1	COURT OF APPEALS
2	STATE OF NEW YORK
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4	ESTATE OF KAINER,
5	Appellant,
6	-against-
7	UBS AG,
8	Respondent.
9	20 Eagle Street Albany, New York November 17, 202
10	Before:
11	CHIEF JUDGE JANET DIFIORE
12	ASSOCIATE JUDGE JENNY RIVERA ASSOCIATE JUDGE EUGENE M. FAHEY
13	ASSOCIATE JUDGE MICHAEL J. GARCIA ASSOCIATE JUDGE ROWAN D. WILSON ASSOCIATE JUDGE MADELINE SINGAS
14	ASSOCIATE JUDGE ANTHONY CANNATARO
15	Approximation of the state of t
16	Appearances:
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24	Amanda M. Oli Official Court Transcri
25	Official Court Hanscripe.



THE COURT: The next appeal on this afternoon's 1 2 calendar is appeal number 76, the Estate of Kainer v. UBS. 3 UNIDENTIFIED SPEAKER: Should we move forward, 4 Your Honor, or stay here. 5 CHIEF JUDGE DIFIORE: You may remain right where 6 you are. 7 MR. SMITH: May I have two minutes for rebuttal, 8 Your Honor. 9 CHIEF JUDGE DIFIORE: You may, sir. 10 MR. SMITH: If this case, Your Honors, were a case about the theft of a sack of potatoes in Switzerland 11 12 which was later sold on the New York potato market, you'd -13 - - there'd still be argument, but you'd have a much 14 stronger case for a forum non conveniens dismissal. And to 15 me, the most important thing in the whole case here is it's 16 not a sack-of-potatoes case. It's a case about stolen art, 17 art looted by the Nazis. And that that should weigh very 18 heavily in the forum non conveniens calculation. 19 And there's no indication in the opinions below -20 21 JUDGE GARCIA: Counsel? 22 MR. SMITH: Yes, sir. 23 JUDGE GARCIA: I'm having a little bit of trouble 24 understanding what you would like us to do with this case. 25 So one issue is should they have gotten a personal

jurisdiction finding on the record first before they got to the forum non conveniens argument. And to that, I think we'd have to - - - if we agree with you, send it back and have them do it. But it doesn't seem like you want us to do that.

MR. SMITH: Well, I - - -

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JUDGE GARCIA: And then if we find - - - if we find - - - go on the forum non conveniens argument, normally, what we would do, if they missed a factor, is undo that and send it back and have them to do that again. And you don't want us to do that.

So I'm having a little trouble as to what you'd like us to do.

MR. SMITH: Well maybe - - - yeah, obviously, I have an ideal result. And I have other results that I would ask for in the alternative, Your Honor.

My ideal result is that you would determine as a matter of law, which is, I'd admit, an unusual case, but I think this is one, that they erred in granting the - - - this forum non conveniens motion. And on this situation, there was no alternative, as a matter of law, but to deny it.

Obviously, if you don't reach that conclusion, then I would, yeah, it should be sent back. But I do think it's a matter of law.



On the other problem you mentioned, it's obviously a very sticky one because I do think the court was wrong in reaching a forum non conveniens, and I think that's quite clear under Ehrlich-Bober, which is a holding, not a - - not dictum, in my view. But the - - they did it. And they wrote - - and there are a couple of opinions out there. And what the reason I have the ambivalence that you - - you comment on in my brief is I am concerned about a catch-22 where I - - where they say congratulations, you win, you get two or three years of discovery on jurisdictional issues, and then the - - they say the forum non conveniens holding's before stare decisis, so I've been wasting my time.

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So I would ask that if you are going to go that route, that you would at least make clear that the decisions that have already been rendered improperly on forum non conveniens, and in violation of Ehrlich-Bober, that they are not precedent, that they are not stare decisis, that they do not bind anyone. And that if the court - - the courts below later reach the forum non conveniens issue, they do it on a clean slate, without regard for the previous decisions.

