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32 **UNITED STATES DISTRICT COURT**  
33 **NORTHERN DISTRICT OF CALIFORNIA**  
34 **SAN JOSE DIVISION**

35 **Luis Javier Vazquez and Dennis Lloyd Hallman,**  
36 **on behalf of themselves and all others similarly**  
37 **situated,**

38 **Plaintiffs,**

39 **v.**

40 **Zuffa, LLC, d/b/a Ultimate Fighting**  
41 **Championship and UFC,**

42 **Defendant.**

43 **Case No.**

44 **ANTITRUST CLASS ACTION**  
45 **COMPLAINT**

46 **DEMAND FOR JURY TRIAL**

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1 Luis Javier Vazquez and Dennis Lloyd Hallman (“Plaintiffs”) file this action on behalf of  
 2 themselves and as a class action on behalf of all others similarly situated, pursuant to Rule 23 of the  
 3 Federal Rules of Civil Procedure, against Defendant Zuffa, LLC (“Zuffa”), operating under the  
 4 trademark Ultimate Fighting Championship® or UFC® (“UFC” or “Defendant”). Plaintiffs seek treble  
 5 damages and injunctive relief for Defendant’s violations of Section 2 of the Sherman Act, 15 U.S.C. § 2.  
 6 Plaintiffs complain and allege as follows based on: (a) their personal knowledge; (b) the investigation of  
 7 Plaintiffs’ counsel; and (c) information and belief:

8 **I. NATURE OF ACTION AND SUMMARY**

9 1. This is a civil antitrust action under Section 2 of the Sherman Act, 15 U.S.C. § 2, for  
 10 treble damages and other relief arising out of Defendant’s overarching anticompetitive scheme to  
 11 maintain and enhance its (a) monopoly power in the market for promotion of live Elite Professional  
 12 mixed martial arts (“MMA”) bouts,<sup>1</sup> and (b) monopsony power in the market for live Elite Professional  
 13 MMA Fighter services. The relevant geographic market for both the Relevant Input Market and  
 14 Relevant Output Market is limited to the United States and, in the alternative, North America.  
 15 Regardless of whether the relevant geographic market includes the U.S., North America, or indeed the  
 16 entire world, the UFC has monopoly and monopsony power, which it gained, enhanced, and maintained  
 17 through the anticompetitive scheme alleged herein. As alleged below, the UFC has engaged in an illegal  
 18 scheme to eliminate competition from would-be rival MMA Promoters by systematically preventing  
 19 them from gaining access to resources critical to successful MMA Promotions, including by imposing  
 20 extreme restrictions on UFC Fighters’ ability to fight for would-be rivals during and after their tenure  
 21 with the UFC. As part of the scheme, the UFC not only controls Fighters’ careers, but also takes and  
 22 expropriates the rights to their names and likenesses in perpetuity. As a result of this scheme, UFC  
 23 Fighters are paid a fraction of what they would earn in a competitive marketplace.

24 2. Plaintiffs Luis Javier Vazquez and Dennis Lloyd Hallman are both members of two  
 25 distinct classes in this action. First, they are “Bout Class Plaintiffs”—Elite Professional MMA Fighters  
 26 who have each fought in a bout promoted by the UFC during the Class Period (defined below). The

27  
 28 <sup>1</sup> A “bout,” as used in this Complaint, is a professional live MMA contest between two Mixed Martial  
 Artists promoted by an MMA Promoter.

1 Bout Class Plaintiffs bring this action on behalf of themselves and a proposed class of similarly situated  
 2 UFC Fighters (the “Bout Class,” defined in more detail below).

3       3. Second, they are also “Identity Class Plaintiffs,” bringing this action on behalf of  
 4 themselves and a proposed class composed of all other similarly situated UFC Fighters whose identities  
 5 were exploited or expropriated for use by the UFC, including in UFC Licensed Merchandise and/or  
 6 UFC Promotional Materials (the “Identity Class,” defined in more detail below).

7       4. Through a series of anticompetitive, illicit, and exclusionary acts, the UFC has illegally  
 8 acquired, enhanced, and maintained dominant positions in the markets for (a) promoting live Elite  
 9 Professional MMA bouts (the “Relevant Output Market”), and (b) the market for live Elite Professional  
 10 MMA Fighter services (the “Relevant Input Market”). The Relevant Output Market and Relevant  
 11 Input Market are referred to collectively herein as the “Relevant Markets.”

