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14 UNITED STATES DISTRICT COURT  
 15 NORTHERN DISTRICT OF CALIFORNIA  
 16 OAKLAND DIVISION

18 EDWARD C. O'BANNON, JR. on behalf  
 19 of himself and all others similarly situated,

20 Plaintiffs,

21 v.

22 NATIONAL COLLEGIATE ATHLETIC  
 23 ASSOCIATION (NCAA); ELECTRONIC  
 ARTS, INC.; and COLLEGIATE  
 LICENSING COMPANY,

24 Defendants.  
 25

Case No. 4:09-cv-3329 CW

**PLAINTIFFS' OPENING  
 POST-TRIAL BRIEF**

Judge: The Honorable Claudia Wilken  
 Courtroom: 2, 4th Floor  
 Trial: June 9-27, 2014

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**GLOSSARY OF ABBREVIATIONS**

1		
2	ACC	Atlantic Coast Division I athletic conference
3	APs	Antitrust Plaintiffs
4	AQ	Automatic qualification for FBS post-season berths
5	Big Ten	Big Ten Division I athletic conference
6	Big 12	Big 12 Division I athletic conference
7	CLC	Collegiate Licensing Company
8	CUSA	Conference USA Division I athletic conference
9	DX ___	NCAA Trial Exhibit
10	EA	Electronic Arts, Inc.
11	FBS	NCAA Division I Football Bowl Subdivision
12	FCS	NCAA Division I Football Championship Subdivision
13	GIAs	Grants-in-aid
14	MLB	Major League Baseball
15	NAIA	National Association of Intercollegiate Athletics
16	NCAA	Defendant National Collegiate Athletic Association
17	NBA	National Basketball Association
18	NFL	National Football League
19	NIL	Name, image, and likeness
20	Pac-12	Pac-12 Division I athletic conference
21	PX ___	APs' Trial Exhibit
22	RoP	Right of Publicity
23	SEC	Southeastern Conference
24	Tr. __	Trial Transcript
25	USC	University of South Carolina
26	UT	University of Texas
27		
28		

1 After three weeks of trial, several conclusions are clear. The NCAA cartel and its  
2 members engage in a restraint of trade by refusing to permit payment to current and former  
3 Division I men’s basketball and FBS football players (“Players”) for the use of their NILs. That  
4 restraint has anticompetitive effects in the relevant markets identified by the APs’ expert, Dr.  
5 Roger Noll. The NCAA’s proffered justifications for the restraint either have no logical  
6 connection to it, operate in different markets, or are based on speculative and unsubstantiated lay  
7 and expert opinion. Even if any justifications were valid, the goals sought to be achieved by them  
8 could be satisfied through less restrictive alternatives. None of the claimed benefits outweigh the  
9 substantial anticompetitive effects of the restraint in question. As a consequence, injunctive relief  
10 is appropriate.

#### 11 I. THE NCAA’S MARKET POWER IN THE RELEVANT MARKETS

12 **Relevant markets.** The relevant product markets are twofold: (1) the higher education  
13 services market in which Division I colleges and universities compete to recruit Players; and (2)  
14 the collegiate licensing market in which the rights to make commercial use of the NILs of college  
15 athletes are acquired, which includes a submarket for group licenses to use the NILs of all college  
16 athletes on particular Division I men’s basketball and FBS football teams in live game broadcasts,  
17 archival footage, and videogames. Tr. 107:7-110:12. The relevant geographic market is the  
18 United States. Tr. 126:22-127:10.

19 Noll is the only expert who provided competent testimony about the contours of the  
20 relevant product and geographic markets. Tr. 133:2-25. His testimony is consistent with the  
21 caselaw.<sup>1</sup> The NCAA’s expert, Dr. Lauren Stiroh, suggested that other collegiate sports  
22 associations—particularly the NAIA—might be included in any market, but she was unfamiliar  
23 with the NAIA and its ability to compete with NCAA conferences (Tr. 2825:21-2827:7), and her

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24 <sup>1</sup> *In re NCAA I–A Walk–On Football Players Litig.*, 398 F. Supp. 2d 1144, 1150 (W.D. Wash.  
25 2005) (plaintiff adequately alleged a relevant labor input market for Division I-A college  
26 football); *Rock v. NCAA*, No. 1:12-cv-1019-JMS-DKL, 2013 WL 4479815, at \*10-14 (S.D. Ind.  
27 Aug. 16, 2013) (plaintiff adequately pleaded a relevant market of Division I college football);  
28 *White v. NCAA*, No. 2:06-cv-999-RGK, 2006 U.S. Dist. LEXIS 101366, at \*6-8 (C.D. Cal. Sept.  
20, 2006) (finding allegation of relevant market of Division I-A football was “legally sufficient”  
and a relevant product market “on its face”).

1 testimony is inconsistent with prior case law.<sup>2</sup>

2 To identify the relevant markets, Noll relied on a well-accepted methodology for market  
3 identification by inquiring into customer conduct in response to a “small but significant  
4 nontransitory increase in price” (“SSNIP”), *i.e.*, whether a supplier could impose a SSNIP  
5 (usually 5%) on the product or service under review without customers responding by purchasing  
6 substitute products. Tr. 107:8-15, 108:8-23, 109:25-110:12, 128:7-17.<sup>3</sup> He supported his analysis  
7 by showing: (a) statements by one of the NCAA’s own executives recognizing Division I as an  
8 elite, national entertainment environment; (b) evidence that Division I football and basketball  
9 conferences compete against each other (and not Division II or Division III schools) for the  
10 available qualified recruits, as reflected in win-loss records; and (c) evidence that Division I  
11 conferences competed for the highest quality recruits as graded under media-sponsored “star” or  
12 quality rating systems. Tr. 111:12-23, 113:2-118:22; PX 2529, 2530. As for the geographic  
13 market, the NCAA and its member institutions recruit athletes and play games throughout the  
14 United States, and college recruits who get offers from Division I schools and foreign institutions  
15 are far more likely to choose the former. Tr. 126:22-127:10.

16 In the higher education market, Noll testified that schools sell education services in  
17 bilateral transactions with athlete-recruits for their athletic skills and their commitment to  
18 compete.<sup>4</sup> Tr. 101:11-13, 109:5-14, 130:6-17, 146:6-148:12. In response to questioning by the

19 \_\_\_\_\_  
20 <sup>2</sup> See *Ass’n for Intercollegiate Athletics for Women v. NCAA*, 558 F.Supp. 487, 497 (D.D.C.  
21 1983)(“It is only from [the] NCAA that necessary services and benefits for conduct of a Division  
22 I men’s intercollegiate athletic program are available to institutions. The only other organization  
23 offering men’s intercollegiate governance, as opposed to open amateur governance, is the NAIA.  
NAIA is not a realistic option: it offers neither Division I calibre program[s] nor the direct and  
indirect financial rewards of NCAA membership. It has no network television contracts and its  
member schools do not run spectator oriented programs.”), *aff’d*, 735 F.2d 577 (D.C. Cir. 1984).

24 <sup>3</sup> This approach was first articulated in the 1982 United States Department of Justice Merger  
25 Guidelines and has been utilized in this Circuit. See *Theme Promotions, Inc. v. News America  
Mktg. FSI*, 546 F.3d 991, 1002 (9th Cir. 2008); *United States v. Oracle Corp.*, 331 F. Supp. 2d  
1098, 1112 (N.D. Cal. 2004).

26 <sup>4</sup> Thus, while there have been statements that the APs get a “free education,” which is a  
27 “privilege” and for which they should be “thankful” (Tr. 39:21, 599:3, 1074:14-16), this assertion  
28 is incorrect; as Britton Banowsky, the Commissioner of CUSA, testified, “without the student-  
athletes, we wouldn’t be able to actually have any events.” Tr. 2340:25-2341:1. Thus, the higher  
education market is a consumer market, as Dr. Noll emphasized. Tr. 101:21-102:1, 105:24-106:9.  
See Tr. 1839:3-13.



1 Court, Noll agreed that the market could alternatively be characterized as one where the Division  
 2 I colleges are buyers of the recruits' labor services. Tr. 129:18-130:17. In this market, regardless  
 3 of who is buyer or seller, the restraint prevents Players from receiving any compensation for use  
 4 of their NILs as part of the transaction for obtaining their athletic services. Noll testified that how  
 5 one views the higher education market is unimportant; under either characterization, the APs are  
 6 the "harmed party." Tr. 143:21-144:7.<sup>5</sup>

7 In the group licensing submarket of the larger collegiate licensing market, college athletes  
 8 are the sellers of the rights to use their NILs, and schools, conferences, and the NCAA (or their  
 9 licensees bound by NCAA rules, such as videogame makers, video clip distributors, or  
 10 broadcasters) are the buyers. Tr. 144:10-18.<sup>6</sup> The restraint has foreclosed the group licensing  
 11 submarket altogether because the college athletes cannot participate—thus depriving the APs of  
 12 licensing royalties that they otherwise would have received.<sup>7</sup>

13 **NIL Rights in the Group Licensing Submarket.** The NCAA contended at trial that no  
 14 group licensing market can exist because the APs have no NIL rights to sell, as reflected in the  
 15 testimony of its expert, Neal Pilson. This argument fails.