So I don't know if I've added to the conclusion or clarified it, but the - - - but I do have that kind of hierarchy of preferences. Obviously, if you agree with me

that the - - - that as a matter of law, because of the inadequacy of the Smith - - - the Swiss forum, the clear inadequacy of the Swiss forum, forum non conveniens was just out as a matter of law, and that Pahlavi is a sui generis exception that doesn't apply at all to this sort of case, well then, yeah, then I - - - frankly, I'll get over my jurisdictional hang up. I will not complain about that first of all.

JUDGE WILSON: I'm sure you understand this, but let me explain my confusion. Sorry, over here.

CHIEF JUDGE DIFIORE: Judge Wilson.

MR. SMITH: Thank you.

jurisdictional point is that the court - - - if the court lacks jurisdiction, it can't rule on forum non; it simply has to dismiss. This is a question of the power of the court. Yet, here you're asking us - - - your hierarchy, your first preference, is for us to skip by the jurisdictional question and rule on the forum non, which seems to me, if you're right about the first question, we can't do. And if we do what you would like us most to do, we are at least by implication either saying we have the power, or we don't care whether we have the power or not. And I'm having trouble putting that together.

MR. SMITH: I - - - I'm - - - if I may be



1	perfectly honest, Your Honor, I have trouble, too. It's a
2	it is a messy situation. I do not purport to know
3	whether I can whether this matter of judicial power
4	can be can be eliminated by my consent to a
5	particular result.
6	JUDGE FAHEY: Well, Mr. Smith, could we, under
7	327, under the language of 327, consider the impact of
8	other factors that weren't considered in prior case law in
9	the Court. And specifically, the language of 327, as I
10	read it, refers to substantial justice and a just result.
11	And that seems to encompass the full equitable powers of
12	whatever court is hearing the case.
13	Does that offer an avenue for the Court to
14	address some of the contradictory complexities in the case?
15	MR. SMITH: Perhaps, it does, Your Honor.
16	Perhaps, it does.
17	JUDGE FAHEY: How so? What would you advocate?
18	MR. SMITH: Well, if you if
19	obviously, it would have to depart to some degree from
20	Ehrlich-Bober
21	JUDGE FAHEY: Um-hum.
22	MR. SMITH: to reach that conclusion, I
23	think. Ehrlich-Bober does suggest that it's a matter of
24	power.
25	My adversaries are arguing that you should just

My adversaries are arguing that you should just

overrule Ehrlich-Bober. I've pointed out that even so, there's a problem. Even if you adopt Sinochem, there's a problem, because Sinochem left open a case, like this case, in which you can't get all the defendants in the foreign forum. And that - - and that's a - - yeah. And the - - even in the - - even under the federal rule, there might be a problem with judicial power.

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I do - - - I'd - - - however, I am receptive to the idea that 327, yeah, confers plenary equitable power to reach a just result. The - - -

JUDGE FAHEY: If we reach that, would we, for instance, consider factors like the HEAR Act, which I understand were argued below and I'm not sure what was preserved in front of us or not by you on that argument.

MR. SMITH: It was preserved, Your Honor. I I have not - - - the - - - the public power was - - - you know, was preserved in the - - - it's at 568 of the record where the - - - this is before the HEAR Act was enacted. But the - - - the brief says, United States - - - critical importance of the well-known United States and New York Public Policies as to stolen art. And the HEAR Act was later specifically called to Justice Friedman's attention, so I don't think there's a preservation problem.



JUDGE CANNATARO: Counsel, can I - - - can I ask
what does the HEAR Act have to teach us about forum non
conveniens because - - 
MR. SMITH: Well, it - - 
JUDGE CANNATARO: - - - I thought it was a
statute of limitations law.

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MR. SMITH: I think - - - well, I think you have to understand that the forum non conveniens argument is an argument for sending this case to Switzerland, where the - - - there is a time bar, or at least they - - - the - - - my adversary says there's a time bar. And the time bar is absolutely essential to this case. If there is - - - under the HEAR Act, there is no time bar. In Switzerland, there may very well be a time bar.

