

1 Professional MMA Fighters train daily, making alternative simultaneous full-time employment nearly
2 impossible. Training also requires the services of professional trainers and the relevant space and
3 training equipment. To rise to the level of a fighter capable of being promoted by the UFC, *i.e.*, an Elite
4 Professional MMA Fighter, a Professional MMA Fighter typically needs to work his or her way up the
5 ranks in local and regional promotions, often earning very little money in the process.

6 **C. Overview of the MMA Industry and the UFC's Dominance**

7 95. The popularity of MMA as a combat sport began to take off during the 1990s.

8 Professional MMA has since become one of the most popular and fastest growing spectator sports in the
9 U.S. and North America.

10 96. Elite Professional MMA Fighters are among the most respected professional athletes in
11 the world. Elite Professional MMA Fighters include world-class and Olympic athletes utilizing all
12 disciplines of martial arts, including wrestling, judo, jiu-jitsu, Muay Thai, taekwondo, karate and boxing,
13 in one-on-one bouts.

14 97. Professional MMA Fighters typically achieve the status of Elite Professional MMA
15 Fighters as UFC Fighters only after participating successfully in events organized by other local or
16 regional MMA Promoters.

17 98. MMA Promotions are not organized into leagues or teams as is common in many
18 organized sports. Typically, Professional MMA Fighters compete against other Professional MMA
19 Fighters who are under contract with the same promoter.

20 99. MMA Promoters host events that ordinarily contain seven to twelve bouts on a Card,
21 and bouts are organized by recognized weight classes. Together, all of the bouts for an event constitute
22 the Card. The Card at a typical event includes an Undercard, or a set of preliminary bouts, that
23 generally feature up-and-coming and/or local Professional MMA Fighters, and the Main Card, which
24 typically features Professional MMA Fighters who are further along in their careers and/or possess
25 higher levels of public notoriety.

26 100. The strength of the Card draws ticket purchases for live events as well as viewers for
27 broadcasts and purchases of PPV access (provided the promotion garners PPV coverage). During the
28 Class Period, it has been and continues to be extremely rare for a bout that is not promoted by the UFC

1 to garner PPV coverage. During the Class Period, no would-be rival MMA Promoter has staged a
2 profitable PPV event featuring Professional MMA Fighters. The strength of the Card also draws
3 merchandise sales and licensing fees, and contributes to the rates paid by sponsors, advertisers and
4 broadcasters. The Card thus helps to determine the size and scale of the physical venue in which the
5 event takes place, the scope and breadth of its distribution and event sponsorship rates, and the
6 merchandising campaign for the event.

7 101. Professional MMA events are sanctioned in the U.S. by the same state athletic
8 commissions as boxing. Nearly all athletic commissions in North America are members of the
9 Association of Boxing Commissions (“ABC”). All member commissions of the ABC have passed the
10 Unified Rules of Mixed Martial Arts (“Rules”) which govern professional MMA bouts and establish
11 MMA weight classes, ring-fighting area requirements and equipment, length of and number of rounds
12 in a bout, the rest period between rounds, the nature of the protective gear worn by fighters, judging
13 requirements, fouls, and other bout rules and regulations.

14 **D. The UFC’s Complete Control of its Sport is Unique in the Context of Big-Time**
15 **Professional Sports**

16 102. As more fully set forth below, due to the anticompetitive scheme alleged herein, the
17 UFC has been able to suppress Elite Professional MMA Fighters’ compensation to a very low
18 percentage of the revenues generated from bouts. On information and belief, UFC Fighters are paid
19 approximately 10-17% of total UFC revenues generated from bouts. As alleged further below, all UFC
20 Fighters—from the highest paid to the lowest—have had their compensation artificially reduced due to
21 the anticompetitive scheme challenged in this Complaint.

22 103. Athletes in sports such as boxing and the “Big 4,” *i.e.*, football, baseball, basketball and
23 hockey in the United States, generally earn more than 50% of league revenue, a significantly higher
24 percentage of revenues than those paid to UFC Fighters.

25 104. Boxers Floyd Mayweather and Manny Pacquiao take the number one and two spots,
26 respectively, on the “Forbes 100-highest paid athletes list,” earning upwards of \$40 million in
27 guaranteed purse for a single bout, before inclusion of PPV profits. Mayweather’s compensation has
28 reportedly topped \$90 million for a single bout for an event that draws comparable PPV purchase rates

1 to high-profile UFC events. As a result of the scheme alleged herein, UFC Fighters get a fraction of that
2 level of compensation. Famed boxing promoter Bob Arum, for example, pays his fighters approximately
3 80% of the proceeds generated by a Card. Comparing the fighter compensation between boxing and the
4 UFC, Arum accurately described the disparity between the UFC and boxing as follows: “Because of the
5 monopoly that the UFC has, they [the UFC] pay[s] their fighters maybe 20% of the proceeds that come
6 in on a UFC fight.”

