
Follow this and additional works at: http://repository.law.miami.edu/umeslr

Recommended Citation
Available at: http://repository.law.miami.edu/umeslr/vol9/iss2/21

This Case Summary is brought to you for free and open access by Institutional Repository. It has been accepted for inclusion in University of Miami Entertainment & Sports Law Review by an authorized administrator of Institutional Repository. For more information, please contact library@law.miami.edu.
counterclaim. They found that the studios did not refuse to deal when they rejected PRE's offer of settlement, and this refusal to settle afforded no basis for antitrust liability. The court held that PRE failed to demonstrate any injury resulting from the alleged antitrust activity, and that in order to waive Noerr-Pennington immunity, PRE had to show that the original lawsuit was legally baseless before looking at any subjective intent to perpetuate anticompetitive conduct on the part of Columbia. The court went on to find that Columbia's copyright suit, although unsuccessful, was brought with probable cause, and that a suit brought with probable cause did not fall within the sham exception to the Noerr-Pennington doctrine. Thus, the court found no need for further discovery on the part of PRE to determine the studios' subjective intent, because the first prong of the immunity waiver test, involving baseless claims, was not met. According to the court, PRE was not prejudiced by bringing up the pendent state law claims in California state courts, because the state court tolls the statute of limitations period during the time a suit is pending in federal court. Thus, the court held that the district court did not abuse its discretion, and its decision was affirmed in all aspects.

-C.L.


Plaintiffs, eight professional football players whose National Football League contracts expired, filed antitrust claims against the National Football League (NFL) and the NFL team owners under section 1 of the Sherman Act seeking an injunction to permanently bar the NFL and the NFL team owners from implementing certain proposals under “Plan B”. In 1988, the NFL presented to the National Football League Players Association (NFLPA) a proposal, entitled “Plan B”, to enter a new system of player restraints. Under “Plan B”, the NFL proposed, inter alia, to eliminate all contract negotiations with the individual football players and establish a league-wide wage scale. By eliminating competition among the different NFL teams, plaintiffs claim that the proposed wage scale is violative of the Sherman Antitrust Act. Both parties brought various motions before the district court.

First, the district court denied the players' motion for a permanent injunction based on testimony that the NFL, although already having implemented certain other proposals under “Plan B”, had no immediate intention of implementing the league-wide wage
scale. In turn, however, the court declined to grant the NFL’s motion for summary judgment on that claim because, if implemented, the proposed wage scale would likely amount to a violation of the Sherman Antitrust Act. Because the NFL had implemented most of the other proposals included under “Plan B”, the threat of future antitrust injury, although not sufficient for the court to grant an injunction, was sufficient to defeat the NFL’s motion for summary judgment.

Second, the NFL moved for summary judgment on all of the players’ claims, contending that (1) the NFL functions as a single economic entity and, as such, they are incapable of conspiring within the meaning of the Sherman Act, and (2) the antitrust laws do not apply to restraints operating solely within an isolated labor market. Because operating as a single economic entity does not exempt the NFL’s agreement between its member teams from the antitrust laws and because Supreme Court precedent has held that antitrust laws do apply to restraints operating solely within an isolated labor market, the court dismissed the NFL’s argument and denied their motion.

Third, the NFL moved for partial summary judgment on the players’ claim for treble damages, arguing that such damages could not be recovered for injury before the court renders a decision on the viability of a particular claim. Thus, the NFL claimed the plaintiffs could not recover damages from the date the injury occurred. The court dismissed the NFL’s contention and held that their antitrust liability accrued from the date the collective bargaining relationship between the NFL and the NFLPA ended.

Fourth, on the players’ motion for partial summary judgment, the NFL was estopped from relitigating the issues of (1) the existence of a relevant market for football players’ services and (2) the existence of the NFL’s monopoly power in the relevant market for football players. However, the NFL was not estopped from litigating the issue of the NFL’s monopoly power in the relevant market for football players’ services.

Lastly, the players moved for partial summary judgment concerning the application of a per se rule of illegality to the first refusal and compensation rights under “Plan B”. Under this proposal, the NFL teams had first refusal rights and compensation rights over their veteran players whose contracts had expired. The court held that a per se rule of illegality could not be applied because binding precedent required that a rule of reason, which forces the court to balance the proposals’ anti-competitive effects with its
pro-competitive effects, must be applied.\(^1\)

-E.A.


Professional football players who played on Developmental Squads for the National Football League (NFL) teams during the 1989 season brought a class action against the 28 individual NFL teams and the NFL itself.

The use of Developmental Squads was a new concept which permitted NFL teams to sign rookie and first-year free agents to personal services contracts for the season. The NFL Constitution was amended to include Resolution G-2, provided that certain players placed on reserve/injured status could not practice and that others could, but would count against each Club’s limit of six Developmental Squad players (maximum of 47 players per team). Those players on Developmental Squads were to be treated equally with players on the Reserve/Injured list and players on the Inactive list. Under the NFL Constitution and Bylaws, players on the Reserve/Injured list are compensated at the full rate of their NFL Players Contracts. Under Resolution G-2, Developmental Squad players would be paid a fixed salary of $1,000 per week instead of being permitted to negotiate their own salaries. Plaintiffs filed suit.

Plaintiffs moved for summary judgment, claiming that the uniform wage provision of Resolution G-2 violates the Sherman Antitrust Act, and that under the Clayton Act, they are entitled to damages and attorney’s fees. The NFL teams claimed that the antitrust laws do not apply to “wage-fixing restraints” imposed by employer groups on employees. The U.S. District Court of the District of Columbia held that wage-fixing is an antitrust violation to which the Sherman Act applies. The court determined that the wage restraints, under these circumstances, were not subject to the per se rule whereby there is no defense to the antitrust violation. Rather, the court held that the “Rule of Reason” test applied, thus permitting the NFL teams to defend the passage of the wage-restraint. Under this test, the court must balance the anti-competitive effects of the challenged restraint against its pro-competitive effects. If anti-competitive effects outweigh pro-competitive effects, the restraint is found to be unreasonable and violative of antitrust

---

1. Editor’s note: A summary of the final outcome of the McNeil case will appear in Volume 10 Number 1.