16 The APs' expert, Edwin Desser, persuasively explained that licensing agreements  
 17 explicitly or implicitly transfer a bundle of rights that includes the NIL rights of game participants  
 18 (such as the college athletes) from the event organizer (here, the NCAA, conference or school) to

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19  
 20 <sup>5</sup> Walter Byers, the former Executive Director of the NCAA, also testified that GIAs are contracts  
 21 for performance. Byers Dep. 53:12-54:18; PX 424-2. Thus, contrary to the NCAA's argument,  
 22 the education services market is not a zero price market; athletic scholarships do not cover the  
 23 cost of attendance for four years *or* additional years necessary to graduate. Even if it were a zero  
 price, moreover, schools sell education services at the price of athletic scholarships so that they  
 are attractive platforms to other students who pay tuition Tr. 860:10-863:9, 1566:20-1567:8.  
 Stiroh, for example, agreed that schools were sellers of education services when they offer full  
 academic scholarships. Tr. 2850:25-2851:19.

24 <sup>6</sup> Documents from CLC and the NCAA itself support the existence of this market. PX 1133, PX  
 25 682 (corporate sponsors wanting to increase use of SA NILs); *see* Tr. 895:16-899:8. They may be  
 considered by the Court in finding a market definition. *Olin Corp. v. FTC*, 986 F.2d 1295, 1299  
 (9th Cir. 1993).

26 <sup>7</sup> This Court has previously ruled that neither the First Amendment nor state RoP laws preclude  
 27 such group licensing efforts. *In re NCAA Student-Athlete Name & Likeness Licensing Litig.*, No.  
 28 C 09-1967 CW, 2013 WL 5778233, at \*7 n.9 (N.D. Cal. Oct. 25, 2013) ("NCAA I"); *In re NCAA  
 Student-Athlete Name & Likeness Licensing Litig.*, No. C 09-1967 CW, 2014 WL 1410451, at \*7-  
 9 (N.D. Cal. Apr. 11, 2014) ("NCAA II"); *Keller* Dkt. No. 1091 at 3-4.

1 the broadcaster. He pointed to several examples involving the NCAA or conferences where  
2 “rights of publicity” or NIL “rights” are explicitly referred to as part of the bundle of rights being  
3 licensed. Tr. 651:9-25, 658:8-19, 703:13-20, 707:14-708:9; PX 400, 2104, 2116, 2162, 2230.  
4 Desser noted that these contracts were typical of those he reviewed. Tr. 644:23-645:21. Other  
5 contracts had implied conveyance of NIL rights, achieved through a combination of transfer,  
6 warranty, clearance, and indemnification clauses. Tr. 629:10-631:12, 644:23-645:21; PX 730-40  
7 (NCAA presentation stating that “[a] student-athlete has the right of publicity, whereby another  
8 may not use a name, picture, likeness or photo for commercial activity without permission.”).  
9 Desser also noted that these rights exist, regardless of whether they might be affected by a  
10 specific state statute. Tr. 706:14-24; *see also* Tr. 1016:1-1017:2 and PX 1005, 2266- 15, 2273  
11 (release forms).

12 Pilson admitted that broadcast contracts implicitly convey NILs, but differentiated them  
13 from NIL rights. Tr. 797:20-799:15. His testimony, however, ignored contracts with specific  
14 language concerning NIL *rights*. *E.g.*, PX 400, 2162. It also ignored PX 2230, which states in  
15 Section 6.2.3 that the “[c]onference shall be solely responsible for securing all clearances with  
16 respect to all officials and other persons participating in or otherwise connected with each Event,  
17 and such clearances shall include FOX having all rights or consents necessary or contemplated  
18 for the exercise of their rights under this Agreement, including, without limitation, *all name and*  
19 *likeness rights of all participants, officials, competing teams and any other persons* connected  
20 with the Events that are reasonable or necessary for the Telecast of the Events and the promotion  
21 and advertising thereof.” *Id.* at 2230-10 to 2230-11 (emphasis added).<sup>8</sup>

22 **Market Power.** It is undisputed that the NCAA possesses market power within the higher  
23

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24 <sup>8</sup> The Big Ten had a broadcast agreement with its network that similarly referred to clearances of  
25 the “name and likeness rights of all participants.” PX 3078-4. Its commissioner, Jim Delany,  
26 called this common “boilerplate” language. Tr. 2103:16-24. The Big Ten secures these clearances  
27 from college athletes by having them assign to it the “right” to use their NIL “for any purpose.”  
28 PX 1005; Tr. 2103:5-2107:17; *see also* PX 2488-3 (2009 e-mail from Christine Plonsky, Athletic  
Director of UT, saying that “if a s-a [student-athlete] can sue the ncaa for these two things—one  
of which (the ea sports game) only uses school marks and names, not s-a names, then what’s to  
prevent all players from suing us to get a piece of every broadcast rights fee—since clearly we  
use their names and images in those telecasts?”).

1 education and collegiate licensing markets. Once the relevant markets are identified, the obvious  
 2 corollary is that the NCAA possesses a monopoly (or, from an alternative perspective, a  
 3 monopsony) within those markets. Tr. 128:1-3, 129:18-130:17, 142:24-144:7. The NCAA  
 4 exercises that power because it unilaterally changes the value of athletic scholarships or the  
 5 ability of college athletes to license their NILs with no effect on the number of scholarships to be  
 6 distributed. Tr. 128:4-129:13, 130:19-131:9. As Byers testified, the members of the NCAA  
 7 “operate a monopoly business and as an exploitation of the young athlete[s] that are engaged in  
 8 those [athletic] programs.” Byers Dep. 62:8-10.

## 9 II. THE NCAA’S CHALLENGED CONDUCT IS A RESTRAINT OF TRADE

10 It is undisputed that the NCAA and its members agree not to compensate college athletes  
 11 for use of their NIL. *Keller* Dkt. No. 1071 at 6; Tr. 1742:15-1743:12, 1851:23-1852:9; Beebe  
 12 Dep. 73:9-24; Berst Dep. 82:2-25, 83:9-84:1. The Court has previously determined that this  
 13 agreement restrains former college athletes who seek to license their NILs. *NCAA II*, 2014 WL  
 14 1410451, at \*5.

15 Noll testified at length that the practices challenged here are the product of the NCAA’s  
 16 anticompetitive cartel. Tr. 134:3-24, 135:8-19, 138:2-8. He noted that there is a general consensus  
 17 among economists who have studied the NCAA that it is a cartel. Tr. 134:3-24, 135:8-19, 136:17-  
 18 137:16, 138:11-14, 139:8-14. The NCAA’s own expert witness, Dr. Daniel Rubinfeld, has  
 19 authored a textbook on microeconomics that has maintained for over 25 years that the NCAA is a  
 20 cartel that restricts competition by, *inter alia*, “reducing the bargaining power of college athletes  
 21 through creating and enforcing rules regarding eligibility and terms of compensation.” Tr.  
 22 139:15-142:2, 3062:4-3064:23. Although Rubinfeld now prefers to label the NCAA a “joint  
 23 venture,” which he deems to be a subcategory of cartels, he admitted repeatedly at trial that the  
 24 challenged conduct, no matter its label, was a restraint of trade. Tr. 2921:8-9, 3039:22-3040:6,  
 25 3061:22-24, 3072:13-16.<sup>9</sup> Rubinfeld’s definition of cartel as a type of joint venture distinct from a

26 \_\_\_\_\_  
 27 <sup>9</sup> In *Bd. of Regents of Univ. of Okla. v. NCAA*, 546 F. Supp. 1276 (W.D. Okla. 1982), *aff’d in part*  
 28 *and rev’d in part*, 707 F.2d 1147 (10th Cir. 1983), *aff’d*, 468 U.S. 85 (1984) (“*BoR*”), the district  
 court concluded that the NCAA was not a joint venture for purposes of its television contracts,  
 but was instead a cartel. 546 F. Supp. at 1306. Indeed, the district court called the NCAA a

*Footnote continued on next page*

1 classic cartel contradicted his own textbook's definition of a cartel. Tr. 3067:8-16.

### 2 III. THE RESTRAINT IS ANTICOMPETITIVE AND INJURES THE APs

3 "[I]n order to seek injunctive relief under §16, a private plaintiff must allege threatened  
4 loss or damage 'of the type the antitrust laws were designed to prevent and that flows from that  
5 which makes defendants' acts unlawful.'" *Cargill Inc. v. Monfort of Colo., Inc.*, 479 U.S. 104,  
6 113 (1986) (quoting *Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc.*, 429 U.S. 477, 489 (1977)).  
7 The required showing is a "cognizable danger" of injury. *Datagate, Inc. v. Hewlett-Packard*  
8 *Co.*, 941 F.2d 864, 870 (9th Cir. 1991) (citation omitted).