7 **E. The Growth of MMA in the United States**

8 105. MMA’s initial growth in the 1990s was accompanied by the growth of competing MMA
9 Promoters. The UFC was founded in 1993. By 2001, MMA Promotions were competing vigorously in
10 the U.S. Prior to 2011, the existence of such competition allowed UFC Fighters—such as Mark Kerr, BJ
11 Penn, Mark Coleman, and Carlos Newton—to receive higher purses with UFC competitors. In 2001,
12 Zuffa purchased the UFC from Semaphore Entertainment Group (“SEG”) for \$2 million and
13 appointed White as its President. The UFC initially claimed that it was seeking co-promotion
14 arrangements with its competitors. At that time, according to White’s contemporaneous public
15 statements, co-promoting MMA events would benefit both the UFC and its competitors by ensuring
16 that MMA events featured the best bouts between Professional MMA Fighters regardless of the
17 Fighter’s Promoter. In fact, the UFC never intended to co-promote events.

18 106. By the mid-2000s, professional MMA had gained even broader mainstream support in
19 the United States. The UFC and its competitors actively promoted MMA events and began introducing
20 the sport to the public through more extensive television programming and marketing activities. As an
21 overall result of competition between rival promotions in the Relevant Input and Output Markets
22 through the early 2000s, MMA’s fan base grew dramatically; while fewer than 90,000 people purchased
23 the UFC’s first MMA PPV event, by 2006, the UFC’s PPV events drew more than one million buyers.
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1 **VII. THE UFC's ANTICOMPETITIVE SCHEME AND ITS RESULTING ANTITRUST**
2 **INJURIES TO PLAINTIFFS AND MEMBERS OF THE CLASSES**

3 **A. The UFC's Anticompetitive Scheme to Acquire, Maintain, and Enhance Monopoly**
4 **and Monopsony Power**

5 **1. The UFC Has Leveraged its Monopoly and Monopsony Power to Deny**
6 **Necessary Inputs to Would-Be Rival MMA Promoters.**

7 107. The UFC has illegally acquired, maintained, and exercised monopsony power in the
8 market for Elite Professional MMA Fighter services, *i.e.*, the Relevant Input Market, through an
9 aggressive series of exclusionary and anticompetitive acts. The anticompetitive effects associated with
10 this ill-gotten monopsony power manifest themselves as artificially suppressed compensation for Elite
11 Professional MMA Fighters in the Bout Class, and the improper expropriation of Elite Professional
12 MMA Fighters' Identities, resulting in artificial underpayments (including non-payment) to UFC
13 Fighters in the Identity Class.

14 108. Unless an MMA Promoter can attract and retain Elite Professional MMA Fighters,
15 develop a fan base, attract sponsors, secure a major television distribution outlet, and secure high-
16 quality venues, it cannot compete successfully in the Relevant Output Market. MMA Promoters cannot
17 attract and retain Elite Professional MMA Fighters unless they can demonstrate to such athletes that
18 they can promote profitable bouts that will result in significant compensation to those Fighters over an
19 extended period of time. To achieve Elite status in the MMA Industry, Professional MMA Fighters
20 must register wins in widely-viewed MMA events that build public notoriety, reputation, fan base, and
21 earnings potential. Without big-ticket MMA Cards with Elite Professional MMA Fighters, MMA
22 Promoters are unable to generate sufficient public demand to lock down sponsors and venues large
23 enough to generate enough revenues to be able to offer sufficient bout purses that would enable them to
24 attract Elite Professional MMA Fighters. The UFC, knowing this, has engaged in a scheme to deny its
25 actual or potential rival MMA Promoters (and any potential future rivals) the access to inputs necessary
26 to promote successful MMA events (*e.g.*, Elite Professional MMA Fighters, major sponsors, key
27 venues).
28

1 **a. The UFC Uses Exclusive Contracts with UFC Fighters as Part of its**
2 **Anticompetitive Scheme.**

3 109. The UFC has illegally obtained and maintained its monopoly position in the Relevant
4 Output Market and its monopsony position in the Relevant Input Market (*i.e.*, the market for Elite
5 Professional MMA Fighter services), through an anticompetitive scheme to exclude and impair actual
6 or potential rival MMA Promoters such that they do not have access to the Elite Professional MMA
7 Fighters necessary to sustain and grow a profitable rival promotion company. As a result, Elite
8 Professional MMA Fighters have no effective alternative promoter with whom to contract for live Elite
9 Professional MMA bouts.

