

Fox Sports Net North, LLC. v. Minnesota Twins Partnership, et al.

19 F.3d 329 (8th Cir. 2003)

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Fox Sports Net North, LLC ("Fox") sued the Minnesota Twins Partnership ("Twins") and Kevin Cattoor, the Twins' Chief Operating Officer. Fox alleged breach of contract, breach of duty of good faith and fair dealing, misappropriation of trade secrets, and tortious interference with contract. The Twins and Cattoor counterclaimed for defamation and unfair competition. The United States District Court for the District of Minnesota granted summary judgment on all claims and counterclaims. Both parties have appealed the decision to the United States Court of Appeals for the Eighth Circuit. There are multiple issues before the court: (1) does the Twins' lease agreement to remain at the Metrodome trigger Fox's option right to televise the Twins during the 2002 and 2003 seasons and, at the same time, entitle the Twins to bonus payments for the 2001-2003 seasons; (2) did Fox meet its burden of proving the tort claims; and (3) did the Twins meet its burden of proving its counterclaims.

In 1998, the Twins entered into a Telecast Agreement with Midwest Sports Channel ("MSC") granting MSC the right to televise a number of the Twins' baseball games on its network. At the time of this agreement, Cattoor was the general manager and vice-president of MSC. This agreement also contained a clause that entitled the Twins to yearly bonus payments if they secured an acceptable stadium solution in the Minneapolis metro area for the remaining term of the agreement, which was until 2001. In 1998, the Twins entered into a lease agreement with the Metropolitan Sports Facilities Commission that obligated the Twins to continue playing home games at the Metrodome through the 2000 season with one-year option clauses to use the Metrodome for the 2001-2003 seasons. In 2001, Fox bought MSC and informed the Twins that the lease agreement entitled Fox to exercise the option to televise both the 2002 and 2003 seasons, but the lease agreement did not meet the requirements that entitled the Twins to bonus payments. The Twins exercised all options in their lease agreement to use the Metrodome through the 2003 season and Fox televised the games, but never paid the Twins the bonus payments.

The interpretation of the Telecast Agreement is the principal issue of contention. The court also looked at how the lease agreement effected the terms of the agreement. Relying on precedent, the court noted that terms in a contract should be read together and harmonized where possible. Therefore, the Metrodome lease was an acceptable stadium solution for the purpose of triggering Fox's option rights and entitling the Twins to bonus payments.

In addition to the contract claim, Fox and the Twins filed tort claims against each other. Fox sued the Twins and Cattoor for misappropriation of trade secrets. Fox also sued Cattoor for breach of fiduciary duties and Fox further alleged tortious interference with contract. However, Fox failed to meet its burden for each of these claims. Fox failed to prove Cattoor had any knowledge of current trade secrets that he could have communicated to a third party. In addition, Fox failed to meet its burden for proving its breach of fiduciary duty claim because Fox did not specify what information Cattoor was privy to, what steps it took to keep that information confidential, and how Cattoor misused the information. Furthermore, Fox's tortious interference claim failed because no sports team left Fox because of Cattoor; therefore, Fox failed to prove every element of the tortious interference claim.

The Twins filed counterclaims against Fox for business defamation and defamation based on a press release Fox issued announcing the commencement of the present lawsuit. A plaintiff is entitled to relief for defamation where he establishes that the defendant published a false statement about the plaintiff that harmed the plaintiff's reputation. However, a defamation claim does not protect matters of public concern. Therefore, because Fox did not release anything that was false and the information presented was to present the case to the public, the Twins did not have a valid defamation claim. The Twins other tort counterclaims, unfair competition and tortious interference with prospective business relations, were denied because the Twins failed to prove a genuine issue of material fact.

The court held that the act of leasing the Metrodome for the 2001 season was an indication from the Twins that staying at the Metrodome was an acceptable stadium solution. Therefore, Fox was permitted to exercise their option right to televise the team's games for the 2002 and 2003 seasons and the Twins had a right to bonus payments for securing a stadium solution in 2001. In addition, the district court properly granted summary judgment motions for all torts claims raised by each party.