9 At trial, the APs proved a cognizable threat of: (a) causal injury (b) brought about by the  
10 anticompetitive effects of the restraint (antitrust injury). The NCAA's witnesses reaffirmed the  
11 scope of the association's rules that prohibit payment for the use of the NILs of Players now, in  
12 the past, and in the future.<sup>10</sup> This cognizable threat of injury caused by the restraint exists in both  
13 markets.<sup>11</sup> The APs were deprived of compensation for the use of their NILs in both markets. The  
14 harm to the markets and resulting injury to the APs are analogous to the unlawful practice in the

15 *Footnote continued from previous page*

16 "classic cartel" with "an almost absolute control over the supply of college football." *Id.* at 1300.  
17 In its appellate brief to the Tenth Circuit in *BoR*, the NCAA referred to itself as a cartel. 707 F.2d  
18 at 1151. And in *Law v. NCAA*, 134 F.3d 1010, 1022, 1023 (10th Cir. 1998), which involved the  
19 NCAA's monopsonistic practices with respect to certain coaches' salaries, the appellate court  
20 reasoned that "[l]ower prices cannot justify a cartel's control of prices charged by suppliers,  
21 because the cartel ultimately robs the suppliers of the normal fruits of their enterprises."  
22 Moreover, just because a defendant is a joint venture does not mean the antitrust laws do not  
23 apply to it. As the federal antitrust enforcement authorities have noted, "labeling an arrangement  
24 a 'joint venture' will not protect what is merely a device to raise price or restrict output; the  
25 nature of the conduct, not its designation, is determinative." Federal Trade Commission and  
26 United States Department of Justice, *Antitrust Guidelines For Collaboration Among Competitors*  
27 at 9 (April 2000) (available at  
28 [http://www.ftc.gov/sites/default/files/documents/public\\_events/joint-venture-hearings-antitrust-guidelines-collaboration-among-competitors/ftcdojguidelines-2.pdf](http://www.ftc.gov/sites/default/files/documents/public_events/joint-venture-hearings-antitrust-guidelines-collaboration-among-competitors/ftcdojguidelines-2.pdf)). Courts have found the Rule  
of Reason can be violated even when the conduct is undertaken by a formal joint venture.  
*Polygram Holding, Inc. v. FTC*, 416 F.3d 29, 34 (D.C. Cir. 2005).

<sup>10</sup> The three APs who testified, and who are representative of the injunctive class, noted various  
uses of their NILs in telecasts or EA NCAA-themed videogames since July 2005 (within four  
years of the filing of the *O'Bannon* complaint). Tr. 26:12- 28:11, 565:24-566:8, 568:9-569:21,  
1059:23-1061:9, 1061:12-22.

<sup>11</sup> In the higher education services market, Noll also identified an "inefficient substitution" effect  
where money that would be spent on college athletes for use of their NILs is instead spent on  
coaches and facilities; Noll opined that this market distortion also harms the APs. Tr. 177:16-  
183:10. This is further evidence that Player compensation for NIL rights is feasible (should  
schools elect to offer it) without fundamentally altering collegiate athletics.

1 Law case where the NCAA and its members agreed to limit the compensation of certain coaches.  
2 It is also analogous to numerous cases involving NFL players who sued to challenge limits  
3 imposed on their salaries<sup>12</sup> or agreements among corporations to restrict the wages paid to  
4 employees.<sup>13</sup>

5 The NCAA responded at trial by having Stiroh (not a university professor or peer-  
6 reviewed author) argue that monopsony cases differ from monopoly cases, and in the former, an  
7 anticompetitive agreement directed at sellers of a good or service is not actionable under the  
8 antitrust laws unless there is evidence of adverse effects on output in the downstream consumer  
9 market. Tr. 2763:12-15, 2841:11-2848:8. This would permit buyer cartels to fix prices paid to  
10 sellers, and criminal cartels to collude without punishment, absent satisfaction of Stiroh's  
11 additional requirement. Tr. 2848:15-2850:23, 2853:3-2863:3. She also explained that her  
12 astounding theory would be the same with respect to seller's cartels where demand is inelastic,  
13 such as in the case of a life-saving drug needed by a family. Tr. 2881:18-2884:19. Stiroh's  
14 economic analysis is incorrect on several grounds.

15 *First*, the United States Supreme Court has noted that “[t]he kinship between monopoly  
16 and monopsony suggests that similar legal standards should apply to claims of monopolization

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17  
18 <sup>12</sup> *Smith v. Pro Football, Inc.*, 593 F.2d 1173, 1175 n.2 (D.C. Cir. 1978) (“athletes have standing  
19 to challenge player restrictions in professional sports since these restraints operate directly on,  
20 and to the detriment of, the employee”); *Mackey v. NFL*, 543 F.2d 606, 620-23 (8th Cir. 1976),  
21 *cert. dismissed*, 434 U.S. 801 (1977) (rights of first refusal and compensation restraints found to  
22 violate § 1 of the Sherman Act); *Brown v. Pro Football, Inc.*, Civ. A. No. 90-1071 (REL), 1992  
23 WL 88039, at \*5 (D.D.C. Mar. 10, 1992), *recon. denied*, 812 F.Supp. 237 (D.D.C. 1992), *rev’d*  
24 *on other grounds*, 50 F.3d 1041 (D.C. Cir. 1995), *aff’d*, 518 U.S. 231 (1996); *McNeil v. NFL*,  
25 No. 4-90-476, 1992 WL 315292, at \*1, \*5-6 (D. Minn. Sept. 10, 1992) (jury found injury to the  
26 named football players arising from the NFL’s implementation of its Plan B Right of First  
27 Refusal Compensation Rules).

28 <sup>13</sup> *E.g.*, *Todd v. Exxon Corp.*, 275 F.3d 191, 195, 214-15 (2d Cir. 2001) (“*Todd*”) (vacating  
dismissal with respect to allegations that oil and petrochemical companies violated the Sherman  
Act by sharing information regarding compensation paid to nonunion managerial, professional,  
and technical employees, and using that information to set salaries for such employees at  
artificially low levels); *Cason-Merenda v. Detroit Med. Ctr.*, 862 F. Supp. 2d 603, 607, 649 (E.D.  
Mich. 2012) (denying summary judgment on Rule of Reason claim that health care providers  
were engaged in a conspiracy in violation of Sherman Act to hold down the wages of registered  
nurses); *In re High-Tech Emp. Antitrust Litig.*, 856 F. Supp. 2d 1103 (N.D. Cal. 2012) (denying  
dismissal of action involving allegations of a conspiracy by high-tech companies to eliminate  
competition between them for skilled labor by fixing and suppressing employee compensation  
and restricting employees’ mobility).

1 and to claims of monopsonization.” *Weyerhaeuser Co. v. Ross-Simmons Hardwood Lumber Co.*,  
2 549 U.S. 312, 322 (2007).

3         *Second*, Stiroh’s views are at odds with a long line of cases involving buyer-side price-  
4 fixing. *See, e.g., Mandeville Island Farms, Inc. v. Am. Crystal Sugar Co.*, 334 U.S. 219, 235  
5 (1948), quoted in *Todd*, 275 F.3d at 201 (“It is clear that the agreement is the sort of combination  
6 condemned by the [Sherman] Act, even though the price-fixing was by purchasers, and the  
7 persons specially injured . . . are sellers, not customers or consumers.”) (footnotes omitted). In the  
8 professional player cases cited above, no showing of downstream market output effects was  
9 necessary for a finding of anticompetitive harm. As one leading treatise has noted, “[a]ntitrust law  
10 addresses employer conspiracies controlling employment terms precisely because they tamper  
11 with the employment market and thereby impair the opportunities of those who sell their services  
12 there. . . . It would be perverse indeed to hold that the very object of the law’s solicitude and the  
13 persons most directly concerned—perhaps the only persons concerned—could not challenge the  
14 restraint.” 2A Phillip Areeda, Herbert Hovenkamp, Roger Blair, & Christine Durrance, *Antitrust*  
15 *Law: An Analysis of Antitrust Principles and Their Application* ¶ 352c at 254-55 (3d ed. 2007).

16         The APs have also demonstrated causal antitrust injury in the submarket for the group  
17 licensing of their NIL rights. It is undisputed that had the NCAA not enforced its rules prohibiting  
18 Players from licensing their NILs, EA, for example, would have entered into group licenses with  
19 Players for use of their NILs in its NCAA-themed videogames. Tr. 1669:24-1670:9. Joel Linzner,  
20 EA’s Executive Vice President, Business and Legal Affairs, testified that the ability to use college  
21 athletes’ names and images is important to consumers and overall game quality, and that there  
22 remains an unfulfilled demand (emblematic of a market) for collegiate sports videogames today.  
23 Tr. 1670:10-1671:7; *see also* Sitrin Dep. 140:16-141:20.<sup>14</sup> Stiroh was completely unaware of  
24 Linzner’s testimony. Tr. 2779:1-5. NCAA President Dr. Mark Emmert testified that EA’s  
25 contract was not renewed because the use of NILs in its videogames strayed too close to the line  
26

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27 <sup>14</sup> Emmert also stated that the NCAA withdrew from its website a portal that allowed consumers  
28 to buy numbered jerseys searchable by the names of college athletes because he also deemed that  
to be impermissible. Tr. 1896:16-1897:10.

