

EA Sports Enters Into Settlement Agreement With College Athletes

by Anthony Caruso on October 2, 2013

Video game producer Electronic Arts Sports and Collegiate Licensing Company have agreed to pay out roughly \$40 million to former players whose likenesses were used without authorization and compensation.

The settlement agreement will settle disputes against EA Sports and CLC, leaving the National Collegiate Athletic Association as the lone defendant in the controversial sports law dispute. The outcome of the case, filed by the former UCLA basketball player Ed O'Bannon, may carry significant implications for the future of college athletics and make it possible for players to lobby for a share of the multi billion-dollar profits generated by the sports industry.

As the NCAA has said it plans to fight the lawsuit vigorously and is confident in its position, the settlement between EA Sports and former players may have a broad impact on the association. Although EA Sports will not officially admit to any wrongdoing as part of the agreement, settlements typically denote some measure of acknowledgement or support for plaintiffs' claims. If the NCAA loses its case or agrees to settle, the central question of whether college sports fall into the amateurism category may be challenged.

Legal analysts for the NCAA have long argued that because college sports fall into the amateur, rather than professional, realm, players are not entitled to compensation. Should the courts rule that players whose likenesses are used must be compensated, athletes may begin demanding payment any time their names or identifying characteristics appear on sports merchandise, games, music, movies, and other items.

Following the settlement - which has not yet detailed how the \$40 million will be distributed among former players - the NCAA told USA Today that it is "not prepared to compromise on this case." The association reaffirmed its position, and said that it is prepared to take the case to the U.S. Supreme Court if necessary.