10 110. The UFC's illegal monopsony position is sustained, in part, through the use of exclusive
11 dealing agreements with UFC Fighters that lock in Elite Professional MMA Fighter services perpetually
12 and exclusively for the UFC. The UFC's exclusive contracts foreclose would-be rival promoters from
13 vital inputs—namely Elite Professional MMA Fighter services with the notoriety needed to sustain a
14 successful live Elite Professional MMA promotion. Discussing the UFC's exclusive contracts, White
15 has conceded that, across the MMA Industry, “everybody knows how crazy we are about protecting our
16 contracts.”

17 111. Through the anticompetitive scheme alleged herein, including by successfully
18 eliminating and impairing actual or potential rivals in the Relevant Output Market, the UFC has
19 garnered and maintained unrivaled bargaining power vis-à-vis Elite Professional MMA Fighters. The
20 UFC uses its monopsony power to extract exclusionary and restrictive concessions from all of its MMA
21 Fighters.

22 112. All UFC Fighters are classified as independent contractors that are compensated based
23 on the number of fights in which they participate. But the UFC uses standard form agreements with all
24 or nearly all of its UFC Fighters that require, *inter alia*, exclusivity and assignments of the rights to
25 Fighters' Identities. Given that, through the alleged scheme, the UFC dominates the Relevant Output
26 Market, *i.e.*, the market for promoting live Elite Professional MMA events, Elite Professional MMA
27 Fighters have little choice but to accept the UFC's exclusionary terms if they want to try to earn a living
28 as Elite Professional MMA Fighters.

1 113. The UFC’s standard agreements with Fighters have contained, during the 2000s and
2 continuing into the Class Period, at least the following restrictive provisions:

3 a. The “Exclusivity Clause,” which binds UFC Fighters into a restricted relationship with
4 the UFC and prohibits them from appearing in bouts televised or organized by actual or potential rival
5 promotions unless approved by the UFC, thus preventing athletes from receiving competitive purses
6 from co-promoted or competitor MMA events. This clause blocks actual or potential rival promotions
7 from having access to Elite Professional MMA Fighters under contract with the UFC for protracted
8 periods of time. Regardless of the term of the agreement, the provision includes various termination and
9 extension clauses that can be triggered at the UFC’s sole discretion, thereby effectively extending the
10 exclusivity provisions indefinitely.

11 b. The “Champion’s Clause,” which allows the UFC to extend a UFC Fighter’s contract
12 for as long as the athlete is a “champion” in his or her weight class, preventing the Fighter from
13 financially benefiting from his or her “championship” status by soliciting competing bids from other
14 MMA Promotions even after the end of his or her original UFC contract term. This clause specifically
15 blocks actual or potential rival promotions from having access to Elite Professional MMA Fighters,
16 which are needed for a would-be rival promotion event to be commercially successful. This clause also
17 denies UFC Fighters free agency—despite their being independent contractors—thereby retaining the
18 Fighter’s services for the UFC effectively indefinitely.

19 c. The “Right to First Offer” and “Right to Match” Clauses, which grant the UFC the
20 option to match the financial terms and conditions of any offer made to a UFC Fighter for an MMA
21 bout even after the Fighter’s contract has expired. Because the UFC’s contracts typically have already
22 required the Fighters to divest themselves of ancillary rights associated with the sale of their Identities
23 in perpetuity, rival offers, to the extent they could even exist, would not include compensation for rights
24 associated with the Fighters’ Identities and thus are artificially suppressed or would force would-be
25 rivals to bid to such a level to make the investment no longer profitable.

26 d. The “Ancillary Rights Clause,” which grants the UFC exclusive and perpetual
27 worldwide personality and Identity rights not only of the UFC Fighter, but of “all persons associated
28 with” the athlete, in any medium, including merchandising, video games and broadcasts, *and for all*

1 *other commercial purposes*, thus preventing MMA Fighters from financially benefiting from the
2 reputations that they built during their MMA careers *even after death*, and locking UFC Fighters out of
3 revenues generated by the exploitation of their Identities, including *after* the term of the contract. Thus,
4 although a single loss could allow the UFC to terminate a UFC Fighter’s contract, the Ancillary Rights
5 Clause remains in effect in perpetuity. As a result, the UFC can restrict a UFC Fighter’s ability to
6 promote himself or herself for profit even after the UFC Fighter’s career with the UFC has ended.
7 Further, a separate clause in the agreement prevents a Fighter from ever referring to himself or herself
8 as a “‘UFC fighter’” or “using the term ‘UFC’ without written permission.” Among other
9 anticompetitive effects of this provision, even if a would-be rival promoter could get access to a current
10 or former UFC champion, those champions cannot advertise their status as UFC champions.
11 Accordingly, a potential rival promoter would be impaired in attempting to contract with the former
12 UFC Fighter to headline live MMA bouts.