1 of what he deemed permissible. Tr. 1846:2-20. Thus, enforcement of the NCAA's rules against  
 2 licensing of NILs by college athletes harmed competition not only by depriving APs of  
 3 compensation for use of their NILs, but also by *decreasing* output and consumer choice. Tr.  
 4 183:16-186:11.<sup>15</sup>

#### 5 **IV. THE NCAA'S PROCOMPETITIVE JUSTIFICATIONS ALL FAIL**

6 As the United States Supreme Court noted in *BoR*, the NCAA bears the "heavy burden of  
 7 establishing an affirmative defense which competitively justifies" its restraint. 468 U.S. at 113.  
 8 "[M]erely offering a rationale for a . . . restraint will not suffice; the record must support a finding  
 9 that the restraint. . . does indeed have a pro-competitive effect." *Graphic Prods. Distribs. v. ITEK*  
 10 *Corp.*, 717 F.2d 1560, 1576 (11th Cir. 1983).<sup>16</sup>

11 At the outset, the defenses fail due to the testimony of the NCAA's own experts.  
 12 Rubinfeld testified that whether NIL payments would have an effect on amateurism or  
 13 competitive balance depends on how "substantial" the payments are. Tr. 3017:16-22. He said that  
 14 payments of \$5,000 (an amount in excess of \$300 million when applied to all Players over four  
 15 years) or an unknown number above \$5,000 would not affect amateurism or competitive balance.  
 16 Tr. 3114:2-3117:4. Pilson said he was comfortable with individual payments at a number  
 17 somewhere between \$5,000 and \$1 million. Tr. 771:4-7. Stanford Athletic Director Bernard Muir  
 18 drew the line at NIL compensation totaling six or seven figures. Tr. 2545:6-18.

19 **Amateurism.** The NCAA's witnesses have relied on a supposed longstanding principle of  
 20 amateurism to justify the practices at issue here. *E.g.*, Tr. 1731:19-1732:16, 1822:6-1825:25. In a  
 21 Rule of Reason antitrust case, a court may consider the history of the challenged restraint in  
 22

23 <sup>15</sup> Loss of consumer choice can be an anticompetitive harm. *Kentucky Laborers Dist. Council*  
 24 *Health & Welfare Trust Fund v. Hill & Knowlton, Inc.*, 24 F. Supp. 2d 755, 765 (W.D. Ky. 1998).

25 <sup>16</sup> The Court previously rejected a justification based on viability of sports other than Division I  
 26 men's basketball and FBS football. *NCAA II*, 2014 WL 1410451, at \*16-17. The NCAA argued at  
 27 the close of trial that benefits in markets other than those in which the restraint operates can be  
 28 considered, but the caselaw clearly rejects its position. *See United States v. Topco Assoc., Inc.*,  
 405 U.S. 596, 610 (1972); *Paladin Assocs., Inc. v. Montana Power Co.*, 328 F.3d 1145, 1157 n.11  
 (9th Cir. 2003); *Los Angeles Mem'l Coliseum Comm'n v. Nat'l Football League*, 726 F.2d 1381,  
 1392 (9th Cir. 1984); *Law v. NCAA*, 902 F.Supp. 1394, 1406 (D. Kan. 1995), *aff'd*, 134 F.3d  
 1010 (10th Cir. 1998).

1 assessing its validity.<sup>17</sup> Thus, it is appropriate to consider the history of the NCAA's  
2 contradictory and changing meanings of amateurism.

3 *History of Amateurism and Payments to College Athletes*. The early history of the NCAA  
4 is set forth in *O'Bannon* Dkt. No. 189 at 1-6 and summarized here. The predecessor to the NCAA  
5 was created in 1906, and it enacted a bylaw requiring its members to follow the "principle of  
6 amateurism" to distinguish upper class athletes. PX 2292-11, -12. Yet, up to 1948, that principle  
7 was ignored. College athletes were routinely paid and college presidents inveighed against this  
8 commercialism. A 1929 report by the Carnegie Foundation could have been written today; it  
9 describes inducements to college athletes ranging from open payrolls to no-show jobs at movie  
10 studios. The fundamental issues, the report's authors argued, were twofold: "commercialism and  
11 a negligent attitude toward the educational opportunity for which a college exists." The defects  
12 identified in athletics programs included heavy burdens on the athletes, disproportionate time  
13 requirements, isolation from the rest of the student body, and highly compensated "professional"  
14 coaches whose focus often was not on the education of their players.

15 In 1948 the NCAA enacted the "Sanity Code" to "alleviate the proliferation of exploitive  
16 practices in the recruitment of student-athletes." The Sanity Code required that financial aid be  
17 awarded without consideration for athletics ability. In 1951, Judge Saul Streit of the New York  
18 Court of General Sessions mounted a probe into the college athletics gambling scandal. In his  
19 findings, he concluded that commercialism in football and basketball was "rampant," and those  
20 sports were "no longer amateur sports." Athletes were "bought and paid for." Academic standards  
21 were evaded through "trickery, devices, frauds, and forgery." The Sanity Code was eliminated in  
22 1951. At that point, Byers became the Executive Director of the NCAA and adopted the term  
23 "student-athlete" to circumvent judicial decisions (such as *University of Denver v. Nemeth*, 257  
24 P.2d 423, 429-30 (Colo. 1953)) that suggested college athletes might be entitled to employment  
25 benefits. Tr. 1239:16-1240:12; *see also* PX 424-2.

26 In 1956, the NCAA enacted a national standard governing athletic scholarships. This

27 \_\_\_\_\_  
28 <sup>17</sup> *Leegin Creative Leather Prods. v. PSKS, Inc.*, 551 U.S. 877, 885 (2007); *State Oil Co. v. Khan*,  
522 U.S. 3, 10 (1997); *Bd. of Trade of Chicago v. United States*, 246 U.S. 231, 238 (1918).



1 standard defined a full GIA as an award to a college athlete for “commonly accepted educational  
 2 expenses,” subsequently defined as tuition, fees, room, board, books, and laundry expenses;  
 3 athletic scholarships of up to four years were permitted. Tr. 880:12-20, 888:19-889:5, 1229:12 –  
 4 1230:23, 1268:18-21; *see* Byers Dep. 21:17-22:14. Laundry money as part of that package was  
 5 later rescinded. Tr. 1230:8-16. In succeeding years, how GIAs were calculated, their duration,  
 6 and their number were often modified by vote of the NCAA.<sup>18</sup>

7 The NCAA Constitution today states “the Principle of Amateurism” as follows:  
 8 “[s]tudent-athletes shall be amateurs in an intercollegiate sport, and their participation should be  
 9 motivated primarily by education and by the physical, mental and social benefits to be derived.  
 10 Student participation in intercollegiate athletics is an avocation, and student-athletes should be  
 11 protected from exploitation by professional and commercial enterprises.” PX 2340-18 (Principle  
 12 2.9).<sup>19</sup> The term “commercial exploitation” is undefined, however. Tr. 1807:13-15.

13 In January of 2008, David Berst, Vice President for the NCAA’s Division I, stated that, in  
 14 a study he previously had conducted, NCAA amateurism had “a definition that was not steeped in  
 15 any sacred absolute principle that had to be preserved. It continues to be a balancing of vocation  
 16 vs. avocation influences and can be modified as views change while preserving the line between  
 17 us and the pros.” PX 2027-1.

18  
 19 <sup>18</sup> Pell Grants were initially offset against GIAs, but that was later discontinued. Tr. 161:10-162:4.  
 20 In 1975, the NCAA eliminated certain incidental expenses from GIAs as an economic move.  
 21 Byers Dep. 37:10-20, 40:18- 42:13, 47:6-21. The number of football team GIAs per Division I  
 22 school went from 105 to 95 to 85, while those for basketball went from 18 to 15 to 13. Tr. 200:2-  
 23 13, 272:12-273:5, 3069:13-3070:2. Schools were initially allowed to offer four-year GIAs, then  
 24 only one-year athletic scholarships were allowed. Byers testified that this rule change was not  
 25 necessary to promote either amateurism or competitive balance. Byers Dep. 74:12-17. In 2011,  
 26 the ability to offer four-year GIAs was reinstated, although relatively few schools have done so.  
 27 Tr. 1202:20-1203:14. Coaches still exercise great discretion over whether or not to renew athletic  
 28 scholarships. *See Heike v. Guevara*, 519 F. App’x 911, 914-15, 922 (6th Cir. 2013). In recent  
 years, a \$2000 stipend for Division I players was enacted, then promptly rescinded. Tr. 1820:12-  
 1821:9.

<sup>19</sup> The term avocation (a hobby) made no sense to any NCAA witness, including Pilson. Tr.  
 766:1-8. The “motivation” of athletes, the large majority of whom are seeking professional  
 careers, is ignored by the NCAA. Tr. 1840:6-13. And the NCAA’s only effort to protect Players  
 from commercial exploitation is to prevent direct promotions (*i.e.* holding up a can of cola);  
 anything else is fair game. Tr. 1420:10-1421:10, 1807:13-1811:13. Emmert defined the principle  
 of amateurism as athletes are not “paid,” a concept not found in the rules but which he called their  
 “intention.” Tr. 1851:16-1852:3.

