

## **Mid-South Grizzlies v. National Football League**

720 F. 2d 772 (3<sup>rd</sup> Cir.1983)

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Plaintiff-Appellant, the Mid-South Grizzlies (Grizzlies), appealed from a summary judgment in favor of the defendants in their suit against the National Football League (NFL), its members, and Commissioner Pete Rozelle. The Grizzlies brought suit against the NFL after the league's Expansion Committee denied the Grizzlies entrance into the league, alleging that the Committee's standards for admitting new franchises were unfair, that the NFL was retaliating against the Grizzlies for competing against the NFL as members of the World Football League, and that the NFL was monopolizing professional football in violation of the Sherman Antitrust Act. The Third Circuit Court of Appeals affirmed each of the district court's holdings dismissing the Grizzlies' claims.

The Grizzlies' first complaint against the NFL alleged that the league was retaliating against the Grizzlies by denying them entrance for their participation in the World Football League, a former NFL competitor. The Grizzlies challenged the fairness of the NFL Expansion Committee's standards for admittance and sought extensive discovery requests to prove the motivation of each of the members of the Committee, the Commissioner, and franchise owners was to punish the Grizzlies for competing against the NFL. The District Court overrode the Grizzlies' objections, and the Court of Appeals affirmed, and entered summary judgment, finding that the Expansion Committee's standards were fair and not unduly influenced by any desire to punish the Grizzlies.

The Grizzlies' primary complaint against the NFL was an allegation of unfair restraint of trade and abuse of monopoly power. In 1966, Congress authorized the merger of the NFL and the American Football League (AFL) to create a functional monopoly over professional football, thus carving out an exemption in antitrust law. The Grizzlies argued that this congressional grant imposed a duty on the NFL to not only refrain from abusing that power against potential competitors, but to take affirmative steps to share its market power with others. The District Court found and the Court of Appeals affirmed, however, that the NFL was empowered under both the 1966 statute and the Sherman Act to reject the Grizzlies' application.

The Court held that the 1966 statute authorized a merger not to increase or decrease competition in professional football, but to expand the NFL's geographic reach in the market. Because the 1966 statute neither conferred any benefit on the class to which the Grizzlies belong as a potential franchisee nor imposed any obligation on the NFL to permit entry to any applicant, the NFL was within its power to reject the application.

The court also held there was no violation of the Sherman Antitrust Act, which requires an injury to competition before liability can be found, by the NFL because the rejection of the Grizzlies' suit did not prevent the Grizzlies from operating a franchise or prevent Memphis, Tenn., where the Grizzlies were based, from hosting a franchise. The court held that if there was any injury to competition, it was internal and the NFL was authorized to make decisions regarding competition within its own league.

The court of appeals affirmed the district court's holding that the NFL was within its power to reject the Grizzlies' application for a franchise because their Expansion Committee's standards were not unduly influenced by a desire to punish the Grizzlies

for competing against them, the scope of the 1966 merger statute was not to limit or increase competition but to expand the geographic reach of the NFL and the rejection of the Grizzlies' suit did not constitute an unfair restraint of trade or competition in the market. The ruling in this case allowed the NFL and other professional sports leagues to regulate their own membership, allowing the leagues to control their own growth and become multi-billion dollar industries.