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Sherman Act: Caldwell v. American Basketball Ass'n, 825 F. Supp. 558 (S.D.N.Y. 1993)

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Under § 2 of the Sherman Act, the court found sufficient facts of possession and maintenance of monopoly power, intentional anti-competitive conduct, and deliberate concerted action with the intent to monopolize. Additionally, the court held the claims to be sufficient under Alabama law, which was analytically identical to federal antitrust law.

J.S.

SHERMAN ACT

CALDWELL V. AMERICAN BASKETBALL ASS'N, 825 F. Supp. 558
(S.D.N.Y. 1993).

A former star basketball player who was suspended from his team opposes defendant's motion for summary judgement on his antitrust and tort action against a basketball association, its commissioner, his former team, and its owners. Plaintiff, Joseph L. Caldwell, negotiated a contract with the Carolina Cougars, an American Basketball Association ("ABA") team, in 1970. The contract incorporated only some provisions of the ABA Uniform Player's Contract, giving the Cougars authority to suspend a player without pay for violations of established rules, and the power to terminate the contract in case of breach by the player. The contract did not incorporate the clause binding the player to the ABA Constitution and by-laws, which provide that a suspended player is placed on a "reserve list" and cannot "contract with" another team until the suspending team gives written notice to the ABA Commissioner. The subsequently renamed and relocated team, The Spirits of St. Louis, suspended Caldwell for allegedly advising another star player to "negotiate" a better contract by missing an important game. Caldwell claimed that he then automatically ended up on the reserve list "forever" in December of 1974, pursuant to the ABA by-laws. Thus, Caldwell alleged that the defendants "combined and conspired to blacklist him" resulting in Caldwell never playing professional basketball again, thus violating § 1 of the Sherman Act. Caldwell further alleged that defendants monopolized the players' market in violation of § 2 of the Sherman Act and state tort law. Defendants argued that Caldwell's inability to play again arose from his age and physical condition.

Held: The court held that Caldwell failed to present sufficient evidence to allow a reasonable jury to find that a conspiracy or monopoly existed. The ABA's by-laws, providing for automatic placement of a suspended player on the "reserve list," are not sufficient by themselves to meet the concerted action requirement of

§ 1 of the Sherman Act. To prove this concerted action, Caldwell would need to show that other teams had refused to offer a position to him because of the by-laws. This he did not show. Even the fact that the team and the ABA might have had an economic motive (i.e., could not afford to pay Caldwell's salary), is not enough to give rise to the inference that the defendants had conspired or combined to keep Caldwell from playing basketball. The monopolization argument fails because defendants possessed a market share of only 36%, which is less than the 50% market share required to withstand summary judgement in the Second Circuit. The pendant state tort actions failed because Caldwell did not show the motive of "disinterested malevolence," and because Caldwell had failed to show violation of the antitrust laws. Dismissed.

M.N.