12       5. Defendant’s conduct, as alleged herein, has foreclosed competition and thereby  
 13 enhanced and maintained the UFC’s monopoly power in the Relevant Output Market and monopsony  
 14 power in the Relevant Input Market. By dominating the market for promoting live Elite Professional  
 15 MMA bouts, Defendant makes the UFC the “only game in town” for Elite Professional MMA Fighters  
 16 who want to earn a living in their chosen profession at the highest level of the sport of MMA. By  
 17 dominating the market for live Elite Professional MMA Fighter services through the scheme alleged  
 18 herein (including through long-term exclusive agreements with MMA Fighters and other exclusionary  
 19 and anticompetitive acts), the UFC controls the talents of Elite Professional MMA Fighters, who are  
 20 popular with national audiences. Because an MMA Promoter can attract a significant live or Pay-Per-  
 21 View audience based on the public notoriety of the Elite Professional MMA Fighters scheduled to  
 22 appear, would-be rival MMA Promoters require access to them in order to become significant players in  
 23 the market for promoting live Elite Professional MMA bouts.

24       6. The UFC has used the ill-gotten monopoly and monopsony power it has obtained and  
 25 maintained through the scheme alleged herein to suppress compensation for UFC Fighters in the Bout  
 26 Class artificially and to expropriate UFC Fighters’ identities and likenesses inappropriately.

27       7. The UFC, which (through the conduct alleged herein) now controls approximately 90%  
 28 of the revenues derived from live Elite Professional MMA bouts (regardless of whether the geographic

1 market is the U.S., North America, or the entire world), promotes and distributes professional live  
 2 MMA bouts through various venues, in the U.S. and internationally, including physical venues such as  
 3 the SAP Center and the HP Arena in San Jose, California, the Sleep Train Arena in Sacramento,  
 4 California, the Key Arena in Seattle, Washington, the Honda Center in Anaheim, California, the United  
 5 Center in Chicago, Illinois, the Prudential Center in Newark, New Jersey, the Amway Center in  
 6 Orlando, Florida, the Mandalay Bay Events Center in Las Vegas, Nevada, the Philips Arena in Atlanta,  
 7 Georgia, the Wells Fargo Center in Philadelphia, Pennsylvania, the Target Center in Minneapolis,  
 8 Minnesota, the Patriot Center in Fairfax, Virginia, the TD Garden in Boston, Massachusetts, and  
 9 through network television venues and Pay-Per-View events broadcast in the U.S. and North America.  
 10 As part of the anticompetitive scheme alleged herein, the UFC has acquired, driven out of business,  
 11 foreclosed the entry of, and/or substantially impaired the competitiveness of multiple actual and  
 12 potential MMA Promotion rivals. As a result, the only remaining promoters of MMA bouts are either  
 13 fringe competitors—which, as a general matter, do not and cannot successfully compete directly with  
 14 the UFC—or entities that have essentially been conscripted by the UFC, through the scheme alleged  
 15 herein, into acting as the UFC’s “minor leagues,” developing talent for the UFC but not competing  
 16 directly with it. From October 1, 2012 to September 30, 2013, Zuffa’s annual revenues were  
 17 approximately \$483 million, with approximately \$256 million generated by the promotion of live events,  
 18 and the remaining \$227 million generated by ancillary revenue streams which include, but are not  
 19 limited to, merchandising, licensing fees, sponsorships, advertising fees, video game fees, and digital  
 20 media revenue streams. Zuffa’s current revenues are estimated to exceed \$500 million annually.

21       8.       In an April 2008, Forbes magazine article entitled “Ultimate Cash Machine,” Lorenzo  
 22 Fertitta was quoted as saying: “We are like football and the NFL. The sport of mixed martial arts is  
 23 known by one name: UFC.” By 2010, as a result of the anticompetitive conduct alleged herein,  
 24 defendant Zuffa’s President, Dana White, boasted that it had essentially eliminated all of its  
 25 competition. White publicly proclaimed that, within the sport of MMA: “There is no competition.  
 26 We’re the NFL. You don’t see people looking at the NFL and going, ‘Yeah, but he’s not the best player  
 27 in the world because there’s a guy playing for the Canadian Football League or the Arena League over  
 28 here.’ We’re the NFL. ***There is no other guy.***” However, unlike the NFL—which has multiple teams

1 vying for player services—within the UFC, there is no competition for Elite Professional MMA Fighter  
 2 services. Due to the scheme alleged herein, for Elite Professional MMA Fighters, it's the UFC or  
 3 nothing. To repeat Mr. White's boastful concession: "There is no other guy."

