

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

MOTOROLA SOLUTIONS, INC. and
MOTOROLA SOLUTIONS MALAYSIA
SDN. BHD.,

Plaintiffs,

v.

HYTERA COMMUNICATIONS
CORPORATION LTD., HYTERA
AMERICA, INC., and HYTERA
COMMUNICATIONS AMERICA
(WEST), INC.,

Defendants.

Case No. 1:17-cv-01973

Hon. Charles R. Norgle

ORDER

Plaintiff's motion for reconsideration [1239] is denied. Plaintiff's motion for turnover and that Hytera be held in contempt [1243] is denied without prejudice, such that Plaintiff may refile its motion at a later time. In addition, the Court has reviewed the parties' joint submission regarding the terms of Hytera's royalty obligations, dkt. 1339, and the Court approves of the joint submission. The Court will issue an Order adopting the submission.

STATEMENT

Two post-trial motions remain pending before the Court in this case, which has been appealed to the Seventh Circuit as of May 12, 2022. Dkt. 1340 (Hytera's Notice of Appeal). In the first motion, Motorola asks the Court to reconsider its Order denying Motorola a permanent injunction. That motion is denied because Motorola has appealed the Order denying an injunction, so this Court lacks jurisdiction. In the second motion, Motorola renews its request for turnover and asks the Court to (1) compel Hytera to turnover cash and cash equivalent assets of \$168 million in partial satisfaction of Hytera's \$597.5M judgment debt and (2) find Hytera in contempt and fine Hytera for failing to comply with the Court's March 25, 2021 Order to produce information about the amount and location of Hytera's assets. That motion is denied without prejudice at this time because this case is on appeal.

First, Motorola's motion for reconsideration is denied. Motorola argues that the Court's Order denying a permanent injunction found that only one factor—irreparable injury/adequate remedy at law—weighed in Hytera's favor. Dkt. 1097 at 3-4 (finding that "the market share and pricing injuries suffered by Motorola can be compensated by monetary damages and that any

reputational harm is speculative.”). Now, says Motorola, Hytera has made it abundantly clear since the Court’s Order that it does not intend to pay the judgment against it. Indeed, says Motorola, Hytera claims it has no ability to pay. Therefore, given that Motorola allegedly cannot be compensated with money, it has been irreparably harmed and the Court should issue a permanent injunction.

However, the Court lacks jurisdiction to grant the motion. Motorola has explicitly appealed the Court’s Order denying a permanent injunction. Dkt. 1344 (Motorola’s Notice of Cross-Appeal) at 1 (appealing all decisions that shaped the judgment including “the December 17, 2020 Order denying Motorola’s motion for a permanent injunction (D.I. 1097)”). “The filing of a notice of appeal is an event of jurisdictional significance—it confers jurisdiction on the court of appeals and divests the district court of its control over those aspects of the case involved in the appeal.” Griggs v. Provident Consumer Disc. Co., 459 U.S. 56, 58 (1982); Boyko v. Anderson, 185 F.3d 672, 675 (7th Cir. 1999) (“No court permits the district court to grant a Rule 60(b) motion while the case is on appeal[.]”). Motorola argued that Hytera’s cited appeal was premature because the Court had yet to finalize the issue of a reasonable royalty, and that the appeal—No. 21-2635—was dismissed for that very reason. However, a subsequent appeal and cross-appeal were filed last month, after the Court determined the amount of the reasonable royalty. The Court therefore finds that it lacks jurisdiction to grant the relief Motorola seeks.