1 The NCAA has acted inconsistently with its stated notion of amateurism. In his 2006 State  
2 of the Association speech, NCAA President Myles Brand stated that the NCAA and its members  
3 had romanticized the notion of amateurism in connection with a “[h]alcyon ideal that college  
4 sports can operate without commercial support and indifferent to the realities of a modern  
5 business model.” PX 2011-15. In the same speech, Brand went on to say that “[a]mateur’ defines  
6 the participants, not the enterprise.” *Id.* at -36. He used the term “collegiate model” to describe  
7 this situation. PX 2011-14 to -16, -20, -27 to -28; *see* Tr. 1237:21-1239:6.

8 The NCAA itself expressed the view that this emphasis on commercialization was  
9 impairing the principle of amateurism. *See, e.g.*, PX 2017-36 (2006 NCAA Presidential Task  
10 Force on the Future of Division I Intercollegiate Athletics report: “at many institutions, athletics  
11 often still appears oriented more toward entertainment, and the educational value of athletics  
12 participation and competition plays a secondary role to the win-loss column. . . . The drift of the  
13 collegiate model toward the professional approach — in both fact and fiction — has given  
14 credence to the concern”); 2065-12 (“[T]here is a general sense that ‘big time’ athletics is in  
15 conflict with the principle of amateurism.”); 2065-11 (“There has emerged a strong sense among  
16 some. . . that the development of increased dollars acquired through corporate relationships does  
17 not square with the principle of amateurism, especially when images of student-athletes – even  
18 through the use of game video – are used in proximity to commercial products”). As Wallace  
19 Renfro, Chief Policy Advisor to the NCAA’s President, summed it up in a 2010 e-mail, there is a  
20 “general sense” that intercollegiate athletics is as “thoroughly commercialized as professional  
21 sports” at the “expense of the student-athlete whose participation is exploited,” resulting in a  
22 “great hypocrisy.” PX 424-2 to -3.

23 Consistent with this new attitude, the exploitation of college athletes’ NILs has become  
24 rampant. In April 2008, the Presidential Task Force on Commercial Activity in Division I  
25 Intercollegiate Athletics (“Commercial Task Force”) produced a “Fact Sheet” on use of college  
26 athletes’ NIL by the NCAA and its members. PX 2033-29 to -30. Other internal NCAA  
27 documents generated in the 2005-2008 period also refer generally to the use of college athletes’  
28

1 NILs or to the use of their NILs in EA videogames.<sup>20</sup> *E.g.*, PX 826-2 (“The jersey number along  
2 with the position and vital statistics is clearly an attempt to have the public make the association  
3 with the current student-athlete. . . . And it appears to be working”; a representative from  
4 Princeton questioned whether this violated the NCAA’s rules); PX 2012-1 (“I don’t think we  
5 have any argument for student-athlete likeness in regard to these games as I even think there is  
6 sharp resemblance to the SAs.”); PX 2062-1 (“I still worry about the likenesses. . . . it’s pretty  
7 obvious to me”); PX 2026-2 (The “presidents have been professing that they do not want [to]  
8 support commercialism, most especially when student athletes’ images are involved. Of course,  
9 the conferences and the schools are already doing that—for example, the Pontiac ads that they  
10 complain about are a staple in the fall football season, which they control.”); PX 270-1 (“It is  
11 primarily because of the need for additional revenue that institutions—and the national office—  
12 are seeking ways to commercialize their rights, and those of SAs.”).<sup>21</sup>

13 The evidence at trial demonstrated numerous examples of such exploitation.<sup>22</sup> Emmert  
14 expressed discomfort when confronted with these examples. Tr. 1961:12-14. Muir, when shown  
15 that one could buy current college athlete photographs on Stanford’s website, testified he would  
16 have to report this to his compliance officer. Tr. 2549:4-23.

17 In light of how colleges and conferences have been exploiting college athletes’ NILs,  
18 there were various efforts within the NCAA to modify the amateurism rules and let the athletes  
19 themselves profit from the use of their NILs. None succeeded.

20 For example, the NCAA Division I Amateurism and Agents Subcommittee in 2000  
21 proposed to revamp the “antiquated” amateurism rules. PX 2281-6. In 2004, the NCAA again  
22 considered revising its bylaws, noting that “NCAA member institutions may license the use of

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23  
24 <sup>20</sup> Jeremy Strauser, a videogame producer at EA, testified that while EA did not use the names of  
25 college athletes in its NCAA-themed videogames, it would use all of their individual attributes of  
26 performance, as well as height, weight, and skin tone. Strauser Dep. 30:2-31:22, 35:3-36:10. For  
27 similar testimony, see Battle Dep. 30:23-31:16, 50:12-18, 192:6-195:17; Davis Dep. 127:17-  
28 128:2.

<sup>21</sup> Byers testified that the NCAA’s rules do not actually promote intercollegiate athletics as an  
avocation or protect college athletes from commercial exploitation. Byers Dep. 67:12-24.

<sup>22</sup> Tr. 1809:12-1810:11, 1896:16-1897:10, 1897:22-1898:25, 1900:7-1901:18, 1959:10-1960:10,  
1961:3-20, 2012:21-2013:7, 1983:24-1984:5, 1460:16-1461:12.

1 student-athlete jersey numbers, names and/or likenesses for retail sale” at campus stores. PX  
2 2000-2. The “concern” was “[i]s it right to derive revenue from the sale of such products? Where  
3 is the line drawn—licensed product, television rights, sponsorships, etc.?” *Id.* One suggestion was  
4 that revenue from such sales “be placed in a trust to benefit all student-athletes.” *Id.* The concern  
5 raised by this option was “[d]oes this open the door to future claims from those student-athletes  
6 contributing the most to the funds? Are we creating the ‘NCAAPA?’” *Id.*

7 In 2008, the Presidential Task Force on Commercial Activity in Division I Intercollegiate  
8 Athletics was created, chaired by then-Penn State University President Graham Spanier. Brand  
9 stated in a January 2008 e-mail that the Task Force should examine the issue of compensating  
10 college athletes for use of their NIL, noting: “[t]he media and our critics (and Byers in his book)  
11 argue that student-athletes should receive a share of the royalties on jerseys and other goods sold  
12 with their number. Similarly, it should be possible to sell goods with their name on it and for the  
13 student-athletes to receive a share of the royalties.” PX 2029-1. In Task Force minutes from  
14 October 2008, a member stated that “consideration should be given to redirecting funds obtained  
15 from commercial activities . . . into a fund available for student-athletes.” PX 2045-4; *see* Tr.  
16 1447:1-10.

17 In an October 2008 e-mail, Elizabeth Altmaier of the University of Iowa, who was a  
18 member of the Task Force, stated that “I remain committed to the idea of some return (financial)  
19 to the student athletes themselves.” PX 2046-2; *see* Tr. 1450:13-20. Spanier wrote in response: “I  
20 disagree strongly with her idea that we compensate athletes for the use of their images. I wouldn’t  
21 put this in the report at all—not even a hint of the possibility.” PX 2046-1. The final Task Force  
22 report omitted Altmaier’s concerns.

23 The inescapable conclusion from this history is that the NCAA has no firm conception of  
24 amateurism. It is constantly evolving and changing, and that evolution continues to this day. Tr.  
25 222:7-22, 223:2-7. Nor has the concept of amateurism always been tied to not paying a college  
26 athlete any more than the GIA. As the APs’ experts have noted, the NCAA’s own bylaws provide  
27 that prohibited “pay” is whatever the NCAA says it should be on any given day. PX 2340-72  
28 (Bylaw 12.02.7); *see* Tr. 163:6-20, 908:16-909:14, 1229:12-1230:6, 1231:3-19. In a recent State

1 of the Association speech, Emmert conceded that the definition of amateurism is ambiguous. PX  
2 2299-4.

3 Survey Evidence. To justify the alleged procompetitive justification of amateurism, the  
4 NCAA also relies on a smattering of consumer surveys on peoples' views about paying college  
5 athletes, including one prepared by its expert, Dr. J. Michael Dennis. For several reasons, this  
6 evidence should be given no weight.

7 *First*, the APs' survey expert, Hal Poret, established that the survey evidence outside of  
8 this litigation measured peoples' attitudes toward paying college athletes generally or paying  
9 them salaries, as opposed to compensating Players for use of their NIL; thus, they test questions  
10 not relevant to this case. Tr. 2703:8-2706:22. These surveys do not "address the topic that  
11 Professor Rubinfeld is opining about" and are "irrelevant." Tr. 2703:13-17. Indeed, Rubinfeld  
12 himself repeatedly used the imprecise term "pay to play" to cover all payments over and above a  
13 college athlete's cost of attendance, including compensation for use of NILs. Tr. 2941:18-2942:1.

