NONPRECEDENTIAL DISPOSITION
To be cited only in accordance with FED. R. APP. P. 32.1

United States Court of Appeals

For the Seventh Circuit
Chicago, Illinois 60604

Argued March 3, 2026
Decided April 29, 2026

Before

DORIS L. PRYOR, *Circuit Judge*

JOSHUA P. KOLAR, *Circuit Judge*

NANCY L. MALDONADO, *Circuit Judge*

No. 25-2659

SHENZHEN HUAJIE TECHNOLOGY CO., LTD., *Plaintiff-Appellant*,	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.
v.	No. 1:22-cv-5630
SHENZHEN LEYIBEI TECHNOLOGY CO., LTD.,* *Defendant-Appellee*.	Steven C. Seeger, *Judge*.

O R D E R

Shenzhen Huajie Technology Co., Ltd., ("Huajie") sued Shenzhen Leyibei Technology Co., Ltd., ("Leyibei") for intellectual property infringement and won a default judgment. In a short order, the district court awarded minimum statutory damages to Huajie under the Lanham Act's trademark counterfeiting and cybersquatting provisions. *See* 15 U.S.C. § 1117(c), (d). Huajie contends that the court

* Defendant Shenzhen Leyibei Technology Co. did not participate in this appeal.

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abused its discretion by awarding only minimum damages without explanation. Because Huajie failed to contemporaneously support its desired maximum statutory damages award, we affirm.

I

Intellectual property lawsuits like this one have flooded the Northern District of Illinois. In a typical case, the IP holder files trademark or copyright infringement claims against multiple foreign merchants selling goods on e-commerce platforms like Amazon or Etsy. *See Liu v. Monthly*, 170 F.4th 1090, 1092 (7th Cir. 2026); *see also Eicher Motors Ltd. v. P'ships & Uninc. Ass'ns Identified on Schedule "A"*, 794 F. Supp. 3d 543, 545 (N.D. Ill. 2025). The plaintiff joins the defendants in a single lawsuit, identifying them in a sealed document attached to the complaint as "Schedule A," a practice that gives this increasingly common and controversial form of litigation its name. *Id*. Before defendants are served, a Schedule A plaintiff seeks an emergency temporary restraining order, prejudgment restraint on the defendants' assets, and electronic service of process, all ex parte. *Id*. Often, defendants never respond or stop participating in litigation, so the district court must enter default and award statutory damages to the plaintiff with little or no information about the extent of the infringement.

This case follows much of the typical Schedule A playbook. Since 2017, China-based Huajie has sold clothing under the "bellelily" trademark on the website www.bellelily.com. In 2021, Leyibei, also based in China, began selling similar clothing on its similarly named website, www.bellelliy.com. (The "I" and an "L" are transposed in the two names.) In 2022, Huajie sued Leyibei under the Lanham Act for trademark infringement and counterfeiting, *see* 15 U.S.C. § 1114(1)(a); falsely designating the origin of its products, *see id.* § 1125(a); cybersquatting, *see id.* § 1125(d); and violating the Illinois Uniform Deceptive Trade Practices Act, *see* 815 ILCS 510/2.

Huajie moved for summary judgment, contending that Leyibei designed its trademark and website to resemble Huajie's, confusing consumers and infringing on Huajie's intellectual property rights. Huajie sought maximum statutory damages under the Lanham Act—$2 million for trademark counterfeiting and $100,000 for cybersquatting—arguing that the award would deter Leyibei and other counterfeiters from future infringement.

But by the time Huajie moved for summary judgment, Leyibei had stopped participating in the litigation and shortly after the motion was filed, Leyibei's counsel moved to withdraw. Leyibei never responded to the motion. In light of Leyibei's nonparticipation, the district court ordered Leyibei to show cause as to why judgment should not be entered in favor of Huajie. Leyibei never responded to the show cause order and the district court sua sponte entered default against Leyibei and directed Huajie to submit a proposed final judgment order. Huajie's proposed order was barebones—it did not provide proposed reasoning to justify its desired maximum statutory damages or reference arguments that Huajie had made in its earlier motion for summary judgment. The proposed order repeated Huajie's requests for a permanent injunction, attorney's fees, and maximum statutory damages.