13 e. The “Promotion Clause,” which requires UFC Fighters to attend, cooperate and assist
14 in the promotion of bouts in which they fight and, as required by the UFC, *any other* bouts, events,
15 broadcasts, press conferences and sale of merchandise, for no additional compensation. By contrast, no
16 affirmative obligation exists for the UFC to promote the UFC Fighter. In fact, the UFC regularly
17 punishes athletes who do not bow to its whims. As just one example, UFC light-heavyweight champion
18 Jon Jones refused to take a short-notice replacement of one of his opponents. After his refusal, the UFC
19 issued a press release stating, “Lorenzo Fertitta (UFC chairman and CEO) and I [Dana White] are
20 disgusted with Jon Jones and Greg Jackson [Jones trainer].” White continued by stating, “UFC 151 will
21 be remembered as the event Jon Jones and Greg Jackson murdered.” By denigrating the UFC Fighter in
22 public, the UFC drastically impacts a fighter’s earnings ability as the consuming audience will support
23 events featuring the UFC Fighter in lower numbers, leading to reduced payments for bouts and
24 endorsements.

25 f. The “Retirement Clause,” which gives the UFC the power “to retain the rights to a
26 retired fighter in perpetuity.”
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1 g. Tolling provisions, which extend the term of the UFC Fighter’s contract during periods
2 when he or she is injured, retired, or otherwise declines to compete, thus virtually prohibiting even
3 disgruntled athletes from sitting out the term and signing with a would be rival promoter.

4 h. The “Sponsorship and Endorsement Clause,” which grants the UFC sole discretion over
5 all sponsorship and endorsement approvals. In effect, the Sponsorship and Endorsement Clause
6 requires the approval of the UFC *before* an entity can contract with a UFC Fighter to sponsor or endorse
7 the entity’s product or service during any UFC events. This gives the UFC control over sponsors and
8 Fighters and allows the UFC to block opportunities for sponsors where: (i) the UFC has decided to
9 boycott the sponsor in retaliation for the sponsor having endorsed non-UFC Fighters or otherwise
10 worked with actual or potential rival MMA Promoters; (ii) the sponsors have refused to pay the UFC’s
11 “sponsorship tax,” which is a fee paid to the UFC for the right to sponsor a UFC Fighter; or (iii) the
12 sponsors are engaged in ancillary business endeavors that compete with the UFC in any segment of the
13 MMA Industry that the UFC intends to dominate, such as, *e.g.*, MMA publications, MMA video
14 games, gyms, online MMA stores, energy drinks, online gaming sites, fan festivals and apparel
15 providers. This clause gives substantial power to the UFC to block sponsors from working with actual or
16 potential rival promoters and to deprive them of key revenue opportunities for themselves and their
17 fighters, making actual or potential rivals less profitable and a less attractive option for Elite Professional
18 MMA Fighters.

19 114. As the UFC gained and then maintained market and monopsony power through this
20 anticompetitive scheme, including by eliminating actual or potential rivals, in or about January 2014, it
21 added provisions—such as, *e.g.*, the “unilateral demotion-in-pay” provision which resets a Fighter’s pay
22 to lower purse levels if a given UFC Fighter loses a bout, and additional restrictions on sponsorship
23 rights—that further enhanced the UFC’s control over its Fighters.

24 115. None of the Plaintiffs in this matter is suing as part of this case, on behalf of himself or
25 herself or any proposed class member, to enforce any rights or provisions of his or her particular UFC
26 contract. Nor is any Plaintiff in this matter claiming, as part of this case, on behalf of himself or herself
27 or any proposed class member, that his or her contract, standing alone, violates the antitrust laws.
28 Rather, Plaintiffs allege here that all of the UFC’s contracts with Fighters—and the exclusionary

1 provisions therein—*taken together* form part of the UFC’s anticompetitive scheme to impair actual or
2 potential rivals and enhance its monopoly power in the Relevant Output Market and monopsony power
3 in the Relevant Input Market. Cumulatively, the exclusionary contractual provisions deprive the UFC’s
4 would-be rivals of all or virtually all of the critical input necessary to compete in the MMA Industry,
5 that is, Elite Professional MMA Fighter services.