14 *Second*, the Dennis survey had no questions directed specifically to NIL payments or to  
15 deferred compensation. Tr. 2669:10-18, 2686:18-21, 2687:21-25; 2709:6-2712:9. Underscoring  
16 this deficiency, some respondents thought college athletes should not be paid because they  
17 thought the questions inquired about illicit payments (191) or payments of salaries (83). PX 2629,  
18 2630; Tr. 2672:12-2673:14, 2679:13-25, 2682:25-2683:20, 2703:8-2704:12, 2714:6-2715:10.  
19 Thus, the Dennis survey suffered from the same flaws as the other polls and surveys: it was not  
20 designed to fit the facts of this case. In fact, as Poret stated, there was a "dramatic disconnect"  
21 between the survey questions and the APs' claims. Tr. 2706:7-22.<sup>23</sup>

22 *Third*, the survey results relied on by Rubinfeld are not necessarily reflective of what  
23

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24 <sup>23</sup> Poret also testified that Dennis used an initial "priming" question that affected subsequent  
25 answers, as shown by initial responses about illicit payments and payments of salaries. PX 2629,  
26 2630; Tr. 2714:6-2715:10. The survey also yielded internally inconsistent results showing just  
27 how costless it is to check a box forecasting a change in behavior. Totals of 453 and 611  
28 respondents watched no college football or basketball games, respectively, but said they were  
likely to cut down on their viewing; 83 who favored payment to college athletes said they would  
view fewer games, while 33 who opposed payment said they would watch more. Tr. 2729:4-11,  
2729:25-2730:9. All of this caused Poret to opine that the Dennis survey was deeply flawed and  
of no assistance. Tr. 2703:8-2704:12, 2732:24-2733:19, 2704:13-2705:12.

1 consumers will actually do. Poret noted that surveys are not useful predictors on such topics. Tr.  
2 2720:15-2721:10. The APs' economic expert, Dr. Daniel Rascher, agreed. Tr. 913:18-918:5. Fans  
3 of Division I men's basketball and FBS football will not abandon those sports because college  
4 athletes are paid for use of their NILs. If fans were alienated by the commercialism of "amateur"  
5 sports, they logically would have ceased watching them long ago in the face of repeated scandals  
6 of Division I basketball and FBS football players being paid under the table by colleges and  
7 universities. *See* Tr. 438:11-25; PX 2531. They have not done so. Tr. 886:5-899:8.

8 This point is underscored by PX 2074, an October 2010 NCAA Strategic Communication  
9 Plan. The document states that as perceived by the public and the media, "[o]ne of the most  
10 damaging criticisms [the NCAA] face[s] is the hypocrisy in which we operate." PX 2074-11. The  
11 document then presents a "long list of issues that affect how intercollegiate athletics is viewed,"  
12 including questionable recruitments, conference realignments that are perceived as a "money  
13 grab," multi-million dollar coaching salaries, violations of NCAA rules, misconduct by coaches  
14 and college athletes, the "facilities 'arms' race," and academic integrity. *Id.* Yet, nearly four years  
15 later, the record does not show that these many issues caused people to stop attending or viewing  
16 Division I men's basketball and FBS football games.<sup>24</sup>

17 History shows that the NCAA's amateurism rules do not drive consumer demand. Rather,  
18 as the Court observed, college sports are popular because they are *college* sports, played by  
19 athletes who attend *schools* that claim the loyalty of millions of fellow students, alumni, and local  
20 and regional fans. The NCAA's evidence showed many other reasons that consumer demand is  
21 not driven by amateurism, including the love of sports, the multitude of television channels,  
22 commercial sponsorships, the March Madness tournament, and other factors. Tr. 752:5-754:14.  
23 As Rascher has also noted, fans still flocked to watch Ohio State University play in the 2010  
24 Sugar Bowl despite the fact that six of its athletes had been fined for profiting from the sale of  
25 championship memorabilia, and the 2013 game in which Texas A&M University's Johnny

26  
27 <sup>24</sup> During the period from 1956-76 when stipends for incidental expenses were paid to Division I  
28 men's basketball and FBS football players, this additional sum did not decrease popularity or  
demand for intercollegiate sports. Byers Dep. 24:6-17, 25:15-26:8, 26:14-17.

1 Manziel was suspended for one half for allegedly selling his autograph finished 61% above the  
2 average ESPN rating for comparable telecasts. Tr. 893:3-895:15.

3 There are instructive examples from other sports as well. After free agency was  
4 introduced in MLB in 1976, numerous consumer surveys noted that fans deemed higher player  
5 salaries to be excessive or problematic, yet MLB revenues continued to climb steeply. Tr. 901:8-  
6 903:24. The same was true after professionals were allowed to play in certain sports in the  
7 Olympics. Tr. 904:22-905:18.<sup>25</sup> Put simply, even if they were relevant, surveys about what  
8 consumers might do if college athletes were paid are of little value in determining what those  
9 individuals would actually do. Tr. 913:18-914:15, 915:5-916:4. Rubinfeld expressed a similar  
10 view, in testimony his counsel later tried to repair unsuccessfully. Tr. 2969:7-16 (“people may be  
11 complaining about a lot of things but that doesn’t mean they’re not going to attend the sports and  
12 enjoy them”).

13 **Competitive Balance.** The Court previously noted that the NCAA had not presented any  
14 evidence to suggest that NCAA restrictions on compensation prevent disparities in competitive  
15 balance. *NCAA II*, 2014 WL 1410451, at \*13-15. Nothing changed on this point at trial. The  
16 NCAA offered no evidence establishing that: (1) the restraint is responsible for producing the  
17 current level of balance, (2) the current level of balance is responsible for the popularity of  
18 Division I men’s basketball and FBS football, and (3) lifting the restraint will affect the current  
19 level of balance in either sport. The evidence instead establishes that competitive balance does not  
20 presently exist because the power conferences dominate the field.

21 Rubinfeld asserted that the current level of competitive balance is sufficient to maintain  
22 growing demand, but his analysis amounted to the obvious: college sports are popular today. Tr.

23  
24 <sup>25</sup> The NCAA attempted to counter this evidence by showing that MLB television ratings have  
25 slipped in recent years. But, as Rascher noted, (a) while ratings may have fallen, the number of  
26 viewers has increased, and (b) sports programs generally have suffered ratings declines due to the  
27 explosion of viewing options made possible by cable broadcasters and other forms of telecast  
28 competition. Tr. 988:24-990:4, 1019:20-1020:9, 1024:9-1026:7. Rubinfeld agreed that the  
number of viewers of sporting events has increased. Tr. 3097:21-3098:1-3. The NCAA’s counsel  
attempted to impeach Rascher’s testimony by showing Nielsen ratings for the Super Bowl over  
the last few decades, but those indicated a flattening out, which supports Rascher’s opinion. Tr.  
1024:9-1026:7.

1 2988:2-12. He did not demonstrate that current competitive balance levels support future demand.  
2 Nor did he even attempt to show that the NCAA’s restrictions on sharing of NIL revenues  
3 contribute to a level of competitive balance necessary to maintain demand. The record is to the  
4 contrary. PX 2049-1 (“competitive advantage or disadvantage doesn’t appear to have any rational  
5 connection to the principle of amateurism”). The NCAA also did not show that, in the absence of  
6 the restraint, high-revenue schools would have any more of a competitive advantage than they  
7 already do as a result of, *inter alia*, large recruiting budgets and extravagant facilities. The NCAA  
8 and Rubinfeld also failed to estimate how lifting the restraint would harm competitive balance  
9 and how any diminished balance would affect demand.

10 Like amateurism, the NCAA has advanced various inconsistent definitions of competitive  
11 balance not based on its rules. NCAA Principle 2.10 speaks only of “competitive equity,” defined  
12 as “promot[ing] opportunity for equity in competition to assure that individual athletes will not be  
13 prevented unfairly from achieving the benefits inherent in participation in” athletics. PX 2340-18;  
14 *see also* PX 2083-3. The NCAA has acknowledged that “an impartial observer would likely  
15 conclude” that “competitive equity has failed.” PX 2083-5. It also has recognized that competitive  
16 balance within conferences, or groups of conferences—not, as asserted at trial, balance across  
17 FBS schools or Division I—is the appropriate goal to protect the popularity of college sports. PX  
18 2081-7 (“[c]ompetitive equity’ should be defined as fundamentally conference-based”); PX2084-  
19 35 (“Greater emphasis should be placed on permissive rules that govern institutions with similar  
20 resources.”).

21 At trial, Emmert supplied a new NCAA definition of competitive balance, meaning  
22 simply a “chance to win.” Tr. 1773:24-1774:22. Rubinfeld also testified that competitive balance  
23 was linked to the “idea of having the teams that perhaps don’t have the same resources have a real  
24 chance to upset the teams that do.” Tr. 3125:21-3126:8. Using this definition, the NCAA and  
25 Rubinfeld provided no evidence, other than anecdotes about upsets in games, of the current  
26 “chance to win” or how or to what extent lifting the restraint would affect the “chance to win”  
27 and reduce upsets, much less the ultimate relationship to consumer demand.

28 In contrast, based on statistics concerning wins and losses, revenue, rankings (including



1 persistence), margin of victory, and betting spreads, the evidence from Noll and Rascher showed  
2 that the NCAA lacks competitive balance. PX 2556, 2557, 2558; Tr. 234:12-236:16; Tr. 933:10-  
3 939:5. The statistical analysis “basically proves there isn’t balance.” Tr. 235:21-24, 236:8-16.

4 Both Noll and Rascher also testified that the consensus in economics literature is that  
5 restraints on payments to college athletes do not contribute to competitive balance; rather, the  
6 opposite is true because the restraints prevent schools from competing. Tr. 231:1-234:2; 921:1-  
7 922:16. This examination of the literature illustrated a difference between the experts at trial. Noll  
8 and Rascher are experts in the field of sports economics; Noll is even a founder of the field.  
9 Rubinfeld’s only experience with sports economics prior to this case were the sections of his  
10 textbook devoted to the NCAA cartel and MLB’s reserve clause, which undercut his testimony  
11 here.

