



cyril amarchand  
mangaldas  
ahead of the curve



# 6<sup>th</sup> RGNUL National Sports & Entertainment Law Mediation Competition, 2024

## GENERAL INFORMATION **Quarter-Finals**

29<sup>th</sup>-31<sup>st</sup> Mar 2024



**6<sup>th</sup> RGNUL NATIONAL SPORTS & ENTERTAINMENT LAW MEDIATION**  
**COMPETITION, 2024**

**GENERAL INFORMATION: COURTSIDE CROSSROADS**

**BACKGROUND**

The basketball world was left in awe when Marcus “The Michael” Thompson, a renowned and seasoned professional basketball player, signed a multi-year contract with the Metro City Mavericks, one of the most prestigious franchises in the league. The five-year deal, hailed as a landmark in sports contracts, made Thompson one of the highest-paid athletes in the history of the sport.

Marcus Thompson's journey with the Metro City Mavericks began with immense promise. The franchise, banking on Thompson's star power, hoped to secure championship titles and boost their brand globally. Thompson, in turn, sought not only the financial rewards but also the opportunity to lead the Mavericks to unprecedented success. The contractual relationship, initially seen as a groundbreaking alliance between a seasoned basketball star and a prestigious franchise, now faces challenges on multiple fronts.

The five-year contract between Marcus Thompson and the Metro City Mavericks, while primarily focused on performance benchmarks triggering a reassessment clause, also contains another critical provision: the “Endorsement Opportunities Clause.” This clause outlines the parameters under which Thompson is entitled to various endorsement opportunities, bonuses, and incentives based on his individual on-court performance and the overall success of the franchise.

As the seasons unfolded, a series of unforeseen events disrupted the anticipated harmony between player and franchise. The Metro City Mavericks, once a powerhouse in the league, faced internal conflicts, mismanagement, and a downward spiral in performance. Thompson, despite maintaining his individual peak performance, found himself not only frustrated with the team's lacklustre results but also facing difficulties in capitalizing on the endorsement opportunities outlined in his contract.

The team's failure to make it to the playoffs for two consecutive seasons triggered the “Performance Evaluation Clause” in the contract, allowing either party to review and renegotiate the contract terms. Simultaneously, the diminished success of the franchise impacted Thompson's ability to secure lucrative endorsement deals, jeopardizing a substantial part of his anticipated income.

## DISPUTE

The dispute now encompasses two critical provisions of the contract - the “Performance Evaluation Clause” and the “Endorsement Opportunities Clause.”

### **1. Dispute pertaining to “Performance Evaluation Clause”:**

The crux of the first dispute lies in the interpretation and application of the “Performance Evaluation Clause.” The clause allows either party to initiate a review and renegotiation of the contract terms if the team fails to qualify for the playoffs in two consecutive seasons.

The Metro City Mavericks argue that while the team indeed failed to make the playoffs, they fulfilled all other contractual obligations to Marcus Thompson. They emphasize unforeseen challenges, including injuries and changes in coaching staff, as contributing factors to the team’s failure. The franchise contends that these external factors should be considered when evaluating overall team performance.

Marcus Thompson maintains that the playoffs’ qualification is not an isolated metric but a representation of the team’s commitment to success and the overall competitiveness of the franchise. He argues that the repeated failure to make the playoffs reflects a systemic issue within the organization, constituting a fundamental breach of the contract’s spirit.

### **2. Dispute pertaining to “Endorsement Opportunities Clause”:**

The second facet of the dispute delves into the intricacies of the “Endorsement Opportunities Clause,” a provision in Marcus Thompson's contract that was designed to reflect not only his individual on-court prowess but also the overall success of the Metro City Mavericks.

Clause 7 of the Contract provided: “7. **Endorsement Opportunities.** *The Player shall be entitled to endorsement opportunities, bonuses, and incentives based on individual and team achievements. The Franchise agrees to facilitate and support such opportunities, including but not limited to sponsorships, appearances, and promotional activities. Bonuses and incentives shall be determined by a combination of individual performance metrics (e.g., points, assists) and team accomplishments (e.g., playoffs, championships). The Player and Franchise shall mutually agree upon endorsement deals, subject to reasonable approval.*”

This clause entitles Thompson to various endorsement opportunities, bonuses, and incentives based on a combination of individual and team achievements. He asserts that the intent of the clause was to

reward both individual excellence and team triumphs, creating a symbiotic relationship between his personal brand and the franchise's marketability. The decline in the team's success, according to Thompson, has eroded the foundation upon which the endorsement opportunities were predicated, constituting a breach of the contract.

The Metro City Mavericks, acknowledging the team's performance decline, counter Thompson's argument by emphasizing that the endorsement opportunities clause explicitly outlines individual on-court performance as a separate criterion. They contend that while the team's overall success may impact Thompson's marketability, he is still responsible for exploring alternative avenues to secure endorsements and bonuses, irrespective of the team's achievements.

The franchise suggests that Thompson's personal brand, built on his exceptional skills and individual achievements, should be robust enough to weather fluctuations in the team's performance. They argue that while they recognize the challenges posed by the team's decline, the Endorsement Opportunities Clause places the onus on Thompson to actively pursue and secure endorsements, leveraging his individual star power independent of team outcomes.

However, considering the high stakes involved in terminating the landmark contract, Metro City Mavericks and Thompson have agreed to mediate and settle the dispute amicably.