6 **b. The UFC’s Exclusionary Scheme Included the Use of Threats,**
7 **Intimidation, and Retaliation Against MMA Fighters Who Work With**
8 **or For Would-Be Rivals or Speak Out Against the UFC.**

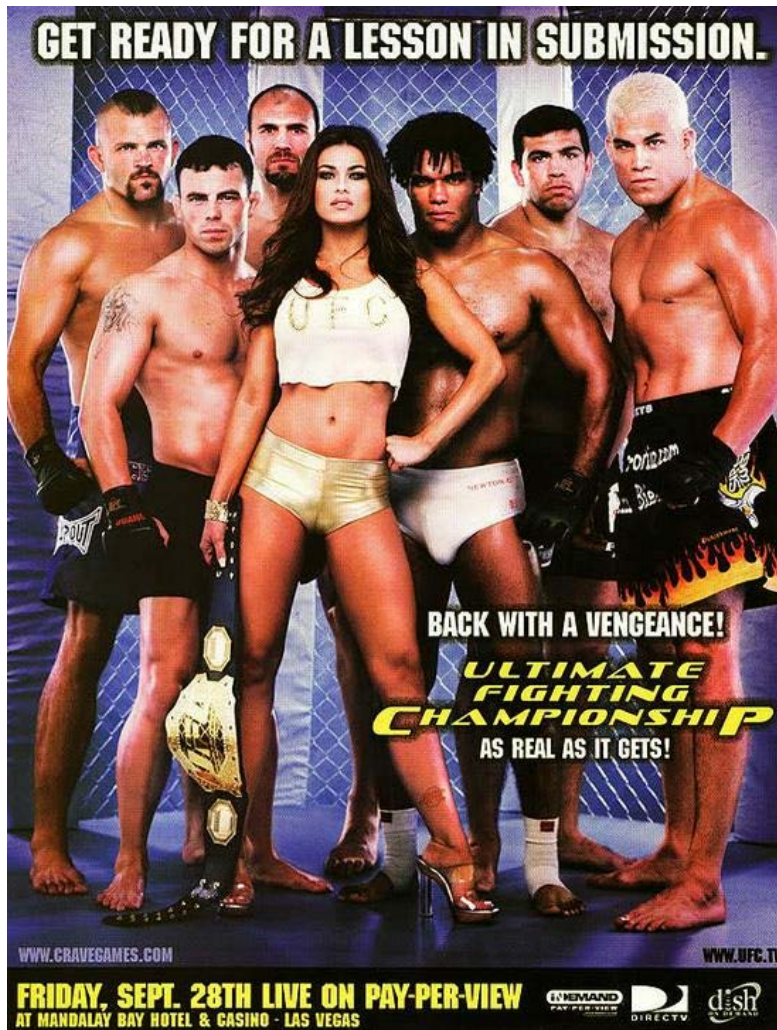
9 116. As part of its exclusionary scheme, the UFC has retaliated against (i) UFC Fighters who
10 work or threaten to work with would-be rival promoters, (ii) MMA Fighters who might someday wish to
11 compete in the UFC, and (iii) would-be rival promoters who work with UFC Fighters. As a result, UFC
12 Fighters have refused offers to fight for actual or potential rival promoters, even those that offer higher
13 compensation, out of fear that the UFC would retaliate against both the promoter and the Fighter.
14 Professional MMA Fighters are deterred by the UFC’s threats because Professional MMA Fighters
15 recognize that being banned from future opportunities to fight for the UFC will substantially diminish
16 their ability to earn income as Elite Professional MMA Fighters. Moreover, the UFC has control over
17 key sponsors, sponsors the UFC threatens never to work with if they contract with an Elite Professional
18 MMA Fighter against the UFC’s wishes.

19 117. For example, the UFC negotiated a deal with THQ, Inc. for the development of a UFC
20 video game. Zuffa required its athletes, for no compensation, to assign exclusively and in perpetuity
21 their likeness rights for video game use. Fighters who wished to negotiate this request were terminated,
22 including Plaintiff Jon Fitch. White also publicly threatened all MMA Fighters, even those not under
23 contract with Zuffa with a permanent ban from competing in the UFC if the Fighter chose to sign with
24 EA Sports.

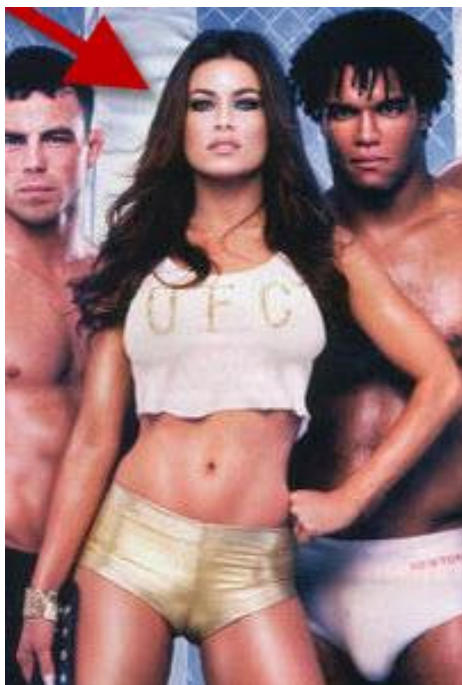
25 118. Additionally, following his victory over Matt Hughes in a welterweight title bout that had
26 been promoted by the UFC, UFC Fighter B.J. Penn informed the UFC that he planned to sign with an
27 actual or potential rival promotion company for a much higher payday than UFC was then offering. In
28 response, the UFC’s Dana White called Penn and threatened that the UFC would ban Penn from
fighting for the UFC forever if Penn worked with another promoter. White told Penn that Penn was