4 9. As set forth in more detail below, Defendant acquired and maintained monopoly power  
 5 in the Relevant Output Market through a series of exclusionary acts, including (a) direct acquisitions of  
 6 actual or potential rivals (who were forced to sell to the UFC because they found it impossible to  
 7 compete profitably due to the UFC's anticompetitive scheme), as well as (b) a multifaceted scheme to  
 8 impair and foreclose competition by leveraging the UFC's market dominance—including its tight-fisted  
 9 control over the supply of Elite Professional MMA Fighters—to block actual or potential rivals from  
 10 accessing inputs (such as, *e.g.*, Elite Professional MMA Fighters, the best venues, and valuable  
 11 sponsorships) necessary to compete successfully in the market for promoting live Elite Professional  
 12 MMA bouts. The UFC has locked up the supply of Elite Professional MMA Fighters through, first, a  
 13 series of acquisitions designed to remove competing rivals and would-be rivals and thereby  
 14 championship titles from the marketplace by acquiring the contracts of Elite Professional MMA  
 15 Fighters, shuttering the acquired promotions, and second, by, *inter alia*, forcing all UFC Fighters, if they  
 16 want to engage in professional MMA fights at the elite level, to enter into contracts that bar them from  
 17 working with would-be rival MMA Promotion companies all but indefinitely.

18 10. Not content to control virtually all of the Elite Professional MMA Fighter services  
 19 necessary for promoting a successful live MMA event, the UFC also forces major physical venues for  
 20 MMA bouts to supply their services to the UFC exclusively. Further, under the scheme described  
 21 herein, during the Class Period, the UFC has also required MMA sponsors to work exclusively with the  
 22 UFC and UFC Fighters. Indeed, throughout most of the Class Period, the UFC refused to contract with  
 23 any sponsor who agreed to work with an actual or potential rival MMA Promotion company or Fighter  
 24 under contract with another MMA Promoter, whether an actual or potential rival, and prohibited these  
 25 sponsors from appearing on UFC Fighters during UFC events. Through the scheme alleged herein, the  
 26 UFC locked up: (i) all or virtually all Elite Professional MMA Fighters with substantial national or  
 27 regional notoriety; (ii) the vast majority of major sponsors; and (iii) key physical and television venues.  
 28 Without access to, or the ability to compete for access to, the Elite Professional MMA Fighters, would-

1 be UFC rivals cannot hope to attract enough viewers (either live or via Internet, television or Pay-Per-  
2 View broadcast) to make their promotions significantly profitable. Without access to key sponsors,  
3 venues, or major television distribution outlets, would be rivals cannot put together sufficiently  
4 attractive events either to attract Elite Professional MMA Fighters to work with them or to gain the kind  
5 of audience that could challenge the UFC's dominance.

6 11. The UFC denied actual and potential rivals necessary inputs to run effective professional  
7 MMA Promotion companies, raising their costs and making it impossible for them to compete  
8 effectively. As a result of the UFC's exclusionary scheme, multiple actual or potential rivals were forced  
9 to sell to the UFC or exit the market entirely.

10 12. The UFC has publicly touted its success in using the scheme alleged in this Complaint to  
11 squash its competition. For example, in November 2008, UFC President Dana White uploaded a pre-  
12 bout video blog to YouTube in which he held up the following mock tombstone prominently displaying  
13 the letters "RIP" as well as the logos and "dates of death" of the those MMA Promoters—  
14 International Fight League ("IFL"), Elite Xtreme Combat ("EliteXC"), and Affliction Entertainment  
15 ("Affliction"). Each promotion had been or would soon be put out of business by the UFC's  
16 anticompetitive conduct.



13. After reading off the names of the MMA Promotion companies that the UFC had  
14. eliminated through the conduct alleged herein, White took credit for their demise, proclaiming, "I'm  
15. the grim reaper, motherf\*\*\*ers."