The district court issued the final judgment in August 2025. Without making specific factual findings or detailing its reasoning, the court found Leyibei liable for willful infringement based on the earlier entry of default, granted Huajie's requested injunction, and awarded $1,000 to Huajie for trademark counterfeiting and $1,000 for cybersquatting—the minimum statutory damages under each provision.[1]

II

On appeal, Huajie challenges the adequacy of the district court's explanation for the award of minimum statutory damages. Huajie contends that even under the deferential review owed to awards of statutory damages, *see Broad. Music, Inc. v. Star Amusements, Inc.*, 44 F.3d 485, 487 (7th Cir. 1995), the district court must explain how and why it used its discretion.

Typically, a district court's ruling should demonstrate that the court "considered the factors relevant to its decision and in fact exercised its discretion." *Patton v. MFS/Sun Life Fin. Distribs., Inc.*, 480 F.3d 478, 491 (7th Cir. 2007). But district courts need not address arguments that a party fails to raise or develop. Here, Huajie failed to offer evidence or arguments in favor of maximum damages, so the district court did not err by failing to offer a robust explanation of its ruling. Huajie argues that the district court should have circled back to its motion for summary judgment to search for support for its damages award. But it was Huajie's job to make its case for maximum damages on default to the district court, not the court's job to search through the record for support.

[1] The order in relevant part reads: "Pursuant to 15 U.S.C. § 1117(c)(2), Plaintiff is awarded statutory damages from Defendant in the amount of $1,000 (one thousand dollars) for willful counterfeit use of Plaintiff's Bellelily trademark," and "Pursuant to 15 U.S.C. § 1117(d), Plaintiff is awarded statutory damages from Defendant in the amount of $1,000 (one thousand dollars) for willful violation of the Cybersquatting Act."

A word about the procedural posture may be helpful. Default judgments occur in two stages: "the establishment of the default, and the actual entry of a default judgment." *In re Catt*, 368 F.3d 789, 793 (7th Cir. 2004). The district court's initial entry of default established that Leyibei was liable for willful trademark counterfeiting[2] and cybersquatting[3] under the Lanham Act. *See Domanus v. Lewicki*, 742 F.3d 290, 303 (7th Cir. 2014). But the entry of default did not establish that Huajie was entitled to the amount of statutory damages that it requested under the Act.[4] Even after default is established, "the victor must still prove up damages." *Id*.

Huajie did not carry its burden to "establish [its] entitlement to the relief [it] seeks." *In re Catt*, 368 F.3d at 793. After the district court entered default, Huajie needed to offer evidence and arguments in support of the damages award. *See id.* But as Huajie acknowledged at oral argument, its proposed order, unaccompanied by any contemporaneously filed motion for entry of default judgment, lacked any rationale to support the maximum award. Although Huajie sought maximum statutory damages in its earlier motion for summary judgment—arguing that only a substantial award could compensate it for its losses and deter future misconduct—it failed to direct the court to those earlier arguments. So Huajie invited the consequence of which it now complains.

True, a district court must explain its decision "to award *greater* than minimum statutory damages." *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1017 (7th Cir. 1991), *abrogated by Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994) (emphasis added). Likewise, the evidentiary record must "adequately support[]" an award over the minimum. *Id*. Thus, a district court has no basis to award greater than minimum

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[2] A counterfeit trademark "is identical with, or substantially indistinguishable from," a registered trademark, 15 U.S.C. § 1127, and it is a basis for liability if it is "likely to cause confusion, or to cause mistake, or to deceive," *id.* § 1114(1)(a).

[3] Cybersquatting, also known as cyberpiracy, is the practice of registering a domain name that is "identical or confusingly similar" to a distinctive trademark with the "bad faith intent to profit from that mark." 15 U.S.C. § 1125(d)(1)(A).