1 “f***ing done! You’ll never fight in the UFC again! You’re finished. You’re scorched earth,
2 motherf***er. Scorched earth. Don’t call me crying saying you want to come back because your f***ing
3 done!” White also threatened to remove or blur Penn’s face from UFC videos and promotions and said
4 he would remove his bout with Hughes from the UFC’s DVD library so that Penn “would be
5 forgotten.”

6 119. The UFC punished and continues to punish Fighters that refuse, or consider refusing,
7 the UFC’s contractual terms, including by eliminating them from the UFC’s Promotional Materials.
8 Through the “Ancillary Rights Clause” of its Promotional Agreements with Fighters, the UFC retains
9 rights to the names and likenesses of every UFC Fighter in perpetuity. Randy Couture, a well-known
10 and historically accomplished UFC Fighter who has obtained championship titles in multiple weight
11 classes, refused to assign his Ancillary Rights and, instead, attempted to negotiate control over his
12 Identity. According to Couture, he had “issues with Zuffa” after “g[e]t[ting] off on the wrong foot over
13 the ancillary rights in my contract and signing away my name and image, which then led to the
14 [UFC] . . . having m[e] pulled out of the video game, pulled out of the ad campaigns with Carmen
15 Electra and all those things. Because I wasn’t willing to just sign those things away like most fighters had
16 done to date at that point, I think that immediately put me on the outs with the manager, with Dana
17 [White] and the people that own the company.” In fact, Couture lost the benefit of being promoted by
18 the UFC despite competing in bouts, including by being airbrushed out of the following UFC ad
19 campaign for refusing to assign his Identity to the UFC for no compensation:
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18 (Below, Couture is airbrushed out of the ad campaign.)



c. **The UFC Uses Exclusive Contracts with Physical Venues and Sponsors to Impair and Foreclose Would-Be Rival MMA Promoters.**

120. The UFC has also frustrated entry and retarded rival expansion through a series of exclusive arrangements that foreclose would-be rival promoters from holding or distributing live Elite Professional MMA events through various venues.

121. Specifically, the UFC uses its control of the Relevant Input Market (garnered through the conduct alleged herein, including its exclusive contracts) to lock would-be rival promoters out of the highest revenue-generating physical venues for live Elite Professional MMA events in the U.S.

122. As a result of the UFC's dominance in the Relevant Markets and as part of its exclusionary scheme, the UFC imposes exclusivity provisions into its physical venue agreements that severely limit, and in some cases remove altogether, the ability of any would-be competitor to hold MMA events at premier venues in the U.S. For example, before and continuing through the Class Period, the UFC has intentionally inserted provisions into its agreements with event venues that prohibit the venues from staging live Elite Professional MMA events promoted by a would-be UFC rival promoter within a specified time either before or after a UFC event at the venue. Throughout the Class Period, the UFC has entered into such exclusionary provisions with top event venues along the Las Vegas Strip and elsewhere. Intending to shut out actual or potential rivals with these "black out" provisions in its venue contracts, the UFC has, for example, staggered its events in such venues along the Las Vegas Strip so that no would-be rival promoter can hold live Elite Professional MMA Promotions anywhere along the Las Vegas Strip—some of the most important and profitable venues for MMA events in the world. As a result of the UFC's exclusionary conduct, competing MMA Promotions are therefore forced to use second-rate venues, thereby inhibiting their ability to promote successful and profitable events, sell tickets and merchandise, secure major television distribution outlets, attract Elite Professional MMA Fighters, and otherwise generate revenues from MMA events.