16. Similarly, on October 12, 2012, White boastfully responded on Twitter to a fan of the  
17. acquired and shuttered Pride Fighting Championships promotion by stating:



1 15. In a June 14, 2010 interview with a leading MMA website, *MMA Junkie*, White stated:

2 There was a time when it [competition in the MMA industry] was neck-  
 3 and-neck. That time is over. There were times when we were in dogfights,  
 4 but everybody needs to just concede and realize we're the [expletive]  
 NFL. Period. End of story.

5 16. While the UFC dominates the sport of MMA much like the NFL dominates the sport of  
 6 football, the UFC does not contain rival teams that vie to sign players based on their estimated value in a  
 7 competitive market nor is the UFC a “league” of any kind.

8 17. The UFC is an individual sport that issues championship titles to athletes competing in,  
 9 and winning, title bouts. The UFC follows no independent ranking criteria, nor does it establish any  
 10 objective criteria for obtaining a title bout. By following no objective criteria, the UFC is able to exert  
 11 considerable control over its roster of athletes who risk losing the opportunity to be afforded “title  
 12 bouts” or to earn a living as an MMA fighter. Further, the UFC shuts out rival promotion opportunities  
 13 for promoters and fighters by refusing to co-promote events with would-be rival MMA Promoters and  
 14 prohibiting its athletes from competing against any non-UFC MMA Fighters in live Elite Professional  
 15 MMA bouts. Such exclusivity, as part of the alleged scheme, bolsters the UFC’s ability to maintain its  
 16 iron-fisted control of Elite Professional MMA Fighters. As a result of the UFC’s scheme, in order to  
 17 generate any significant public notoriety and earn a living in their chosen profession, Elite Professional  
 18 MMA Fighters are foreclosed from the opportunity to self-promote and must sign exclusively with the  
 19 UFC and compete only against UFC athletes.

20 18. Having thoroughly dominated the Relevant Markets, in November 2013, the UFC  
 21 unveiled its plans for extending its dominance internationally from the U.S. and North American  
 22 markets when it posted to Twitter the following image of White, flanked by Zuffa co-owners Frank and  
 23 Lorenzo Fertitta, at a sports conference, in front of a screen stating, “World F\*\*king Domination  
 24 Reshaping the Sports World.”<sup>2</sup>

25  
 26  
 27  
 28 <sup>2</sup> The image has been edited to modify the offensive language appearing in the first line of the original  
 text, as have various quotations from Dana White throughout this Complaint.



19. As a result of the anticompetitive scheme alleged herein, the UFC has foreclosed  
20 competition and gained, maintained, and enhanced its position as the dominant promoter of MMA and  
21 one of the most powerful organizations in professional sports. The UFC now generates over half a  
22 billion dollars in annual revenues and has profit margins higher than all or nearly all other major  
23 professional sports. This anticompetitive scheme, which has afforded the UFC dominance in the  
24 Relevant Markets, allows it to exploit the MMA Fighters on whose backs the business rests. All UFC  
25 Fighters are paid a mere fraction of what they would make in a competitive market. Rather than earning  
paydays comparable to boxers, a sport with many natural parallels, Elite Professional MMA Fighters go  
substantially undercompensated despite the punishing—and popular—nature of their profession.

26. As described below, the UFC did not acquire and does not maintain its monopoly power  
27 in the Relevant Output Market and monopsony power in the Relevant Input Market lawfully. The  
28

1 UFC's anticompetitive and illegal scheme through which it obtained its unlawful  
 2 monopoly/monopsony, as described herein, reaches virtually every aspect of the sport.

3       21. As alleged below, by gaining, maintaining, and enhancing iron-fisted control over the  
 4 Relevant Markets through the ongoing exclusionary scheme alleged herein, the UFC has foreclosed  
 5 competition in the Relevant Markets, acquired, enhanced, and maintained (i) monopoly power in the  
 6 Relevant Output Market and (ii) monopsony power in the Relevant Input Market, and used its  
 7 dominant position to enter into and dominate other segments of the MMA Industry unrelated to the  
 8 promotion of live Elite Professional MMA events. This conduct, taken together, has had substantial  
 9 anticompetitive effects in the Relevant Markets, and has harmed members of the respective Classes  
 10 defined herein in that: (i) compensation of members of the Bout Class has been and continues to be  
 11 substantially and artificially suppressed; and (ii) compensation of members of the Identity Class for the  
 12 expropriation and commercial exploitation of their likenesses and identities has been and continues to  
 13 be substantially and artificially suppressed.

