

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

MOTOROLA, INC., a Delaware
Corporation,

Plaintiff,

v.

LEMKO CORPORATION, an Illinois
Corporation, SHAOWEI PAN, an individual,
HANJUAN JIN, an individual, XIAOHUA
WU, an individual, XUEFENG BAI, an
individual, and XIAOHONG SHENG, an
individual,

Defendants.

Civil Action No. 08 CV 5427

Judge Matthew F. Kennelly

**PLAINTIFF MOTOROLA'S RESPONSE TO DEFENDANT HANJUAN JIN'S
MOTION TO STAY**

Plaintiff Motorola, Inc. ("Motorola" or "Plaintiff"), by and through its attorneys, hereby submits its Response to Defendant Hanjuan Jin's ("Jin" or "Defendant") Motion to Stay (the "Motion"):

STATEMENT OF FACTS

This action was filed initially on September 23, 2008, and on October 28, 2008 Defendant Jin sought leave to file the underlying Motion to Stay, which thereafter was filed on November 6, 2008. At that time, the criminal action pending against Defendant Jin¹ for three counts of violation of 18 U.S.C. § 1832(a)(3),² theft of trade secrets, was scheduled to proceed to trial on January 6, 2009. (See Ex. A, Indictment.) On November 10, 2008, that trial date was reset to January 20, 2009. On December 9, 2008, a Superseding Indictment was filed against Defendant Jin, alleging three additional counts for violations of 18 U.S.C. § 1831(a)(3), economic espionage.³ (See Ex. B, Superseding Indictment.) The January trial date was vacated, and, at this time, has not been rescheduled.⁴

STANDARD OF REVIEW

It is well-settled law that it is not unconstitutional to require defendants to face simultaneous criminal and civil charges relating to the same subject matter. *United States v. Certain Real Property, Commonly Known as 6250 Ledge Road*, 943 F.2d 721, 729 (7th Cir. 1991). This is true even if it would require the defendant either to incriminate herself by responding to civil discovery or to invoke her Fifth Amendment privilege. *Id.* Courts in the

¹ *United States of America v. Hanjuan Jin*, Case No. 08 CR 192 (N.D. Ill., Dec. 9, 2008) (Castillo, J.).

² Section 1832(a)(3) of the Economic Espionage Act (“EEA”) prohibits “theft of trade secrets,” specifically, the knowing receipt, purchase, or possession of “a trade secret, knowing the same to have been stolen or appropriated, obtained, or converted without authorization” for the “economic benefit of anyone other than the owner thereof, and intending or knowing that the offense will, injure any owner of that trade secret.” (See Ex. A, Indictment.)

³ Section 1831(a)(3) of the EEA prohibits economic espionage,” specifically the knowing receipt, purchase, or possession of “a trade secret, knowing the same to have been stolen or appropriated, obtained, or converted without authorization” in order to “benefit any foreign government, foreign instrumentality, or foreign agent.” Here, that foreign entity is the People’s Republic of China. (See Ex. B, Superseding Indictment, pp. 7-9.)

⁴ In fact, the most recent status hearing set for February 25, 2009 was reset, at Defendant Jin’s request, to March 25, 2009.

Northern District of Illinois apply the following non-exclusive factors in determining whether “the interests of justice require” a stay: (1) relationship between the civil and criminal matters; (2) whether the government is a party in both cases; (3) the posture of the criminal proceedings; (4) effect of a stay on the public interest; (5) plaintiff’s interest in proceeding expeditiously; and (6) the burden imposed on defendants regarding any particular aspect of the civil litigation. *Chagolla v. City of Chicago*, 529 F. Supp. 2d 941, 945 (N.D. Ill. 2008) (Kennelly, J.); *accord*, *United States v. Kordel*, 397 U.S. 1, 12 n.27 (1970).

ARGUMENT

It now has been four months since Plaintiff Motorola filed the Amended Complaint, and this case is ready to proceed to discovery. With no trial date yet set in Defendant Jin’s criminal prosecution and significant delay possible, a balancing of the above factors necessitates that Plaintiff Motorola be allowed to engage in, at least, electronic evidence and document discovery with Defendant Jin in order to learn the full extent of Defendant Jin’s computer fraud, misappropriation of trade secrets, and other tortious activity and to prevent any additional loss of its highly valuable information.

A. Relationship between the civil and criminal matters

While there is overlap between the factual allegations in the instant action regarding Defendant Jin and in the criminal action pending against Defendant Jin, the claims asserted herein also include details about her activities with Defendant Lemko and about her communications with Defendant Sheng that are not included in the criminal indictment. For example, the Amended Complaint alleges that Defendant Jin installed Motorola’s proprietary secure virtual private network (“VPN”) access software on a Lemko-owned computer, accessed Motorola’s protected computers through Motorola’s secure VPN from a Lemko-owned

computer, and accessed Lemko's webmail system from Motorola computers. (Ex. C, Am. Compl. ¶¶ 41, 47.) Also, Motorola alleges that Defendants Jin and Sheng have had multiple communications that, upon information and belief, are related to Lemko and the unauthorized access to Motorola source code and other valuable Motorola proprietary trade secrets and confidential information. (Ex. C, Am. Compl. ¶ 86.)

