

O'Bannon Decision Could Signal Major Changes For College Athletics

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When UCLA basketball star Ed O'Bannon saw his avatar used in an NCAA-branded video game for which he received no compensation, he decided to take [action](#), and agreed to serve as lead plaintiff in a class action challenging NCAA rules prohibiting student-athletes from receiving a share of revenues earned from use of their names, images and likenesses. The suit alleged that the restrictions constitute an unreasonable restraint on trade in violation of antitrust laws.

On Friday, August 8, 2014, Judge Claudia Wilken of the United States District Court for the Northern District of California issued a groundbreaking [decision](#), agreeing with O'Bannon and the other plaintiffs and granting an injunction prohibiting the NCAA "from enforcing any rules or bylaws that would prohibit its member schools and conferences from offering their FBS football or Division I basketball recruits a limited share of the revenues generated from the use of their names, images and likenesses in addition to a full grant-in-aid." The injunction prevents the NCAA from capping payments to student-athletes while in school at an amount below the actual cost of attendance. The ruling also allows member schools to deposit additional funds into trust to be paid to the athlete when the athlete leaves school or eligibility expires. Although the NCAA may cap the amount that may be held in trust, the cap cannot be less than \$5,000, in 2014 dollars, for every year the athlete is academically eligible to compete.

Judge Wilken stopped short of allowing athletes to be paid for endorsements, stating that "[a]llowing student-athletes to endorse commercial products would undermine the efforts of both the NCAA and its member schools to protect against the 'commercial exploitation' of student-athletes." The injunction will not be stayed (*i.e.*, placed on hold) pending an appeal, but will not take effect until the start of the next football and basketball recruiting cycles. "The NCAA will hopefully never be the same" Michael Hausfeld, a lead attorney for plaintiffs, stated. "It's going to go through a metamorphosis and if it approaches it wisely, it should sit down and discuss with all the interested entities how best to form a new way going forward."

The O'Bannon decision comes just days after the NCAA itself [agreed](#) to allow the "Big Five" greater autonomy in setting student-athlete benefits. Although the O'Bannon decision is limited to male athletes in football and basketball, it will likely impact other athletes and sports, as well as the numerous other pending suits challenging the NCAA rules on antitrust and other grounds.

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