1. Sports Law

Sports law is an amalgam of laws that apply to athletes and the sports they play

➔ **Applicability**

Contract, tort, agency, antitrust, constitutional, labor, trademark, sex discrimination, criminal, tax issues

➔ **Exclusivity**

Each sport operates under its own constitution

➔ **Commonalities**

Antitrust and contracts
Rules
- Baseball is exempt from the Sherman Antitrust Act
  => stems from early history

Precedent
- Flood v. Kuhn (1972)
The Sherman Antitrust Act is a federal statute passed by congress in 1890 prohibiting any contract, conspiracy, or combination of business interests in restraint of foreign or interstate trade.
Baseball Cases

  => Conspired to monopolize baseball

- Flood v. Kuhn (1972)
  => Reserve clause vs 14th Amendment
  => Justice Blackmun -> Congress

  => Do arbitrators have the final say?
  => Does collusion impact this?
Reserve Clause

- Players rights retained by the team upon the contracts expiration
- Players could be reassigned, traded, sold, or released at any time
- Violation of the 14th amendment? Federal Baseball Club v. National League
- Codified Reserve Clause until 1975
- Supreme Court held that baseball is an exhibition held for amusement, not interstate commerce
APPLICABILITY OF THE SHERMAN ACT TO FOOTBALL

NCAA v. Board of Regents of the University of Oklahoma
Agnew v. National Collegiate Athletic Association
Pugh v. National Collegiate Athletic Association
Milestones for the Sherman Act

- NCAA is not exempt from scrutiny under the Sherman Antitrust Act
- MIBA v. NCAA 2004
- U.S. District Court of NY ruled that NCAA rules and regulations implicate trade or commerce
- Walk on Football Players Litigation 2005
- Award of financial aid to college students to be “trade or commerce” and therefore subject to the Sherman Act.
Plaintiff argued that NCAA cap on the number of scholarships given per team had an anticompetitive effect in violation of Sherman Act Section 1 as an unreasonable restraint of trade.

U.S. Court of Appeals Reasoning:
- NCAA commercial transactions with student-athletes was present, therefore,
- NCAA can engage in anti or pro-competitive behavior
- Relevant market must be properly identify to assess if anti behavior had an adverse effect on the market

Has been negatively cited in O’Bannon v. NCAA
- Amateurism
Pugh accepted D1 grant-in-aid whose award could not exceed 1 yr.

Transferred to a D2 school, but as a result, the NCAA's “year-in-residence requirement” obliged him to sit out of competition for a full season because he must become a “resident” in the newly transferred school.

U.S. District Court of Indiana reasoning:
- Drew from Agnew and Board of Regents (deductive reasoning)
- Eligibility rules that foster competition are presumptively pro-competitive
  - Does not pertain to financial aid rules
- None of this is applicable to baseball

Not overruled nor have negatively criticized rulings.
SHERMAN ACT--WHY BASEBALL SHOULD BE INCLUDED

- Similar set of circumstances?
  - Anti or pro-competitive arguments would not be valid as a restraint of trade in violation of the Sherman Antitrust Act
- Rationale
  - Congress has not used legislative powers to designate baseball under the purview of Sherman
- Right Field Roofops, LLC v. Chicago Baseball Cubs, LLC (2015)
  - Cites Federal Baseball Club of Baltimore v. National League of Professional Baseball Clubs (1922)
  - “Purely state affairs”
- Anti-competitives which fails to foster competition in amateur intercollegiate sports is illegal...in football
  - In baseball?
  - Question is not touched upon
- Conclusion
  - All sports must be subject to federal antitrust laws because bylaws that inhibit competition are illegal in nature
SHERMAN ACT--WHY BASEBALL SHOULD BE INCLUDED CONT.

- Similar set of circumstances?
  - Must be applicable to all sports
- It’s a question of upholding a rule of law
- Court’s options:
  - Exempt all
  - Urge Congress to legislate
IF a party demonstrates that the NCAA or its rules derive economic gain by engaging in commercial transactions, AND identifies a relevant commercial market in which anti-competitive effects may be apparent,

OR can demonstrate that the NCAA or its rules devise plans that horizontally restrain the operation of a free market, AND provides no valid justification for the horizontal restrictions

THEN this constitutes an unreasonable restraint of trade in violation of Sherman Antitrust Act Section 1.

HOWEVER,

IF the NCAA imposes eligibility rules that foster competition among amateur athletic teams, AND are NOT deemed financial aid rules,

THEN they are presumptively pro-competitive AND are NOT in violation of Sherman Antitrust Act Section 1.

UNLESS the sport is professional baseball, THEN it is exempt from the Sherman Antitrust Act.