Second, Motorola’s motion for turnover and contempt is denied at this time. The Court has reviewed the extensive briefing, including Hytera’s sur-reply and Motorola’s response to the sur-reply. In brief, the parties make the following arguments. Motorola insists that the relevant turnover statute—735 ILCS 5/2-1402—grants the Court broad authority to compel Hytera to turnover the \$168M that Hytera has disclosed as representing its cash assets (1) in open deposit accounts and (2) held by non-defendant subsidiaries. It states that Hytera, despite bringing in over \$1 billion in revenues (by selling Motorola’s trade secrets) since judgment was entered in this case, has yet to pay a cent of the judgment. Motorola argues that Hytera (1) hides behind alleged collateral agreements and Chinese law, in violation of transfer restrictions, and (2) controls its subsidiaries and their cash assets, as shown by the appearance of the subsidiaries’ cash assets on Hytera’s consolidated financial statement. Further, Motorola asserts that Hytera has failed to significantly disclose non-public financial information besides tax returns or show it has complied with transfer restrictions. For Motorola, Hytera should provide bank account statements, investment statements, accounts receivable information, inventory and asset listings, and subsidiary information. Motorola claims that Hytera should be held in contempt and forced to pay an ongoing, daily fine.

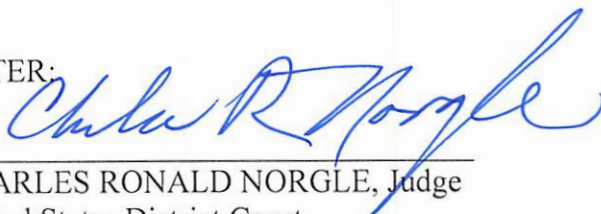
Hytera asserts that the publicly disclosed assets which Motorola seeks cannot be turned over under the Illinois statute and are not presently in Hytera’s control and possession. Specifically, Hytera states that (1) Chinese banks have prior, collateral liens over the deposit accounts pursuant to ongoing Master Credit Agreements and Pledge Agreements, and (2) Hytera’s non-defendant subsidiaries—each with its own board of directors—control their own cash assets and cannot be compelled to pay for Hytera’s debts to the detriment of their own creditors. In addition, Hytera argues the Court lacks jurisdictional and extraterritorial authority to order turnover of assets outside the United States. Finally, Hytera insists that at the very least it has made a diligent effort to comply with the Court’s previous order by disclosing public information and tax returns, and will continue to comply by disclosing further information.

While the Court has the discretion to order turnover of funds at this time, it declines to exercise that discretion at this time. See Sullivan v. Alpine Irrigation Co., No. 09 C 2329, 2012 WL 13145528, at *4 (N.D. Ill. Mar. 15, 2012) (“Section 2-1402(c) empowers the court to order the debtor to turn over property to the creditor to satisfy the judgment via turnover orders.”); Nalco Co. v. Chen, No. 12 C 9931, 2018 WL 688319, at *4 (N.D. Ill. Feb. 2, 2018) (ordering defendant to “turn over to Nalco all assets held in his foreign accounts”). Hytera has challenged “all rulings, proceedings, orders, findings, and decisions (whether oral or written) underlying that Judgment,” including no less than 25 specific Orders. Dkt. 1340 at 1-2. Motorola has cross-appealed. Dkt. 1344. The Court anticipates that this significant appeal will be ruled on expeditiously by the Seventh Circuit. Accordingly, the Court finds that exercising its discretion to order turnover at this point would be premature. As Plaintiff states, Hytera continues to be a lucrative corporation that generates significant revenues. Nothing in the record hints that Hytera may become insolvent or judgment-proof. Plaintiff’s motion for turnover is denied without prejudice at this time.

The Court takes Hytera at its word that it has not stopped and will not stop producing relevant documents, and will comply with the Court’s Orders and Motorola’s citations, including Motorola’s transfer restrictions. The Court reiterates that Hytera must produce information regarding the amount and location of its assets, including non-public information, if disclosure does not subject Hytera to civil or criminal liability. See Dkt. 1223 (Order for Review of Hytera Documents for Citation Proceedings). Failure to do so may result in Hytera being held in contempt. See Dkt. 1172 at 26 (denying Hytera’s motion to quash and stating that the “Court does not look with an understanding eye the absence of current financial information regarding Hytera and its ability to satisfy the judgment.”).

IT IS SO ORDERED.

ENTER:



CHARLES RONALD NORGLÉ, Judge
United States District Court

DATE: July 5, 2022