12 NCAA documents also recognize, based on revenues and the results of games and  
13 championships, that “the teams from the six FBS AQ conferences [are] dominating competition  
14 on the field.” PX 2080-2, -3, -4; PX 2615-3 (transcript of NCAA video presentation noting that  
15 “[o]bviously, such differences [in revenues] have large impacts on the competitive equity within  
16 [FBS]”); *see also* PX 424-4 (discussing “the ‘haves’ the ‘have-nots’ and the ‘forget-about-its’”).  
17 Byers testified that “competitive balance is an elastic term that can be stretched in any direction  
18 you want to justify a present circumstance.” Byers Dep. 48:21-23. In sum, as Delany of the Big  
19 Ten testified, “[i]t is painfully obvious it’s not all a level playing field.” Tr. 2119:10-18.<sup>26</sup>

20 In his supplemental analysis created on the eve of trial, Rubinfeld analyzed the  
21 relationship between revenues and rankings. Inexperienced in sports economics, he used the  
22 wrong rankings (the Colley rank) for basketball, but even his analyses showed a high correlation  
23 between revenues and football and basketball rankings. Tr. 942:3-13; PX 2559, 2560. Rascher  
24 confirmed the high correlation using both Colley and Sagarin rankings and offered an unrebutted

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25 <sup>26</sup> Todd Petr of the NCAA likewise noted that the wide disparities in revenues among NCAA  
26 member schools have led to continued examination of the sustainability of the current  
27 intercollegiate model and whether competitive balance exists. Tr. 2263:12-2264:24. The evidence  
28 showed that NCAA rules make matters worse by distributing funds predominantly to big  
conferences, including the “Basketball Fund,” which is distributed based on victories in the  
March Madness tournament. Tr. 2140:21-2141:8; DX 3308-9.

1 regression analysis to show a correlation between revenue and winning at a 95% confidence level.  
2 PX 2559, 2560; Tr. 933:5-935:9, 939:12-945:25. Without accounting for limits on athletic  
3 scholarships in men's basketball and FBS football, Rubinfeld also analyzed potential movements  
4 by recruits between schools if they made offers based on Rascher's 50% fully pooled model  
5 (which the NCAA always argued was baseless), and those offers were not matched. As Rascher  
6 showed, in testimony that was also unrebutted, the actual results of Rubinfeld's analysis showed  
7 potential switching of players within and among major conferences, and small numbers of  
8 changes between low- and high-revenue schools. PX 2561; Tr. 947:14-951:4.

9 **Integration.** The NCAA's defense of integration of athletics and academics fails because  
10 it is not procompetitive, and, even if it were, the NCAA offers no way to measure this benefit to  
11 justify the restraint. Moreover, there was no proof that the restraint is what produces integration  
12 or that lifting it will harm integration. With or without the restraint, Players will remain  
13 scholarship students. And the NCAA's steady stream of evidence on its ongoing and hoped-for  
14 educational reforms all showed that there are alternatives that could better serve the goal of  
15 integration.

16 The APs' expert, Dr. Ellen Staurowsky, supported by other witnesses and stipulated facts,  
17 described the big business of college football and basketball and enormous revenues that they  
18 generate.<sup>27</sup> She explained how these forces place an emphasis on athletics first and academics  
19 second—to the point where, as the KC and the 2006 Presidential Task Force concluded, these  
20 sports have become an entertainment industry that is “the antithesis of academic values.” Tr.  
21 1165:24-1166:12, 1171:8-1174:24. Noll testified on the same point from an economic  
22 perspective. Tr. 523:22-524:23. Pilson even talked about a “win at all costs” mentality of the  
23 schools. Tr. 788:21-789:18. Staurowsky described an ongoing “arms race” (a known term within  
24

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25 <sup>27</sup>Tr. 1128:11-1129:9, 1132:13-21, 1133:6-1134:23, 1139:23-1141:25; PX 2536, 2537, 2539  
26 (major conference school revenues); PX 2538, 2542, 2543 (FBS football and Division I  
27 basketball revenues); PX 2544 (broadcast revenues); PX 2545 (current television contracts); PX  
28 2550, 2551 (coaching pay relative to NFL/NBA); PX 2565 (March Madness revenue); PX 2569,  
2570 (recruiting expenditures); *see also O'Bannon* Dkt. No. 214 (Rascher Declaration regarding  
PX 2537, 2538, 2539, 2542, 2543); *see generally O'Bannon* Dkt. No. 207.

1 the NCAA) of expenditures on, *inter alia*, facilities and coaching salaries.<sup>28</sup> The NCAA's own  
 2 Division I principles even refer to basketball and football as the "emphasized" "spectator-oriented  
 3 sports" because, as Staurowsky testified, "they are the economic driver for the enterprise." Tr.  
 4 1126:2-1127:2; PX 2340-359 to -360 (Bylaw 20.9.2).

5 Staurowsky provided evidence supported by the testimony of the three APs and  
 6 un rebutted by any NCAA expert that: (1) despite a 20-hour rule for structured activity, men's  
 7 football and basketball players face extreme time demands, spending 40 or more hours a week on  
 8 their sports;<sup>29</sup> (2) football and basketball players, sometimes at the direction of athletic  
 9 department staff, choose classes to avoid conflicts with their athletic commitments and then miss  
 10 those classes due to game-related travel, often driven by television scheduling (Tr. 1191:15-  
 11 1198:14; PX 2078-22, -23, -28, -29); (3) athletic scholarships and recruiting are based on  
 12 athletics, not academics (Tr. 1198:22-1201:5); (4) admission standards known as "special admits"  
 13 are different for men's football and basketball players (Tr. 1204:5-1205:25); (5) men's football  
 14 and basketball players, unlike other students, "cluster" into particular majors (Tr. 1220:19-  
 15 1225:12); and (6) federally reported graduation rates for Players are lower than the rates for both  
 16 students and other athletes (Tr. 1206:10-24, 1209:2-1212:14).<sup>30</sup>

17 The lay opinions from a handful of NCAA witnesses about the purported risks of lifting  
 18 the restraint reinforced Staurowsky's testimony. Delany of the Big Ten was quite candid that  
 19 athletes already spend far too much time on athletics. Tr. 2086:20-2088:19, 2111:21-2112:20.  
 20 Likewise, Banowsky acknowledged the time demands imposed by athletics and testified that he  
 21 would like to see athletes spend more time with other students and "do[] regular student things."

22 \_\_\_\_\_  
 23 <sup>28</sup>Tr. 1145:20-1146:19, 1149:9-17, 1150:13-25, 1161:2-16; PX 2448-3 to -5 (coaching salaries  
 compared to college presidents).

24 <sup>29</sup> Tr. 1176:1-14, 1188:10-1190:9; PX 2297-11, 424-2 ("a 'wink-and-nod-approach' to voluntary  
 activity"), PX 2078-17, -19, -21 (NCAA GOALS study).

25 <sup>30</sup> The NCAA has even adopted a measure of academic success called the Graduation Success  
 26 Rate ("GSR"), which is applied to athletes only and avoids comparisons to the student body as a  
 whole; the GSR is intended to remove drop outs and transfers from the federal graduation rates—  
 27 without tracking whether the transfers ever graduate at a later institution. Tr. 1212:16-1214:6; PX  
 3369. The NCAA's Diane Dickman testified that the association has adopted another metric not  
 28 applied to the student body, an "Academic Progress Rate" of 930, which translates to a graduation  
 rate of 50%, and GPAs of 1.8 to 2.0. Tr. 2572:19-20, 2580:18-2581:6, 2582:10-21.

1 Tr. 2379:8-18, 2380:24-2381:4. The NCAA’s own Task Force on Intercollegiate Athletics,  
2 further emphasizing that testimony, warned in its 2006 report of the need to “strengthen the  
3 integration of athletics within our universities” or “we can foresee . . . failure to meet our  
4 responsibilities”; that the goals of intercollegiate athletics were being “jeopardized as the  
5 collegiate model drifts toward the professional approach”; and that intercollegiate athletics has  
6 “isolate[d] the activity from the academic mission of the university.” PX 2017-9, -13, -25.  
7 Rubinfeld relied on this report, citing its conclusions that “yet at many institutions, athletics often  
8 still appear oriented toward more entertainment and the educational value of athletics  
9 participating and competition plays a secondary role to the win/loss column.” Tr. 3109:14-  
10 3110:24.<sup>31</sup> Inside the NCAA, Renfro and the Strategic Communications team discussed the  
11 public perception that “the notion that athletes are students is the great hypocrisy of  
12 intercollegiate athletics” (PX 424-3) and “the hypocrisy in which we operate” (PX 2074-11).  
13 Rubinfeld admitted that many organizations have concluded that commercialism in college  
14 athletics is undermining the “fundamental tenets” of academics. Tr. 3103:9-16.

