# U.S. Soccer Verdict Shows Importance of Defining Relevant Antitrust Markets

**February 11, 2025**

A Major League Soccer (MLS) match typically lasts around two hours. It took a ten-person jury in the Eastern District of New York just one hour and 45 minutes to grant the MLS and the United States Soccer Federation (USSF) ("Defendants") a decisive victory in their extended legal battle with the defunct North American Soccer League (NASL) ("Plaintiff"). This verdict will allow American soccer to maintain different divisions that separate levels of play and provides some measure of comfort to leagues in other sports that might want to operate in a similar manner.

**Background**. Defendant, the USSF, is a non-profit organization affiliated with FIFA, an international soccer body that runs major tournaments worldwide, including the World Cup. Through its relationship with FIFA, the USSF regulates and oversees professional soccer in the United States. The USSF maintains the ability to group professional soccer leagues in the United States into "Divisions" I, II, or III using standards such as seating capacity and number of teams. A Division I or II sanction is highly valuable for a professional soccer league's reputation and has a direct impact on the league's ability to attract fans, sell sponsorships, and sign lucrative broadcasting deals. Defendant MLS has been the only USSF-sanctioned Division I soccer league in the United States since the inception of this structure in 1995.

NASL was created in 2009. It was sanctioned as a Division II league in 2011. In 2015, the NASL applied for a Division I sanction and was denied. Adding insult to injury, in 2017 NASL's Division II application was denied for the 2018 season, leaving the NASL in a position where it could only compete in the US as a Division III league. With its team owners unwilling to compete with this less prestigious distinction, the NASL suspended its operations and cancelled all future seasons.

**The NASL Alleges Multiple Sherman Antitrust Act Violations by Defendants**. After learning that it would lose its Division II status, the NASL sued Defendants in September 2017 seeking preliminary relief. When that was denied, NASL filed an amended complaint in March 2018.

Plaintiff alleged that Defendants violated Sections 1 and 2 of the Sherman Antitrust Act. As to Section 1, Plaintiff alleged that by creating the “arbitrary” standards by which teams are sorted into Divisions, Defendant USSF and its members–including MLS–entered into a continuing agreement in unreasonable restraint of trade. As to Section 2, Plaintiff alleged that Defendants conspired with each other to monopolize the market for professional soccer in the United States to the benefit of MLS and an affiliated Division II league, and to the detriment of the NASL.

**The Parties Duel Over the Definition of the Relevant Antitrust Market**. As is often the case, the parties vehemently disagreed over how to define the “relevant market.” Plaintiff asserted that the definition should include four relevant markets: two “Sanctions Markets,” or the markets for a league to obtain sanctions to play professional outdoor soccer, one for Division I and another for Division II, and two “Membership Markets,” or the markets in which leagues compete to obtain teams for their league, again one for Divisions I and another for Division II.

Defendants moved for summary judgment, including on market definition, but the court decided there was a triable issue of fact and sent the case to trial.

**Determining the Scope of the Relevant Market**. While Plaintiff’s definitions survived summary judgment, Plaintiff’s next task was to convince a jury of the existence of these four relevant antitrust markets. Defendants, in turn, wanted to convince a jury that Plaintiff’s proposed relevant markets did not effectively capture the entire market for Sanctions or Membership. In other words, if Defendants could show that Plaintiff’s proposed markets are actually part of a broader market with healthy competition, then Plaintiff would have failed to prove the existence of a relevant antitrust market.

Relevant markets have two components: product and geographic markets. A relevant product market is determined by the availability of reasonable substitutes. A relevant geographic market, on the other hand, is determined by the area in which the products compete.

Plaintiff argued that the scope of the relevant product market was narrow: Division I and II professional soccer. Plaintiff asserted that Division III soccer was substantially different than Divisions I and II, and thus not a reasonable substitute for a league looking to compete at the highest levels of outdoor American soccer. Further, Plaintiff argued that the geographic market consisted only of the United States and Canada.

Defendants argued for a much broader scope of the relevant product market, contending that Division III soccer was a reasonable substitute for a league to obtain sanctions or teams, and that even if it wasn’t, other American sports were reasonable substitutes. On the relevant geographic market, Defendants asserted that the relevant geographic market was worldwide, and that Plaintiff could establish their league and obtain teams in any country in the world.

Defendants bolstered their case of a broader relevant market using specific examples. At trial, Defendants pointed to Orlando City Soccer Club, who moved from Division III to Division I, and the USL who moved from Division III to Division II. According to Defendants, these progressions provide concrete evidence that Division III competes directly with Division I and II for both leagues and teams.

**The Jury Reaches a Verdict**. Although many issues were presented at trial, a pivotal one was the relevant market. In fact, the jury instructions conveyed to the jury that the existence of a relevant antitrust market was a threshold issue:

> Your decision as to whether Plaintiff has proven the existence of one or more relevant antitrust product markets must be unanimous as to at least one such market. If you conclude that Plaintiff's alleged markets are not relevant antitrust markets, you should find in favor of Defendants. You should not go on to determine whether the alleged conduct has had an anticompetitive effect in some other market.

When the jury returned their verdict form on February 3, 2025, it concluded that Plaintiff failed to prove the existence of any of its four proposed antitrust markets. As a result, the jury found in favor of Defendants without having to decide any other issues in the case.

**Implications**. This verdict represents a huge win for Defendants and will allow for the continuation of soccer in the United States under its Division format. It also provides a measure of comfort to other leagues that do not have an antitrust exemption. Still, because the judge decided there was a triable issue of fact over the relevant market and because the jury did not explain its rationale, leagues should continue to be aware of the risks posed by hierarchical structures within their sport.

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Please do not hesitate to contact us with any questions.

Zachary H. Saltzman
Partner, New York
+1 212 909 6690
zhsaltzman@debevoise.com

Tavius R. Clark
Associate, New York
+1 212 909 6161
trclark@debevoise.com

Olivia Pereira
Associate, New York
+1 212 909 6919
onpereira@debevoise.com

Sam Grossman
Law Clerk, New York
+1 212 909 6757
sdgrossman@debevoise.com