Federal Baseball Club of Baltimore, Inc. v. National League of Professional Baseball Clubs, 259 U.S. 200 (1922)

In a unanimous 1922 decision, the Supreme Court held that a national professional baseball league did not constitute an illegal monopoly. Monopolies were prohibited under the Sherman Antitrust Act, which was passed by Congress and signed into law by President Harrison in 1890. The Sherman Act made illegal all contracts that resulted in the restraint of trade or commerce among or between states or foreign nations.

In the early 1900s, the organization of professional baseball had yet to reach the form that we know today. In 1913, eight baseball clubs formed the Federal League of Professional Baseball Clubs, which had teams in Baltimore, Brooklyn, Buffalo, Chicago, Indianapolis, Kansas City, Pittsburgh, and St. Louis. At the same time, there existed what was called the major league clubs, which consisted of the familiar National and American league, with sixteen teams in eleven major cities.

The two organizations competed until 1915, when they entered into what was called a "Peace Agreement" that resulted in the dissolution of all Federal League teams except the Baltimore baseball club. The Baltimore club filed a lawsuit alleging that the "Peace Agreement" created a restriction on its ability to field a team of competent baseball players, thereby causing significant monetary damages.

The trial court agreed with this argument and ruled in favor of the Baltimore club. The National League appealed the decision to the D.C. Court of Appeals. The D.C. Court of Appeals reversed the decision of the trial court. In its opinion, the Court of Appeals first argued that the concept of trade, as commonly defined, required "the transfer of something, whether it be persons, commodities, or intelligence, from one pace or person to another" (*National League v. Federal Baseball Club*, 269 F. 681, 684 [1920]).

Under this definition, the Court of Appeals went on to argue that the business of baseball did not constitute trade: "A game of baseball is not susceptible of being transferred. The players, it is true, travel from place to place in interstate commerce, but they are not the game. […] The exertions of skill and agility which [the fans] witness may excite in them pleasurable emotions, […] but the game effects no exchange of things according to the meaning of `trade and commerce' as defined above" (*National League* at 684-685).

Consistent with this reasoning, the Court of Appeals held that the contracts of the major leagues were directly related to the major league's goal of retaining baseball players for their teams and "did not directly affect the movement of the [Baltimore club] on interstate commerce. Whatever effect, if any, they had, was incidental, and therefore did not offend against the statute" (*National League* at 688).

The Baltimore club appealed this decision to the U.S. Supreme Court, which granted review. In a short unanimous opinion, Justice Oliver Wendell Holmes largely endorsed the opinion of the D.C. Court of Appeals. Justice Holmes noted "personal effort, not related to production, is not a subject of commerce. That which in its consummation is not commerce does not become commerce among the States because the transportation [of the personal effort] takes place" (*Federal Baseball Club* at 209).

For more information:

Mack, Connie and Richard M. Blau. 1993. “The Need for Fair Play: Repealing the Federal Baseball Antitrust Exemption.” *Florida Law Review* 45: 201-220.

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