123. As part of the scheme alleged herein, in or about June 2009 and continuing during the Class Period, the UFC fundamentally restructured MMA sponsorship to: (a) require that sponsors contract with and pay a fee to the UFC as a condition precedent to their ability to contract with any UFC Fighter, and (b) prohibit any sponsor who wants to work with the UFC from contracting with

1 actual or potential rival promotion companies or sponsoring non-UFC MMA Fighters. The UFC's
2 conduct, as part of its anticompetitive scheme, impairs the ability of UFC Fighters to engage in
3 individual or independent sponsor-fighter deals; blocks UFC Fighters from working with sponsors and
4 brands that in any way support non-UFC events or fighters (and thereby blocks would-be rival MMA
5 Promoters from access to important sponsors); and forces sponsors to drop deals with Professional
6 MMA Fighters who do not want to sign with the UFC so as to coerce those Elite Professional MMA
7 Fighters into signing exclusive contracts with the UFC. The UFC's scheme also enables the UFC to
8 unjustifiably obtain lucrative exclusive event sponsorship deals for itself. Consider just two examples
9 involving Quinton Jackson ("Jackson"). Jackson negotiated a deal with a company called "Round 5" to
10 develop an action figure based upon his "Rampage" persona. The UFC blocked the deal, and
11 subsequently entered into its own deal with Round 5 for the production of UFC action figures, a line
12 that included Jackson's likeness. Likewise, Jackson negotiated a deal with Reebok for sponsorship,
13 which had not been approved by the UFC, and the UFC used its dominance to block Jackson's
14 proposed sponsorship deal with Reebok in order to subsequently obtain a deal for itself.

15 124. The Sponsorship and Endorsement Clause in UFC contracts with UFC Fighters
16 prohibits UFC Fighters from contracting with sponsors unless they first obtain approval from the UFC.
17 Before a bout, the UFC notifies the UFC Fighters (and their respective managers) of the authorized list
18 of sponsors that may appear on a UFC Fighter during an event. The UFC also requires sponsors in
19 certain MMA Industry segments to pay anywhere from \$50,000 to \$250,000 in licensing fees, *i.e.*, a
20 "sponsorship tax," directly to the UFC for the right to associate their brands with specific UFC
21 Fighters. Only then may the sponsor negotiate with and sponsor a UFC Fighter during UFC events.
22 This "tax," in conjunction with bans of other MMA Industry sponsorship segments, has been
23 selectively utilized to essentially eliminate entire segments of the MMA Industry as income sources for
24 UFC Fighters and was implemented to enable the UFC to obtain lucrative licensing fees ("tax") and
25 event sponsorships for itself as well as to move into and dominate MMA Industry segments unrelated to
26 the promotion of live events.

27 125. Upon information and belief, during the Class Period, the UFC has regularly threatened
28 UFC sponsors by indicating that if they work with actual or potential rival promoters or sponsor

1 Professional MMA Fighters who compete in the events of such MMA Promoters, the UFC will ban the
2 sponsors from sponsoring UFC events or from sponsoring any UFC Fighters. As a result of these
3 threats, on information and belief, sponsors have refused to sponsor Professional MMA Fighters in
4 actual or potential rival promotions or to work with UFC Fighters on terms other than those demanded
5 by the UFC. Since sponsors are well aware of the UFC's dominance, the UFC's exclusionary conduct
6 effectively prevents many sponsors from entering into business relationships with would-be rival
7 promotions and non-UFC Professional MMA Fighters. Among other things, this conduct impairs and
8 forecloses actual and potential rival promoters by, *e.g.*, making it difficult for would-be rival promoters to
9 offer competitive compensation packages (including sponsorships) to Elite Professional MMA Fighters
10 and denies would-be rival promoters of the ability to earn sufficient revenues from their events to be
11 significantly lucrative and profitable.

12 126. Throughout the Class Period, the UFC has used the monopoly power that it has
13 acquired and maintained by the exclusionary scheme alleged in this Complaint to threaten sponsors into
14 pulling out of deals with non-UFC Elite Professional MMA Fighters as a means of coercing those
15 Fighters to sign exclusive contracts with the UFC. For example, when Elite Professional MMA Fighter,
16 Fedor Emelianenko, refused to sign a contract to fight for the UFC, the UFC demanded that Tapout, a
17 prominent clothing company and MMA sponsor, "dump [Emelianenko] or lose access to UFC events,"
18 according to M-1 Global President Vadim Finkelchstein, Emelianenko's promoter/manager. In
19 response, Tapout withdrew a potential seven-figure, one-year sponsorship deal with Emelianenko.