15 The NCAA never proved that the challenged restraint integrates athletes with other  
16 students and athletes on other teams. To the contrary, the evidence demonstrates that students  
17 currently have diverse backgrounds, wealth, talents, and a multitude of other distinctions. Tr.  
18 520:5-521:11. It also demonstrates that, unlike other students, Players perform in stadiums and on  
19 television (some are even celebrities) and are used to promote commercial sponsors; they also  
20 live in unique dorms, eat in special dining halls, practice in lavish facilities, and enjoy their own  
21 game rooms. Tr. 1161:2-16. Indeed, Stanford’s Muir admitted that his opinions on this issue were  
22 “speculation . . . . I don’t think any of us knows” what will happen. Tr. 2542:13-24.

23 The NCAA’s argument against sharing commercial revenues with athletes is also  
24 patronizing. Many Players come from low-income families, posing difficulties already for their

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25 <sup>31</sup> The NCAA argues that deference should be given to the lay opinions of its university and  
26 conference personnel about the risks of an injunction, but their lay witnesses only predicted that  
27 sharing revenues with athletes would cause them to be classified differently. Tr. 1373:21-  
28 1374:15, 1379:20-1380:7 (Plonsky reasoned it would be “separatist” and “incongruous”);  
1594:12-1595:5 (Harris Pastides of USC: students who do not receive payments would be  
“second-class citizens”).

1 integration into campus life and academics. The NCAA neglected to acknowledge any current  
2 “classification” issues between low-income and other students, and argued instead that providing  
3 NIL monies to athletes would create classification issues, as if to say, in effect, that the poor must  
4 remain poor in order to protect our campus life.

5 The NCAA called Dr. James Heckman to testify that college education is valuable to  
6 athletes. But Heckman’s testimony was irrelevant. He established no causal inference between the  
7 challenged restraint and the positive social outcomes he identified, nor did he establish any causal  
8 inference between lifting the restraint and a diminution in those outcomes; in fact, he did not even  
9 try. Tr. 1517:19-1520:1. His testimony was also irrelevant because if an injunction issues, college  
10 football and basketball players will *remain* students who attend college; in other words, they will  
11 still receive the benefits Heckman identifies.

12 Heckman analyzed data from the National Educational Longitudinal Study of 1988  
13 (“NELS”) following eighth graders beginning in 1988 to the year 2000. Tr. 1496:14-1497:3,  
14 1522:22-1523:5. He assumed that those who played basketball or football in high school went on  
15 to play those sports in college; he never measured how many actually played Division I men’s  
16 basketball or FBS football—as opposed to other sports, Division II or Division III football or  
17 basketball, or FCS football. Tr. 1535:13-24. A 1996 study using the NELS data conducted by the  
18 National Center for Education Statistics shows that only 2.2 percent of the high schoolers went on  
19 to play athletics in Division I schools. PX 2595-1. This report also shows that less than half the  
20 athletes Heckman used in his analysis were actually in Division I athletics rather than Division II  
21 or III. *Id.* (5.2 percent of the dataset played intercollegiate sports, but only 2.2 percent played  
22 Division I). Heckman did not control for FBS and Division I men’s basketball athletes or the  
23 majors in which they are clustered, or study athletes after the year 2000. Tr. 1534:9-18, 1535:25-  
24 1536:21. As in another district court that rejected his economic evidence, Dr. Heckman’s  
25 testimony here bears little relation to the real world facts and is entitled to little weight.<sup>32</sup>

26 \_\_\_\_\_  
27 <sup>32</sup> *S. Pac. Commc’ns Co. v. Am. Tel. & Tel. Co.*, 556 F. Supp. 825, 869-70 (D.D.C. 1982), *aff’d*,  
28 740 F.2d 980 (D.C. Cir. 1984), *cert. denied*, 470 U.S. 1005 (1985); *see also In re Brand Name  
Prescription Drugs Antitrust Litig.*, 186 F.3d 781, 786 (7th Cir. 1999) (rejecting the evidence  
offered by a Nobel Prize-winning economist for not addressing the relevant causal issue).

1           **Output.** As Noll pointed out, the NCAA conducted no economic analysis of output. Tr.  
2 250:23-251:1. Rubinfeld looked to the increases in the number of Division I teams and the  
3 number of games played in Division I compared to the professional leagues (Tr. 2980:5-2981:18,  
4 2950:2-2952:25), but he made no showing that those increases resulted from the challenged  
5 restraint. Rubinfeld abandoned his earlier claims that the numbers of scholarships would be  
6 limited, focusing only on the limited number of schools that might drop out of Division I, which  
7 he asserted without additional analysis. Tr. 2972:10-21, 2983:12-18, 3077:22-3078:6. He even  
8 conceded that he had done no statistical analysis on what would happen if an injunction were  
9 entered. Tr. 3102:17-3103:7.

10           Emmert and Mark Lewis of the NCAA testified about the possibility of schools leaving  
11 Division I if the injunction issues, but this was purely speculative testimony. Noll and Rascher  
12 testified at length that this made no economic sense. Tr. 242:2-244:25, 881:19-883:1. This  
13 testimony is also undercut by the testimony of representatives of specific schools or conferences.  
14 Pastides of USC testified that his board of directors would replace him if he allowed USC to drop  
15 out of Division I football or men's basketball. Tr. 1599:4-10. Similarly, Plonsky noted that while  
16 UT might not want to compensate college athletes for use of their NILs, it might face competitive  
17 pressures from other colleges to do so. Tr. 1471:2-15. And Banowsky of CUSA acknowledged  
18 that schools that already supposedly lose money on athletics nonetheless remain in FBS, that  
19 numerous other schools are lining up to join FBS because of the attendant benefits (and despite  
20 the purported financial disadvantages), and that "low revenue" schools will not have to tap their  
21 budgets much more than they already do to share TV revenue with athletes. Tr. 2373:1-2377:25.  
22 He stated that even if a 50-50 split of broadcast revenues *were required*, no school would leave  
23 Division I; each would instead negotiate with college athletes independently; some might pay  
24 licensing fees, others might not, and it is "possible" that some might just drop out of FBS (to  
25 FCS). Tr. 2310:10-12, 2371:25-2372:24. Greg Sankey of the SEC likewise could not predict that  
26 any school in his conference would leave Division I if an injunction issues. He thought some  
27 schools might pay royalties and some might not but readily admitted that "in the prediction  
28 business, [he has] not always been very good." Tr. 2412:5-2414:12, 2417:16-2418:4.

1 The examples involving the demise of EA's NCAA-branded videogames and jerseys  
2 available on the NCAA's website show that the restraint has actually reduced, rather than  
3 enhanced, output of products that would thrive if group licensing were permitted. In addition, a  
4 2007 NCAA document (PX 682) reflects comments received by potential or actual licensees  
5 (broadcasters, videogame developers, wireless telephone companies, apparel makers) who all saw  
6 increased value for themselves and their customers if they were allowed to make more liberal use  
7 of college athletes' NILs.<sup>33</sup>

#### 8 V. LESS RESTRICTIVE ALTERNATIVES EXIST

9 Given the absence of valid procompetitive justifications, the anticompetitive aspects of the  
10 restraint of trade far outweigh any alleged procompetitive justifications, and no consideration of  
11 less restrictive alternatives is necessary. Noll nonetheless identified three less restrictive  
12 alternatives: (1) allowing only certain types of NIL payments, equivalent to adding a stipend to  
13 existing athletic scholarships; (2) the deposit of a group license royalty amount in a trust fund  
14 payable after the Players graduate or otherwise leave school;<sup>34</sup> or (3) use of the Olympic model,  
15 which would permit Players to obtain money from endorsements. Tr. 283:19-284:13; 287:2-22;  
16 291:15-294:15.<sup>35</sup>

#### 17 VI. CONCLUSION

18 For all of the foregoing reasons, the APs' requests for injunctive relief should be granted.  
19 The alternatives proposed in *O'Bannon* Dkt. No. 252-1 will not pose any antitrust issues if they  
20 are ordered by the Court.

21  
22  
23  
24 <sup>33</sup> A 2004 presentation by CLC states that fewer restrictions "[w]ould likely lead to a giant leap in  
25 royalties, retail presence, and differentiates college from pro." PX 1133-42. In addition, as  
26 Rascher noted, the NCAA told the United States Supreme Court in oral argument in *BoR* that  
27 paying college athletes would increase demand for the NCAA's intercollegiate sports product,  
28 thus directly affecting the higher education market. Tr. 951:11-952:23.

<sup>34</sup> For similar suggestions in NCAA documents or from NCAA witnesses, see PX 280-3, 2000-2,  
2006-1; Tr. 2365:11-2367:7.

<sup>35</sup> In the higher education market, increased output could potentially be reflected in more athletic  
scholarships, but the NCAA has artificially restricted the number of them.

1 Dated: July 2, 2014

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I, Sathya S. Gosselin, declare that I am over the age of eighteen (18) and not a party to the entitled action. I am a partner in the law firm of HAUSFELD LLP, and my office is located at 1700 K Street NW, Washington, DC 20010.

On July 2, 2014, I caused to be filed the foregoing **PLAINTIFFS' OPENING POST-TRIAL BRIEF** with the Clerk of Court using the Official Court Electronic Document Filing System, which served copies on all interested parties registered for electronic filing.

I declare under penalty of perjury that the foregoing is true and correct.

/s/ Sathya Gosselin  
Sathya S. Gosselin