[4] The Lanham Act authorizes significant damages. Willful counterfeiters face $1,000 to $2 million in statutory damages, 15 U.S.C. § 1117(c), while cyberpirates are on the hook for $1,000 to $100,000, *id.* § 1117(d). In both cases, statutory damages are to be awarded "as the court considers just." *Id.* § 1117(c), (d). District courts have wide discretion to award statutory damages, *Broad. Music, Inc.*, 44 F.3d at 487, and may consider myriad factors, *see Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1229–30 (7th Cir. 1991) (factors relevant to statutory damages for copyright infringement).

statutory damages where the plaintiff has not developed an evidentiary record supporting such an award or has not presented that record to the court. *See id.* at 1016–17. As the dissent notes, it may be better practice for district courts to briefly explain their reasoning in cases like this, but we decline to give Huajie a second bite at the apple. Instead, we affirm on a basis obvious from the record: nothing immediately available to the district court was adequate to support a $2 million award.

Because Huajie failed to establish its entitlement to the considerable damages it requested, we uphold the district court's award of minimum statutory damages. We also take this opportunity to remind litigants that the race is not over after the entry of default. A plaintiff with a default in hand still must support a request for damages with evidence and argument.

AFFIRMED

PRYOR, *Circuit Judge*, dissenting. Plaintiff Shenzhen Huajie Technology Co. sued Defendant Shenzhen Leyibei Technology Co., asserting a panoply of claims relating to trademark infringement and cybersquatting in what has become known as "Schedule A" litigation. After entering default judgment against the Defendant, the district court awarded Plaintiff minimum statutory damages. Plaintiff appeals. It argues the district court abused its discretion by entering an order insufficient to permit appellate review and by awarding statutorily minimum damages. In my view, the majority fails to grapple with the first to reach the second.

Because the district court's order is devoid of any explanation for why it awarded the damages it did, I cannot agree with the majority's conclusion. Regardless of Plaintiff's errors in supporting the damages award it seeks, the district court entered a ruling insufficient for us to ensure it "considered the factors relevant to its decision and in fact exercised its discretion." *Patton v. MFS/Sun Life Fin. Distribs., Inc.*, 480 F.3d 478, 491 (7th Cir. 2007). Accordingly, I respectfully dissent.

I. BACKGROUND

Plaintiff and Defendant are both based in China. Since 2017, Plaintiff sold clothing under the "bellelily" trademark on the website www.bellelily.com. Four years later, in 2021, Defendant began selling similar clothing on its website, www.bellelliy.com. Then, in 2022, Plaintiff sued Defendant under the Lanham Act for trademark infringement and counterfeiting, falsely designating the origin of its products, and cybersquatting. 15 U.S.C. §§ 1114(1)(a), 1125(a), 1125(d). Plaintiff also claimed Defendant violated the Illinois Uniform Deceptive Trade Practices Act. 815 ILL. COMP. STAT. 510/2.

Plaintiff moved for summary judgment. In its view, Defendant designed its trademark and website to resemble Plaintiff's, confusing consumers and infringing its intellectual property rights. Plaintiff sought maximum statutory damages under the Lanham Act. Specifically, it requested $2 million for trademark counterfeiting and $100,000 for cybersquatting—a practice of registering a domain name that is "identical or confusingly similar" to a distinctive trademark with the "bad faith intent to profit from that mark," 15 U.S.C. § 1125(d)(1)(A). Plaintiff argued in its motion that the award would deter Defendant and other counterfeiters from future infringement.

While Defendant initially participated in the litigation, shortly after Plaintiff filed its motion for summary judgment, Defendant stopped participating, and its counsel moved to withdraw. Defendant never responded to Plaintiff's motion. Defendant's nonparticipation caused the district court to order Defendant to show cause as to why judgment should not be entered in favor of Plaintiff. Like it did with Plaintiff's motion for summary judgment, Defendant never responded to the show cause order, and the district court entered default against Defendant and directed Plaintiff to submit a proposed final judgment order. Plaintiff's proposed order sought a permanent injunction, attorney's fees, and maximum statutory damages. But Plaintiff's proposed order was otherwise missing proposed reasoning to justify its desired damages award or reference to arguments it made in its earlier motion for summary judgment.

