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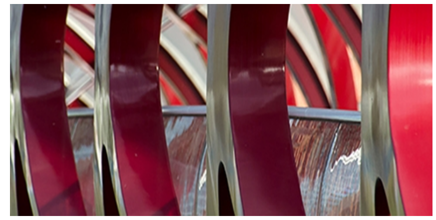

News & Types: Litigation Update

Increasing Scrutiny of "Schedule A" Intellectual Property Litigation

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Practices: Litigation

EXECUTIVE SUMMARY

- Schedule A litigation allows intellectual property owners to sue dozens or even hundreds of foreign online merchants in a single lawsuit, simply referring to them on the Complaint as the "Schedule A Defendants," in which plaintiffs often seek ex parte injunctive relief restraining the merchants' sales and freezing funds associated with their online marketplace accounts.
- For more than a decade, the Northern District of Illinois has been one of the most frequent venues for such lawsuits. Recent decisions, however, including a Seventh Circuit decision issued in March 2026, have subjected Schedule A litigation to increased scrutiny.

THE SEVENTH CIRCUIT WEIGHS IN ON "SCHEDULE A" LITIGATION:

For more than a decade, intellectual property owners have used "Schedule A" lawsuits to sue dozens or even hundreds of foreign online merchants in a single action, often obtaining injunctive orders freezing funds and bank accounts associated with their online marketplace stores before defendants know they have even been sued. However, courts in the Northern District of Illinois, the longtime epicenter of Schedule A litigation, are now scrutinizing these procedures more closely.

That scrutiny began as judges and legal commentators, such as Professor Eric Goldman, started questioning the procedural aspects of Schedule A litigation. Goldman has dubbed the practice the "SAD Scheme," arguing that mass joinder, sealed proceedings, and asset restraints could violate procedural rights and can create powerful settlement leverage before the defendant's defenses are even tested. Eric Goldman, A Sad Scheme of Abusive Intellectual Property Litigation, 123 Colum. L. Rev. F. 183, 183–200 (2023).

More recently, in Liu v. Monthly, No. 25-2074, slip op. at 5–6 (7th Cir. Mar. 31, 2026), the Seventh Circuit Court of Appeals weighed in on a limited but important issue arising in such cases. The Seventh Circuit held that the evidence in Liu was insufficient to establish personal jurisdiction over the defendants and vacated the default judgments entered against them. The Court explained that, in order to establish personal jurisdiction over an online merchant in the state of Illinois, a plaintiff must present evidence of actual sales to customers within Illinois.

These developments are significant for both intellectual property owners pursuing infringement claims and foreign merchants defending against them. Masuda Funai has successfully litigated this issue in the Northern District of Illinois. If you have any questions about this article or would like to inquire further, please contact Patrick M. Kelly or any other member of our Litigation Practice Group.

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