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Introduction to the Thirty-Fifth Annual Theodore L. Reimel Moot Court Competition

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INTRODUCTION TO THE THIRTY-FIFTH ANNUAL
THEODORE L. REIMEL MOOT COURT
COMPETITION

THE Reimel Competition is an intraschool tournament dedicated to the late Theodore L. Reimel, Judge for the Pennsylvania Court of Common Pleas from 1953 to 1973. The competition is a moot court program for second and third year students which is designed to foster student development in written and oral advocacy through simulated appellate argument. Each year, roughly two hundred students enter the competition in two-member teams and argue the case through elimination rounds which begin early in the Fall Semester and culminate in a final argument which is held each spring. The Villanova Appellate Advocacy Bowl and a cash award is presented to each member of the winning team.

The Villanova University School of Law was honored to have the Honorable Judge Carol Los Mansmann of the U.S. Court of Appeals for the Third Circuit, Judge Paul V. Niemeyer of the U.S. Court of Appeals for the Fourth Circuit and Judge John W. Bissell of the U.S. District Court for the District of New Jersey preside over this year's final argument. Former jurists for the finals of the Reimel Competition also include Chief Justice William H. Rehnquist and Justice Antonin Scalia and former Justices William J. Brennan, Jr., Tom C. Clark, William O. Douglas, Thurgood Marshall and Byron R. White.

The 1994-95 Reimel Moot Court Competition addressed Major League Baseball's historic exemption from the Sherman Antitrust Act in the context of franchise relocation.* The facts and procedural history of the case is as follows:

* Professor Joseph W. Dellapenna drafted this year's Moot Court problem. Professor Dellapenna has been on the faculty of Villanova Law School since 1976. He received his bachelor's degree from University of Michigan, J.D. from Detroit College, and LL.M.S. from George Washington in 1969 and Columbia University in 1975.
In 1981 a group of investors headed by Warren Giles purchased the Philadelphia Phillies who play professional baseball as a member of the National League. Due to the failures of the team on the field in the late 1980's and early 1990's, attendance at Phillies’ games began to fall and Giles let it be known that the Phillies were in poor financial shape. Giles stated that he would entertain offers to purchase a controlling interest in Philadelphia National Baseball Club, Inc. Giles and most of the other investors were willing to sell eighty-six percent of the team to a potential owner who was willing to keep the team in Philadelphia.

In 1991 a group led by Buddy Ryan and Charles Barkley entered into secret negotiations with Giles. Sporadic negotiations over the course of two years finally culminated in a deal to sell the Phillies to the Ryan-Barkley group, which had incorporated itself as the Phoenix Phillies, Inc. (“Phoenix Phillies”).

On March 14, 1993, the Philadelphia National Baseball Club, Inc. (“Philadelphia National Baseball Club”) and the Phoenix Phillies signed a contract for the sale of the Philadelphia Phillies to the Phoenix group for $212,000,000. The Phoenix group intended to transfer the Phillies baseball team to Phoenix. The transfer of ownership, however, required the approval of three-quarters of the National League and three-quarters of the American League.

The League was not able to consider the contract until July 1993. Therefore, in order to avoid the adverse effects that an announcement of a move to Phoenix might have on ticket sales, the parties agreed to keep the contract a secret until after the World Series. Despite these efforts, rumors of the move began to circulate in Philadelphia. In response, Philadelphia’s Mayor Rendell began to seek local investors willing to purchase the Phillies. On October 26, however, the Phoenix Phillies held a news conference and announced its deal to purchase the Phillies.

On November 3, 1993, Philadelphia Baseball Renaissance, Inc., (“Philadelphia Baseball Renaissance”) a Philadelphia-based group, made public its offer to purchase the Phillies for $234,000,000. The offer was made possible, in part, by a deal to renegotiate the Phillies’ lease on Veteran’s Stadium and promises from state and local government to help finance a new baseball-only stadium within ten years. These concessions would be worth approximately $8,000,000 to $10,000,000 per year over the twenty-five year life of the lease. Giles declared that he, personally, would prefer to see the team remain in Philadelphia, but that the outcome would depend on the
action taken by the team owners at the League meetings in December.