The district court issued the final judgment in August 2025. In relevant part, the order reads:

> …
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> 2. Pursuant to 15 U.S.C. § 1117(c)(2), Plaintiff is awarded statutory damages from Defendant in the amount of $1,000 (one thousand dollars) for willful counterfeit use of Plaintiff's Bellelily trademark.
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> 3. Pursuant to 15 U.S.C. § 1117(d), Plaintiff is awarded statutory damages from Defendant in the amount of $1,000 (one thousand dollars) for willful violation of the Cybersquatting Act.

On appeal, Plaintiff argues the district court abused its discretion by providing an insufficient analysis of the factual findings underlying the award for statutory damages, and that the district court abused its discretion in awarding statutorily minimum damages.

II. ANALYSIS

This appeal presents two distinct issues. First, we need to evaluate whether the district court's order provides at least some explanation sufficient to exercise appellate review. Second, we have to decide whether the district court abused its discretion by awarding statutorily minimum damages. Unlike the majority, I am unable to reach the second question given the district court's lack of explanation for its decision, which in my mind precludes appellate review.

Under the Lanham Act, a plaintiff who holds a trademark that has been infringed may seek either compensatory or statutory damages; it's her choice. 15 U.S.C. § 1117(a), (c), (d). Here, Plaintiff sought statutory damages, which provide $1,000 to $2 million against willful counterfeiters and $1,000 to $100,000 against cybersquatters.

Id. § 1117(c)(2), (d). In both cases, damages are to be awarded "as the court considers just." *Id.* § 1117(c)(2), (d).

We typically review a statutory damages award under the Lanham Act for abuse of discretion, but "the standard for reviewing an award of statutory damages within the allowed range is even more deferential than abuse of discretion." *Broad. Music, Inc. v. Star Amusements, Inc.*, 44 F.3d 485, 487 (7th Cir. 1995). Still, "[w]ithout an explanation from the district court, we cannot conduct our own evaluation of its exercise of discretion." *Von Duprin LLC v. Major Holdings, LLC*, 12 F.4th 751, 768 (7th Cir. 2021).

There's the rub. Whenever a district court is required to make a discretionary ruling on damages, statutory or otherwise, we have to satisfy ourselves that it actually exercised its discretion before we can decide whether the district court abused its discretion. *See Hatahley v. United States*, 351 U.S. 173, 182 (1956) ("[I]t is necessary in any case that the findings of damages be made with sufficient particularity so that they may be reviewed."). Certainly, a district court need not follow "any rigid formula" to adequately explain its statutory damages decision for an appellate court to conduct meaningful review. *Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1229 (7th Cir. 1991). But in making a discretionary decision regarding statutory damages, a court must sufficiently explain its choice to enable us to determine whether it considered the factors relevant to its decision and in fact exercised its discretion. *See, e.g.*, *id.* ("[D]istrict courts enjoy wide discretion in awarding [statutory damages] and may consider various factors such as the difficulty or impossibility of proving actual damages, the circumstances of the infringement, and the efficacy of the damages as a deterrent to future … infringement." (citation and internal quotation marks omitted)); *Spectrum Ass'n Mgmt. of Texas, L.L.C. v. Lifetime HOA Mgmt. L.L.C.*, 5 F.4th 560, 565–66 (5th Cir. 2021) (describing "several factual considerations relevant to [the court's] review of a statutory damages award under" the Lanham Act); *Emps. Council on Flexible Compensation v. Feltman*, 384 F. App'x 201, 208 (4th Cir. 2010) (upholding statutory damages award under the Lanham Act where the district court "carefully weighed several aggravating and mitigating factors before concluding that the defendants' conduct warranted that award").