That I'm saying that's sufficient as a matter of law to render the Swiss forum inadequate. And the complex issues that the lower courts saw, said, oh, there's these terrible problems of foreign law; it's all - - all the opinions are abstruse. They're talking about the documents that were - - that were created before the HEAR Act existed. The HEAR Act simplifies things enormously.

And what also simplifies things enormously, also, after the case was submitted before it was decided, was the German appellate decision, which essentially knocked out my adversaries' only argument on the merits. There's no



1 question about who the heirs are here. I'm representing 2 eleven of them. 3 The German courts have rejected the idea that the 4 foundation is the heir of Norbert Levy. And the only thing 5 left is the theory that these - - - that these paintings 6 escheated to these two Swiss jurisdictions because Margaret 7 Kainer died without heirs. Well, she didn't die without -8 - - I'm here standing here, representing eleven of them. 9 They'd have to prove my eleven clients don't exist, all 10 eleven. 11 So there's really no issue - - -12 JUDGE FAHEY: Well, I thought there was - - -13 there was more complexity. I thought that Norbert's will 14 had a provision that if his daughter had no direct 15 descendants, that - - - it's a provision that wouldn't be 16 allowable under American law, but I assume it's still

allowable under German law at that time.

MR. SMITH: Well, the German courts - - -

JUDGE FAHEY: If she had no direct - - -

MR. SMITH: - - - no, the German courts said - -

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JUDGE FAHEY: - - - descendants, then - - - it went then to this foundation?

MR. SMITH: The German court rejected that - - - the German court tossed out the whole - - - the appellate



court, the appellate decision, rendered in December of 2015 1 2 3 JUDGE FAHEY: But the problem for you is that the 4 foundation is a Swiss foundation, not a German foundation; 5 is - - - is that - - -6 MR. SMITH: Yes. But the foundation has no claim 7 to inherit from Norvert - - - Norbert Levy under Swiss law. 8 JUDGE FAHEY: Um-hum. 9 MR. SMITH: That's a German law question. 10 are - - - they have not challenged in any way, the German 11 decision. And they're not claiming in Switzerland as the 12 heirs of Norbert Levy. The heir of Norbert Levy is out of 13 the case since September of 1915 - - - 2015, sorry, not 14 quite that long ago. 15 The - - - yeah. And - - - yeah. They really - -16 - they talk very generally about, oh, there's such 17 complicated questions about who the heirs. No questions 18 about who the heirs are; they're my eleven clients, and 19 that's all there is to it. 20 The question is whether they're time barred. 21 They are there, they're not here. That's all there is to 22 the case really. 23 CHIEF JUDGE DIFIORE: Counsel, doubling back to 24 something that I think one of my colleagues was asking 25 about, your representation as to what the holding is in

1	Ehrlich-Bober?
2	MR. SMITH: Yes.
3	CHIEF JUDGE DIFIORE: If we were to disagree with
4	your representation, is there any other binding precedent
5	that you're aware of that we can look to?
6	MR. SMITH: Binding precedent on on that
7	issue other than Ehrlich-Bober, not that I'm aware of, Your
8	Honor.
9	CHIEF JUDGE DIFIORE: Okay. Thank you, Counsel.
10	Thank you.
11	Counsel?
12	MR. KING: Good afternoon, Your Honors, may it
13	please the Court.
14	Despite as Your Honors have noted, despite
15	plaintiffs' position in the courts below, the parties seem
16	to agree that the courts do have the power in the
17	appropriate case to decide the forum non conveniens issue
18	before definitively deciding it has personal jurisdiction.
19	The Ehrlich-Bober case, on which
20	JUDGE FAHEY: Can I stop you there?
21	MR. KING: You may.
22	JUDGE FAHEY: If we assume what what you're
23	saying is correct, are we, in essence, adopting the Supreme
24	Court's decision in Sino Sinochem?
25	MR. KING: I think Your Honors should adopt the



Supreme Court's decision - - -

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JUDGE FAHEY: No, but I'm - - -

MR. KING: - - - in Sinochem.

