

Molinas v. Nat'l Basketball Ass'n

190 F. Supp. 241 (S.D.N.Y. 1961)

Authored by Samantha Halliburton

Jack Molinas ("Molinas"), a well-known basketball player, signed a contract to play professional basketball with the Fort Wayne Pistons (now the Detroit Pistons) in the fall of 1953. Molinas confessed that in January 1954, he began placing bets on his team, the Pistons, to win. After Molinas admitted these gambling practices, Mr. Podoloff, the president of the league, indefinitely suspended Molinas pursuant to Molinas' contract and a league rule prohibiting gambling. Molinas made several applications for reinstatement. However, Podoloff refused to reinstate Molinas to re-enter the league, stating that Molinas was a "cancer on the league."

Molinas filed an action against the National Basketball Association (the "NBA") and Mr. Podoloff alleging that the NBA entered into a conspiracy with its member teams and others in restraint of trade in violation of anti-trust laws. Specifically, Molinas argued that the operation of the reserve clause, through which a team holding a player's contract is given an opportunity to renew it each year, is an unreasonable restraint on trade. Molinas also claimed that Podoloff had no authority to suspend Molinas indefinitely. The New York Supreme Court disagreed, and found that the suspension was "eminently reasonable." The court held that Molinas failed to meet his burden of establishing a violation of anti-trust laws, and therefore dismissed Molinas' case.

In order to succeed on an anti-trust claim, the burden of proof is on the injured party to establish a "clear causal connection between the violation alleged and the injuries allegedly suffered." The New York Supreme Court held that Molinas failed to establish a connection between the reserve clause and any damage that may have been caused. The Court explained that the NBA and its member teams refused to deal with Molinas not because of the reserve clause, but because Molinas had been suspended for breaching his contract and league rules prohibiting gambling. The Court further held that Molinas' reliance on the reserve clause was barred by the statute of limitations. Therefore, the court never reached the question as to whether the reserve clause, as it operates in the NBA, constituted an unreasonable restraint of trade in violation of anti-trust laws.

With respect to Molinas' suspension from the NBA and the subsequent refusal by the NBA to reinstate him, the court held that Molinas failed to show an unreasonable restraint of trade within the meaning of anti-trust laws. Due to a series of gambling incidents relating to the NBA, the Court found that the league rule and corresponding contract clause prohibiting gambling were "not only reasonable, but necessary for the survival of the league" in light of the public's growing mistrust of the NBA. For the foregoing reasons, the Court found that the suspension and subsequent refusal to reinstate was justified.