In this case, the district court's order fails that test. *See Smith v. Village of Maywood*, 970 F.2d 397, 399 (7th Cir. 1992) (per curiam) ("[T]his judgment does not present *any* of the reasons behind the court's decision. Such silence prevents effective appellate review." (emphasis in original)). The district court's order provides: "Pursuant to 15 U.S.C. § 1117(c)(2), Plaintiff is awarded statutory damages from

Defendant in the amount of $1,000 (one thousand dollars) for willful counterfeit use of Plaintiff's Bellelily trademark," and "Pursuant to 15 U.S.C. § 1117(d), Plaintiff is awarded statutory damages from Defendant in the amount of $1,000 (one thousand dollars) for willful violation of the Cybersquatting Act." The order does not explain how and why the district court landed on its statutory damages award for willful trademark infringement ($1,000) or cybersquatting ($1,000), and nothing else in the record provides any hints. There's simply no indication the district court exercised its discretion, which forecloses appellate review. *See Freeman v. Franzen*, 695 F.2d 485, 494 (7th Cir. 1982) ("While a failure to articulate precise reasons to support an award of fees does not indicate *a fortiori* that the district court abused its discretion, here the district court supplied no reasons to explain its decision. It is not the role of this court to speculate on the reasons which may have supported the decision. Some explanation of the decision and consideration of the current result in the case is necessary before we can address the defendants' arguments that the district court abused its discretion in awarding $12,000 in attorneys' fees." (internal citation omitted)).

The majority, however, resists this conclusion by assuming, without any basis in the record, that the district court awarded minimum statutory damages because Plaintiff failed to prove up its award request. In my view, the district court's order does not allow such an inference because it provides no explanation for why it awarded statutorily minimum damages. Yet, "concerns of due process and the opportunity for meaningful, if limited, appellate review contemplate that the district court would provide *some* explanation" underlying its exercise of discretion. *Broad. Music*, 44 F.3d at 488 (emphasis in original) (quoting *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1017 (7th Cir. 1991)). That did not happen here.

I am also unable to agree with the majority's reliance on *Video Views*, 925 F.2d 1010. In that case, we decided that a plaintiff seeking minimum statutory damages did not need to develop the evidentiary record at all. *Id.* at 1016–17. On the other hand, if the plaintiff sought greater than minimum damages, we reasoned that the district court could award more damages when the record supports that determination. *Id.* And if the district court, in resolving the matter, decided to issue greater than minimum statutory damages, we held that it needed to provide some explanation for why it did so. *Id.* at 1017. In other words, in *Video Views*, we reasoned that where a plaintiff seeks minimum statutory damages, the district court can issue such an award on an undeveloped record. Conversely, when a plaintiff seeks greater than minimum statutory damages, and the district court agrees to do so, the district court had to provide some explanation for the factual findings underlying its exercise of discretion.

Here, however, we find ourselves in neither situation *Video Views* envisioned. We face a plaintiff that sought *greater* than statutorily minimum damages, but the district court awarded it only minimum statutory damages without explanation. Nothing about the chain of reasoning in *Video Views* erased the obligation of district courts to provide sufficient reasoning to support an award of minimum statutory damages when a plaintiff seeks greater than statutorily minimum damages. It appears the majority conflates the plaintiff's burden to justify an award requesting greater than statutorily minimum damages with the district court's obligation to issue a decision denying this request with sufficient justification for appellate review.

III. CONCLUSION

For these reasons, I respectfully dissent from the majority's holding in this case. While I understand "[i]ntellectual property lawsuits like this one have flooded the Northern District of Illinois," a district court must provide some explanation to support its exercise of discretion in fashioning an award of damages to satisfy due process and facilitate appellate review, even in Schedule A litigation regarding statutory damages. I do not mean to insinuate that Plaintiff is entitled to a higher damages award. The district court may have entered the award it did for the reason the majority provides, and that reason may not constitute an abuse of discretion as the majority holds. But instead of speculating why the district court denied the Plaintiff's request, I would vacate and remand for it to provide its rationale for us to conduct appellate review.