The team owners from both the National and American Leagues met in Las Vegas, Nevada in December to consider the sale of the Phillies. Both the Phoenix and Philadelphia-based groups were given the opportunity to make formal presentations on the merits of their respective offers at a joint meeting of the American and National League owners. After the presentations, the two leagues deliberated the matter in closed meetings. The American League owners agreed to postpone any decision until after the National League owners voted. Although Giles did not attend the formal presentations before both leagues, he did participate in the National League meeting to debate and decide whether to approve the sale to the Phoenix group. The National League voted to deny the transfer to Phoenix by a vote of eight in favor and six against.

Immediately after the National League voted against the transfer to Phoenix, Giles met with representatives of Philadelphia Baseball Renaissance. Giles and Philadelphia Baseball Renaissance signed a contract to sell the Philadelphia Phillies to Philadelphia Baseball Renaissance for $234,000,000. The National League and American League unanimously approved the sale of the Phillies to Philadelphia Baseball Renaissance. The entire matter was settled within forty-eight hours of the rejection of the sale to the Phoenix group.

Following the National League’s rejection of the deal to purchase the Philadelphia Phillies, the Phoenix Phillies brought this present action in the United States District Court for the District of Villanova.

The Phoenix Phillies alleged that the National League owners conspired to restrain trade by excluding it from the Phoenix market area and to establish monopoly control of the marketing of baseball in the United States in violation of sections one and two of the Sherman Antitrust Act, 15 U.S.C. §§ 1, 2, depriving it of the opportunity to engage in the business of baseball in interstate commerce. The Phoenix Phillies prayed for an award of damages and an injunction against what it characterized as a continuing violation of sections one and two of the Sherman Act. In effect, the Phoenix Phillies were asking the court to order the move of the Phillies from Philadelphia to Phoenix. Philadelphia National Baseball Club and Philadelphia Baseball Renaissance were joined as defendants in this action by the Phoenix Phillies. The American League was not joined.
The defendants denied the allegations made by the Phoenix Phillies. After various motions were made, a pre-trial conference was held and the parties agreed to a stipulated set of facts. On the basis of the stipulated facts, both parties moved for summary judgment under Fed. R. Civ. P. 56.

The district court granted the defendant's motion for summary judgment for two reasons. First, the district court held that the National League is immune from the antitrust laws of the United States or of the several states. Second, the district court held that, even assuming that baseball is subject to the antitrust laws, the National League operates as a single entity. As a single entity the National League and its "owner-participants" cannot conspire with themselves in violation of section one of the Sherman Act. Lastly, the district court held that the plaintiff lacked standing to bring a complaint against the defendant for violation of section two of the Sherman Act.

The plaintiff appealed to the United States Court of Appeals for the Twelfth Circuit, which reversed the district court's grant of summary judgment. In writing for the majority, Chief Judge Landis began by incorporating the facts as stipulated by the parties, reciting a brief history of baseball and stating that the court can take judicial notice of most publicly known facts relating to baseball.

The Twelfth Circuit held that baseball is no longer exempt from the operation of antitrust laws. The court indicated that baseball's immunity from the antitrust laws rests on an outmoded concept of interstate commerce and predicted that, if presented with the question, the Supreme Court would eliminate baseball's judicially created exemption. It additionally rested its decision on the basis that the Supreme Court precedents establishing baseball's exemption dealt only with the reserve clause in players contracts. Since the reserve clause had been eliminated through collective bargaining, the court reasoned, baseball's exemption was eliminated with it.

The Twelfth Circuit also rejected the district court's finding that the National League constitutes a single entity and is, thus, immune from section one liability. Following the Ninth Circuit's determination that the National Football League is not a single entity, the court held that the denial of entry into the market to Phoenix was a per se violation of section one of the Sherman Act. As a result of these holdings, the court required that the district court both award damages and grant injunctive relief to Phoenix. In dissenting from the majority holding, Judge Chandler indicated that he
would have affirmed the district court on both the antitrust exemp-
tion and single-entity issues. This appeal followed.

The brief in support of petitioners was written by William
Georges, a third year student and graduate of Brown University and
Sidney Liebesman, also in his third year and a graduate of the Uni-
versity of Delaware. The respondents’ brief was written by second
year students Joanne Judge, who attended St. Joseph’s University,
and Barbara Williams who attended Northern Illinois University.