JUDGE FAHEY: --- I'm asking if we do that, if we follow that, are we implicitly adopting that?

MR. KING: You are implicitly adopting it. There is no possible way that you can do what the plaintiffs are asking to be done here without deciding that the courts do have the authority to decide forum non conveniens before deciding personal jurisdiction.

Ehrlich-Bober does not hold as a matter of law that your - - - that the courts cannot do it. It was dicta in Ehrlich-Bober because it was not necessary to the court's decision. The court denied both the personal jurisdiction motion and denied the forum non conveniens motion. It did not present the case that we have here.

If Your Honors look back to where the statement comes from in Ehrlich-Bober, it comes from a footnote in the appellant's brief in that case. The appellant cited for their argument, the Gulf Oil language that Justice Ginsburg, in Sinochem, says does not stand for the proposition that the court may not decide forum non conveniens first. Gulf Oil, just as Ehrlich-Bober, has some confusing, less than carefully written language. But it is not the holding of the case. And Justice Ginsburg,



in Sinochem, quite clearly said, sure, if you have - - - if we have decided that the court has no personal jurisdiction, we should dismiss on that basis and go no further. The court does not say and Ehrlich-Bober does not hold that the court may not decide forum non conveniens before deciding personal jurisdiction.

It would be completely contrary to the whole purpose of the forum non conveniens doctrine, which is to serve considerations of convenience, fairness, and judicial economy. The catch-22 that appellants' counsel talks about here is exactly the problem with a rigid rule that would force the court to decide personal jurisdiction first.

If Ehrlich-Bober - - -

JUDGE GARCIA: Counsel, I'm sorry - - - here.

MR. KING: Sure.

JUDGE GARCIA: I take your point on Ehrlich-Bober. I read it slightly differently. It seems to me Ehrlich-Bober is unique and not quite relevant in a couple of ways. One, I think you were getting at, which is the real issue there was comity and whether they were going to keep the case.

MR. KING: Absolutely.

JUDGE GARCIA: So preliminarily, they had to addressed this forum non conveniens argument, and they were keeping it. So in the forum non conveniens argument, they



had to address both forum non conveniens and the underlying personal jurisdiction. Otherwise, the court wouldn't have been able to keep the case.

What aggravated that to me is the Appellate
Division decision in that case, which is unusual, because
it's a big dissent with a short majority that adopts kind
of some of the facts from the dissenting opinion because,
again, they were talking about comity. So in the forum
argument, they kind of were playing off of a dissent. And
I think what Judge Wachtler was doing in Ehrlich-Bober, was
saying, reading that, we're going to assume the Appellate
Division found X and then found Y, not that you have to do
that - - -

MR. KING: Absolutely right - - -

JUDGE GARCIA: - - - order.

MR. KING: - - - Your Honor. It really was a comity case. It is dealt with quickly at the beginning. It's not something that the parties engaged on. Unlike this case, where the question was squarely presented to both lower courts, can the court first decide forum non conveniens, or must the court first decide personal jurisdiction.

It was squarely presented in this case. It was not squarely presented in Ehrlich-Bober at all, Your Honor. It was mostly a comity case, as you said.



I want to address the HEAR Act for a moment. I don't think this Court has the ability to rebalance the factors, to rebalance the considerations that were argued below. That's not this Court's job. It - - - the abuse-of-discretion standard commits the decision on forum non conveniens to the courts below.

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Here, we have clear, careful findings from both the - - - the trial court, the motion court, and the Appellate Division on some of the most, you know, the relevant factors: where are the witnesses, where are the parties, where are the documents, what law is going to apply. The court balanced all those factors. The court was presented with the HEAR Act argument, at least in the Appellate Division.

