

# New Lawsuit: NHL and Major Junior Hockey Leagues Hit with Antitrust Class Action Alleging Anticompetitive Collusion

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14 Feb, 2024, 10:41 ET

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*Case Co-Led by Constantine Cannon LLP and Zelle LLP Forces a Reckoning Over How Teens are Involuntarily Drafted, Poorly Compensated and Completely Controlled by North American Hockey Cartel*

NEW YORK, Feb. 14, 2024 /PRNewswire/ -- A landmark antitrust lawsuit filed today in New York federal court against the National Hockey League (NHL) and the major junior hockey industry exposes the systematic exploitation of teens pursuing their dream of playing in the NHL. This historic case is about Defendants' unlawful agreements to restrain competition for these players, rendering them nothing more than the property of the major junior teams that draft them. Plaintiffs' lawsuit targets an anticompetitive cartel comprised of the NHL, the Canadian Hockey League ("CHL"), the Ontario Hockey League ("OHL"), the Western Hockey League ("WHL"), the Québec Maritimes Junior Hockey League ("QMJHL"), and those leagues' member clubs.

While the major junior leagues are marketed as the surest path to NHL stardom, the reality is that these leagues and their clubs earn hundreds of millions of dollars or more on the backs of their teenage players who receive minimal compensation for their full-time labor. Defendants' conspiracy directly targets each U.S. state and Canadian province.

The Plaintiffs in this class action include the World Association of Icehockey Players Unions North America Division ("WAIPU"), as well as former major junior players Tanner Gould and Isaiah DiLaura, who have elected to fight back against the Defendants' coordinated exploitation of teenaged players. Plaintiffs allege that, as a result of Defendants' collusion, they were denied the freedom to choose where they played hockey, were paid only a collusively determined \$250 a month for their hockey services, and were separated from their families at a vulnerable age and traded against their wishes – all to maximize profits for the NHL, the major junior hockey leagues, and each of their member clubs.

"It's time for change within major junior hockey," said Gould. "I'm proud to be a part of this case because I want to make sure that the players coming up after me are protected in a way that I was not."

"Teenage players continue to be treated like disposable objects, just like I was," added DiLaura. "I am hoping this lawsuit will put an end to that."

Plaintiffs allege that Defendants (1) carved up the North American market into three exclusive territories (one for each league), each of which includes a combination of U.S. states and Canadian provinces; (2) agreed not to compete for players across the leagues by giving each major junior league the exclusive rights to all players residing in their allotted territory through an involuntary draft; and (3) further agreed not to compete for players once they had been involuntarily drafted by another team.

Plaintiffs further allege that drafted players' hockey rights are owned by their team for at least four years and that "standard" player contracts and "protected lists" ensure that players cannot move teams or leagues unless they can be sold, usually for cash. Having ensured that each player can only negotiate with his respective drafting club, Plaintiffs allege that Defendants colluded to set player compensation at artificially depressed and non-competitive levels and to fix the compensation for players' forced assignment of their names, images and likenesses to their clubs and leagues at zero.

According to Plaintiffs' allegations, the NHL participates in this conspiracy by, among other things, making annual multi-million-dollar payments to major junior hockey that are contingent on an agreement to preserve this exploitative system. Plaintiffs further allege that

NHL clubs have agreed to pay large sums of cash to major junior clubs for the rights to their players who sign NHL contracts at 18 or 19, but further agree to assign these players back to their former major junior clubs if they do not make their opening day roster, which allows NHL clubs to avoid paying these draftees higher salaries while at the same time avoiding the loss of a year on their entry-level contracts.

"Defendants created a system by which they exercise complete control and dominion over their players to extract all profits created by the players' labor for themselves," said Jeffrey I. Shinder, managing partner of Constantine Cannon LLP's New York office and co-counsel for the Plaintiffs. "This is an egregious violation of antitrust laws that has enabled Defendants' economic exploitation, as well as their well-documented physical and psychological abuse of major junior players."

U.S. antitrust laws forbid independent market participants from colluding to restrain competition among themselves. The three major junior leagues are, by their own sworn testimony, fully independent of each other and the CHL. Plaintiffs allege the leagues' collusive agreements eliminate competition to sign or keep players, or to offer them competitive compensation. None of these agreements are shielded by antitrust exemptions that applied when other sports leagues negotiated similar restrictions in collective bargaining with their players' labor unions.

"The law is clear — sports leagues cannot draft players, agree not to compete for players' services or agree to restrain competition on player compensation absent express authorization in a collective bargaining agreement," said Ethan E. Litwin, partner at Constantine Cannon and co-counsel for the Plaintiffs. "To their great shame, the NHL not only enables the exploitation of children, but financially benefits from this system."

As alleged in the complaint, Defendants' anticompetitive market manipulation preys on the financial, physical, and psychological vulnerability of major junior players, fostering a toxic environment that impedes their development and renders their employment more akin to indentured servitude.

"This lawsuit will serve as a catalyst for sweeping reforms across major junior hockey and underscores the urgent need for a new governance model that values athlete welfare above profits," said Sandra Slater, President of WAIPU USA. "This is a defining moment in the fight to create a hockey ecosystem that is fair, safe, and respectful to all athletes."

The case is *World Association of Icehockey Players Unions North American Division, et al. v. National Hockey League, et al.* in the United States District Court, Southern District of New York. Visit [www.HockeyAntitrustLitigation.com](http://www.HockeyAntitrustLitigation.com) for more information about this lawsuit.

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