20 127. Prime physical venues and marquee sponsors are "must-have" inputs for would-be rival
21 MMA Promoters and, without them, such MMA Promoters are impaired in their ability to enter the
22 market and/or compete effectively. Therefore, the UFC's exclusive arrangements with venues and
23 sponsors, combined with the other aspects of the UFC's scheme, foreclose competitors from attracting
24 Elite Professional MMA Fighters and thereby competing successfully in the MMA Promotion business
25 at the highest level.
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1 **2. After Impairing Actual or Potential Rival Promoters in the Relevant Output**
2 **Market Through the Scheme Alleged Herein, the UFC Acquired Those**
3 **Would-Be Rivals that it Did Not Put Out of Business or Relegate to the**
4 **“Minor Leagues.”**

5 128. The UFC’s scheme successfully blocked actual or potential rival promoters from
6 accessing inputs necessary to put on successful MMA events and to operate, sustain, and grow
7 successful MMA Promotions that could eventually compete directly with the UFC. This scheme put
8 several actual or potential rival MMA Promoters out of business. Those companies that were not forced
9 to exit the MMA Promotion business by the scheme were weakened to such a degree that selling out to
10 the UFC was the only realistic option. As a result, and as part of the alleged scheme, from December
11 2006 to March 2011, the UFC engaged in a series of strategic acquisitions of competing MMA
12 Promoters, culminating with its acquisition of rival MMA promotion company, Strikeforce. The UFC’s
13 acquisitions, along with other aspects of the exclusionary scheme, resulted in the UFC becoming, by its
14 own admission, the only meaningful Promoter of live Elite Professional MMA in the U.S. or North
15 America, enhancing the UFC’s monopoly power in the Relevant Output Market and monopsony power
16 in the Relevant Input Market.

17 129. Beginning at least as early as December 2006, the UFC embarked on a campaign to
18 monopolize and monopsonize the Relevant Markets. As part of a deliberate plan to consolidate the
19 MMA Industry and more broadly solidify its control over the Relevant Markets, the UFC began
20 acquiring its competitors one by one. In December 2006, the UFC announced the acquisition of actual
21 or potential rival promoters World Extreme Cagefighting (“WEC”) and World Fighting Alliance
22 (“WFA”). Initially, the UFC operated WEC, based in California, as a separate MMA promotion
23 company, broadcast on a separate cable network to block would-be rivals from being televised on the
24 network. But in October 2010, the UFC announced that it was merging the WEC and all of its fighters
25 with the UFC. The UFC’s acquisition of WEC enabled the UFC to eliminate a would-be rival for Elite
26 Professional MMA Fighters in heavier weight classes, while also acquiring the major promotion entity
27 for Fighters in lighter weight classes. The UFC also acquired “Pride” and several other would-be rival
28 promoters in 2007.

1 130. Between 2008 and 2011, and continuing into the present, the UFC accelerated its
2 aggressive anticompetitive campaign. As part of the scheme alleged herein, the UFC's efforts to prevent
3 any successful competitive activity by new entrants directly contributed to the impairment and ultimate
4 failure of the following MMA Promoters, including among others:

5 a. Affliction Entertainment/Golden Boy Promotions. Golden Boy Promotions is the
6 promotional arm of legendary boxer Oscar de la Hoya. Golden Boy partnered with Affliction
7 Entertainment and entered the market for promotion of live Elite Professional MMA events for less
8 than one year before being forced to pull out in 2009 after just two events. As part of its scheme, the
9 UFC forced Affliction, a niche apparel provider, to exit the MMA promotion business by raising its
10 costs and blocking Affliction from continuing to sponsor any UFC Fighters.

11 b. HDNet Fights. HDNet Fights was founded in 2007 by billionaire owner of the Dallas
12 Mavericks and HDNet founder, Mark Cuban. HDNet Fights briefly promoted its own live Professional
13 MMA bouts. By 2009, the UFC had forced Cuban to shut down and, instead, become a bondholder in
14 Zuffa. The combination of the UFC's Exclusive Promotional Agreements, its persistent refusal to co-
15 promote, and its blocking of the ability of Elite Professional MMA Fighters to self-promote, even after
16 the terms of their contracts had expired, prevented Cuban's promotion company from promoting
17 potentially lucrative fights, including a proposed mega fight between Randy Couture and Russian
18 superstar Fedor Emelianenko.

19 131. By 2011, the only potentially robust competitor to the UFC was Strikeforce, an MMA
20 promotion company that had been threatening to become a major force in the MMA Industry.
21 Strikeforce had a strong roster of Elite Professional Mixed Martial Artists, and at the time was the only
22 major MMA outfit promoting women's MMA. It also had signed lucrative broadcast deals with
23 Showtime and CBS. In addition, Strikeforce had succeeded in obtaining significant promotional
24 sponsors and entered an agreement with EA Sports to develop an MMA video game to compete with
25 the UFC's MMA video game, which had been developed by THQ of Agoura Hills, California.
26 Strikeforce also publicly announced its desire to co-promote high-level MMA events with international
27 promoters, and had a number of co-promotional arrangements, including co-promotional arrangements
28 with Russian promoter M-1 and the Japanese promotion Dream. Co-promotional arrangements,