JUDGE FAHEY: Let me ask you this, though, on the factors. I think you make a fair argument. And I - - - I'm - - - I don't know if I agree with you, but it's a fair argument; it's a reasonable argument.

But it seems that we're confronted here with some of the consequences of what is arguably the greatest crime in human history. And in that situation, are we limited in applying what we consider substantial justice to the lower courts' specific balancing of factors that we may personally disagree with but doesn't seem to have balanced - - have been able or felt that she was able, or he was

able, to include that kind of a factor in the same way that 1 2 the HEAR Act would have included that kind of factor in 3 balancing the justices and reaching substantial justice. 4 Aren't we re- - - aren't we required in that 5 circumstances to reach outside kind of the constrained 6 constipated jurisprudence that seems to hold back an 7 examination of the principles of substantial justice to a 8 very, very unique situation? Aren't our constraints 9 somewhat different here than they would be in another case? 10 MR. KING: I don't think so, Your Honor. 11 JUDGE FAHEY: Um-hum. 12 MR. KING: The courts below were presented with 13 these arguments; at least, the Appellate Division was. The 14 HEAR Act was not argued in the motion court as a grounds 15 for keeping the case in the United States. 16 JUDGE FAHEY: But you argue - - - my argument is 17 based a little bit broader than that. It's based on the 18 language in 327 itself - - -19 MR. KING: Well - - -20 JUDGE FAHEY: - - - which talks about substantial 21 justice and reaching a just result. And - - -22 MR. KING: Well - -23 JUDGE FAHEY: - - - it - - - anyway, you go 24 ahead. T - - -25 Reaching a just result also requires

1	consideration of the important considerations of forum nor
2	conveniens. That is an important consideration
3	JUDGE FAHEY: Right. But convenience
4	MR. KING: of the New York courts, to not
5	be forced
6	JUDGE FAHEY: The language itself is revelatory.
7	We measure convenience against justice. Justice is always
8	going to win, we'd all like we'd all agree with that
9	So does the convenience the inconvenience reach a
10	point where there is no you can't have justice;
11	that's what we have to look for, right?
12	MR. KING: Perhaps, in some case, that is right,
13	Your Honor. But
14	JUDGE FAHEY: Um-hum.
15	MR. KING: but justice also requires that
16	we be able to it's not just convenience. That it
17	would be unjust to require litigation of this case in this
18	Court
19	JUDGE FAHEY: Um-hum.
20	MR. KING: in the New York New York courts
21	because it hinges on what people did in Switzerland and
22	Germany and France years ago. We could not compel those
23	witnesses to be here at trial.
24	JUDGE FAHEY: Um-hum.
25	MR. KING: We are faced with a situation where



there could be conflicting rulings of Swiss courts that are deciding the very same remedial relief that is sought here; namely, an award of damages related to the painting and the other assets of the - - - of the Kainer Estate. It is unjust to force this case to be litigated in New York.

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I understand the - - - the concept and the principle that the courts of the United States and New York want to give the ability to remedy what is a grave injustice of historical proportions. But that's not really the question that's to be asked. It's is litigating this case just, convenient and efficient to be done here in the United States, and I think the answer to that is no.

And even if you thought that, Your Honors, if you thought that there was a factor that the lower courts did not properly consider, the right outcome is remitting it to the Appellate Division. CPLR 5613 says as much, that if this Court concludes that a - - - the lower court failed to consider something that it should have considered, it shall remit to the Appellate Division for further consideration.

Now, I don't think we need to get there, Your
Honors, because the lower courts did consider these
arguments. The argument that it was somehow overlooked is
inconceivable. It was a linchpin of their argument in the
Appellate Division. The court below said, we have
considered plaintiffs' remaining contentions and find them



unavailing. The argument here is, well, that's boilerplate. But that's really an accusation that the Appellate Division didn't do what it said it did, namely consider the other arguments.