Additionally, the Superseding Indictment charges Defendant Jin with selling information to contacts in the Chinese government, allegations that currently are absent from Motorola's civil complaint. (Ex. D, Criminal Complaint ¶¶ 16-18; Ex. B, Superseding Indictment, pp. 7-9.) Again, cognizant of Defendant Jin's Fifth Amendment privilege, Plaintiff Motorola requests that it be allowed to engage in, at least, electronic evidence and document discovery to ascertain the full extent of the conspiracy between Defendant Jin and the other Defendants.

B. Whether the government is a party in both cases

Defendant Jin concedes that because the government is not a party to the instant action, this factor weighs against a stay. (Mot. 4.) Furthermore, there is little risk that Defendant Jin might use the civil discovery process to "ferret out the particulars of the prosecuting authorities' case against them" as she already has been indicted. *Chagolla*, 529 F. Supp. 2d at 946; *see also Hallett v. Village of Richmond*, 2006 U.S. Dist. Lexis 50808, *14 (N.D. Ill. July 25, 2006).

C. The posture of the criminal proceedings

While Defendant Jin has been indicted, the procedural posture of the criminal action against her has changed significantly since the underlying motion was filed. First and foremost, there is no trial date set at this time, and there is the potential for serious delay based on the addition of the new charges under Section 1831(a)(3). Specifically, these new charges allege

that Defendant Jin stole, appropriated, obtained, and converted without authorization trade secrets in order to benefit the People's Republic of China, specifically its military. (Ex. B, Superseding Indictment pp. 7-9.) The prosecution of these charges will involve significant interaction with other government agencies and parties, and it is likely that trial will not even be set in 2009. In two other prosecutions under 18 U.S.C. § 1831, neither of which ever reached trial, it took two years in one case and five years in the other case to reach a plea agreement. *See United States v. Ye*, No. 02-20145 (N.D. Cal., Nov. 26, 2001) (reaching a plea agreement after five years after the indictment); and *United States v. Hsu, et al*, No. 97-323-01 (E.D. Pa., July 10, 1997) (reaching a plea agreement after approximately two years after the indictment).

Plaintiff Motorola has filed a detailed Amended Complaint alleging very serious violations of the Computer Fraud and Abuse Act and the misappropriation of Plaintiff Motorola's trade secrets and other proprietary and confidential information by Defendant Jin. (*See generally* Ex. C, Am. Compl.) It is essential that Motorola be able to investigate these wrongs immediately through, at least, electronic evidence and document discovery of Defendant Jin.

D. Effect of a stay on the public interest

The "public interest" requires expeditious disposition of cases. Again, because of the risk of significant delay, the public interest would be best served by the prompt resolution of this action. Furthermore, electronic evidence and document discovery should not in any way "taint" the criminal process. *See, e.g., Chagolla*, 529 F. Supp. 2d at 947.

E. Plaintiff's interest in proceeding expeditiously

Clearly, Motorola's interest in proceeding expeditiously is quite high and this factor weighs against the entry of any broad, open-ended stay and in favor of, at least, proceeding promptly with electronic evidence and document discovery. Furthermore, because this is a case involving the misappropriation of trade secrets, which once lost are lost forever, it is essential that Motorola uncover the extent to which it has been wronged in order to prevent any further misappropriation of its proprietary trade secrets and other confidential information and to minimize any damage that already has occurred.

F. The burden imposed on defendants regarding any particular aspect of the civil litigation

That certain of Defendant Jin's actions may well have been criminal should not prevent Motorola from enforcing its rights and redressing the wrongs committed against it. Although it may be argued that this factor may weigh in favor of, at most, a temporary stay as to deposition testimony and interrogatories, there is no Fifth Amendment privilege attached to documents or electronic evidence.⁵

CONCLUSION

For the reasons set forth above, Plaintiff Motorola requests that this Court deny Defendant Jin's motion to stay. In the alternative, Plaintiff Motorola requests that this Court enter only a temporary stay, limited to deposition and interrogatory testimony, and that electronic evidence and document discovery proceed immediately, or, at least order that all electronic

⁵ Other courts have granted temporary stays of deposition and interrogatory testimony in light of parallel criminal proceedings, but refused to grant an open-ended stay. For instance, in *Midas Int'l Corp. v. G. V. & G. Transp. Servs., Inc.*, this Court ordered that the indicted defendant did not have to appear for a deposition or answer interrogatories for 120 days. 1987 U.S. Dist. LEXIS 9764, No. 87 C 2180, 1987 WL 18916, at *2-3 (N.D. Ill., Oct. 19, 1987) (granting temporary stay of defendants' depositions and interrogatory responses in light of parallel criminal proceedings but refusing to grant an open-ended stay).

evidence and documents in Defendant Jin's possession be preserved by Plaintiff Motorola's expert, which would include, but not be limited to, any computers, hard drives, flash drives, other electronic devices or media and documents belonging to or relating to Plaintiff Motorola or any of the Defendants.

* * *

Date: February 25, 2009

Respectfully submitted,

/s/ R. Mark Halligan

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