or are unknown.

24. Assumption by a debtor or lease assignee of a debtor/tenant's lease obligations to pay additional rent for any charges due and satisfy lease indemnity obligations *cum onere* is required to provide adequate assurance of future performance to the Landlord under section 365(b)(1)). See In re Interstate Bakeries Corp., 167 F.3d 843, 961 (8th Cir. 2014). Consequently, Landlord objects to assumption of the Lease to the extent the Debtor Tenant has not provided adequate assurance of future performance of all the Debtor Tenant's Lease obligations by assuming those obligations.⁸

25. Thus, to the extent there are accrued payment obligations owed by the Debtor Tenant under the Lease that are not yet due on the Lease assumption date, or Landlord is billed later based on the Debtor Tenant's failure to pay an obligation due on or before the Lease assumption date, those charges constitute additional cure amounts due under the Plan and any applicable Lease assumption order.

26. Consequently, absent ensuring that the Debtors (and/or any Lease assignee) will pay all the Debtor Tenant's payment obligations under the Lease, including for Lease obligations that are accrued, but not yet due (such as for real estate taxes), the Plan (and any proposed confirmation order) would not satisfy applicable Bankruptcy Code requirements.

IV. THE PLAN FAILS TO REINSTATE THE GUARANTY THAT IS NECESSARY FOR ADEQUATE ASSURANCE OF FUTURE PERFORMANCE

27. Landlord objects to the Plan to the extent the Plan fails to require that the Guaranty will be assumed and/or reinstated. Landlord's consent to Debtor Tenant's pre-bankruptcy

⁸ See American Flint Gas Workers Union v. Anchor Resolution Corp., 197 F.3d 76, 81 (3d Cir. 1999) (A debtor is not entitled to the benefits and protections of Bankruptcy Code section 365(k) unless the debtor assumes and assigns the lease *cum onere*, i.e., with all the benefits and burdens). Thus, any buyer/assignee may not limit the lease obligations assumed by the buyer/assignee, such as to solely obligations arising after the sale closing. See id. See also Medtronic AVE., Inc. v. Advanced Cardiovascular Sys. Inc., 247 F.3d 44, 60 (3d Cir. 2001) (Third Circuit states "[a]n assignment is intended to change only who performs an obligation, not the obligation to be performed").

assumption of the Lease was conditioned on the Guarantor providing the Guaranty. Therefore, any assumption of the Lease must be conditioned on assumption and/or reinstatement of the Guaranty by the Guarantor or another Debtor having equal or greater financial wherewithal. Such reinstatement of the Guaranty also is essential to the Debtor Tenant providing adequate assurance of future performance.

JOINDER

28. Landlord joins in any other landlord's or other contract counter-party's objection to or respecting confirmation of the Plan or assumption of an executory contract or lease to the extent such objection is applicable to assumption of the Lease and not inconsistent with these limited objections.

RESERVATION OF RIGHTS

29. Landlord reserves its rights to amend and/or supplement these limited objections, as circumstances might require, including, without limitation, regarding terms of any proposed order(s) approving confirmation of the Plan and/or assumption or rejection the Lease.

CONCLUSION

30. WHEREFORE, Landlord respectfully requests that the Court: (a) condition confirmation of the Plan and assumption of the Lease upon modification of the Plan and entry of an order or orders consistent with these limited objections; and (b) grant Landlord such other and further relief as the Court may deem just or proper.

Dated: March 17, 2026
Livingston, New Jersey

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