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There's no requirement that the Appellate
Division go point by point by point by point through the
appellants' brief and rebut it. And even if you thought it
had been overlooked in the initial decision, they moved for
reconsideration on the ground that the court had overlooked
it. And the court denied that motion, indicating that, in
fact, it did not overlook it because had it overlooked it,
it would have granted reconsideration and done what it
needed to do.

Thank you, Your Honors.

JUDGE FAHEY: Thank you for your answer.

CHIEF JUDGE DIFIORE: Thank you, Counsel.

Counsel, your rebuttal?

MR. SMITH: Yes, I think the main point to make,
Your Honors, this is - - - I don't view this is a balancing
case at all. The - - my point is that we have a forum in
Switzerland that is inadequate as a matter of law because
it is - - there are very grave impediments to reaching
the merits. Indeed, the only defense he has is, don't
reach the merits because he doesn't have any defense on the
merits. That's why he wants to go to Switzerland.

Where there is such a situation, I'm suggesting to Your Honors, as a matter of law, a forum non conveniens motion may not be granted because you may not send a case to an inadequate forum unless you have the sui generis

Pahlavi situation where the Islamic Republic of Iran was saying, oh, please, don't send me to the Islamic Republic of Iran; their courts are all in turmoil. And the court - - and this Court said, in effect, give me a break; it's your courts.

But on - - - but to take that as carte blanche as perhaps some lower courts have and say, oh, we don't need to worry about the adequacy of the foreign forum, that's just one factor we can balance away. And we balance it away by saying we've considered your other arguments and they lacked merit.

JUDGE CANNATARO: But Counsel, isn't choice of law one of the issues that would have to be decided in the New York court were this litigation to go forward here?

MR. SMITH: The - - - well, there's - - - the choice-of-law issue on the time bar is easy, Your Honor. The HEAR Act chooses the law for you. There's no statute of limitations bar.

On the merits, the issues - - - the only really debatable issues relate to Christie's role in the auction in New York, to which New York law should apply. And yes,



they would have that choice of law decision, but I think it's a choice - - - I think it would be made in favor of New York.

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Speaking of the choice of law, I want to refer
Your Honors to the Second Circuit decision by Judge Korman
in the Bakalar case in 2010, which explained how a choice
of law decision can be informed by the contrast between the
Swiss policies, very hostile to the claims of Holocaust
survivors, and the New York policies favorable to those
claims, and that that should impel a court to choose New
York law.

I would say that by the same token - - 
JUDGE CANNATARO: Well, it's not just

Switzerland, is it? I mean, we have France; there's

litigation there. There's litigation going on in Germany,

I think, you know - - -

MR. SMITH: Not anymore, Your Honor.

JUDGE CANNATARO: That's over now?

MR. SMITH: No, the only - - - the only

litigation is in Switzerland and here. The - - - yeah, the

- - - we won in Germany. And his defense disappeared when

we won in Germany. That's - - - I think the problem is

that that happened and the HEAR Act was passed while the

case was sub judice before Justice Friedman. Presumably,

she's already working on her opinion. And you see she does

talk about the HEAR Act, and she does talk about the German appellate decision, but she talks about them as afterthoughts.

I'm suggesting that they're central, that they simplify and transform the case, and that they make it impossible as a matter of law to send this case to Switzerland because all you're doing is sending it to a case that's going to hinge on a policy absolutely contrary to the policy of the United States and the policy of New York and that's error as a matter of law. It's not balancing.

CHIEF JUDGE DIFIORE: Thank you, Counsel. (Court is adjourned)



## CERTIFICATION I, Amanda M. Oliver, certify that the foregoing transcript of proceedings in the Court of Appeals of Estate of Kainer v. UBS AG, No. 76 was prepared using the required transcription equipment and is a true and accurate record of the proceedings. Signature: Amanda M. Oliver eScribers Agency Name: Address of Agency: 352 Seventh Avenue Suite 604 New York, NY 10001 Date: November 23, 2021