14 **II. JURISDICTION AND VENUE**

15       22. This action is brought under Section 2 of the Sherman Act, 15 U.S.C. § 2.

16       23. Plaintiffs have been injured, and are likely to continue to be injured, as a direct result of  
 17 Defendant's unlawful conduct.

18       24. The United States District Court for the Northern District of California has subject  
 19 matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1337(a), and section 4 of the  
 20 Clayton Act, 15 U.S.C. § 15(a)(2).

21       25. This Court has jurisdiction over Defendant Zuffa because it is present in the United  
 22 States, does business throughout the United States, including California, has registered agents in the  
 23 United States, including California, and may be found in the United States, including California, and has  
 24 availed itself of and submitted itself to the jurisdiction of this Court. *See, e.g., Zuffa, LLC v Dodson, et*  
*al., No. 4:13-cv-04004-DMR (N.D. Cal.); Bam! Entertainment, Inc. v. Zuffa, LLC and Zuffa, LLC v.*  
*Bam! Entertainment, Inc., No. 5:01-cv-21207-PVT (N.D. Cal.) (Dkt. 8).*

25       26. Venue is proper in this District under Sections 4 and 12 of the Clayton Act, 15 U.S.C.  
 26 §§ 15 and 22. Zuffa has promoted professional live MMA events in this District, and sold or licensed

1 promotional, merchandising or ancillary materials throughout this District. Venue in this District is also  
 2 proper pursuant to 28 U.S.C. § 1391.

3 27. Pursuant to Civil Local Rule 3-2(c) and (d), assignment of this case to the San Jose  
 4 Division of the United States District Court for the Northern District of California is proper because  
 5 the interstate trade and commerce involving and affected by Defendant's violations of the antitrust laws  
 6 was substantially conducted with, directed to, or impacted upon Plaintiffs and those similarly situated in  
 7 San Jose County and other counties located within the Division.

8 28. The San Jose area is home to many world-class MMA Trainers, Gyms and Teams. In  
 9 addition, numerous Elite Professional MMA Fighters, including current UFC heavyweight champion  
 10 Cain Velasquez, Nick and Nate Diaz, Jake Shields, current UFC lightweight number one contender  
 11 Gilbert Melendez, current UFC light-heavyweight number one contender and Olympic wrestler Daniel  
 12 Cormier, current UFC bantamweight champion T. J. Dillashaw, current UFC flyweight number two  
 13 contender Joseph Benavidez, and current UFC bantamweight number three contender Uriah Faber  
 14 reside in this District. The rival promotion Strikeforce—which the UFC bought and then shut down as  
 15 part of the anticompetitive scheme alleged herein—rose to prominence in the San Jose area due to this  
 16 fertile collection of Elite Professional MMA Fighters, world-class trainers, and gyms in the area. During  
 17 its existence, Strikeforce promoted 25 live MMA events in the Northern District of California,  
 18 including 19 in San Jose. The UFC regularly promotes events in the Northern District of California,  
 19 including most recently on July 26, 2014, at the SAP Center in San Jose, California. The Northern  
 20 District of California is also home to Electronic Arts Inc. ("EA" or "Electronic Arts"), the Redwood  
 21 City, California-based publisher of *EA Sports UFC*, a UFC-themed MMA video game which  
 22 incorporates the identities of many Elite Professional MMA Fighters.

23 29. The UFC has acquired, enhanced, and is illegally maintaining monopsony power in the  
 24 Relevant Input Market and monopoly power in the Relevant Output Market through the  
 25 anticompetitive scheme alleged herein.

26 **III. DEFINITIONS**

27 30. As used herein:

1                   a. “Bout Agreement” means a contract between a UFC Fighter and Zuffa, or its affiliates,  
 2 which designates, among other things, the opponent, weight class, and date of a scheduled bout.

3                   b. “Card” means the identification of all of the bouts that occur during a single MMA  
 4 event. The Card typically consists of the Main Card and the Undercard.

5                   c. “Class Period” means the period from December 16, 2010 until the illicit scheme alleged  
 6 herein ceases.

7                   d. “Elite Professional MMA Fighter” means any Professional MMA Fighter who has  
 8 demonstrated success through competition in local and/or regional MMA promotions, or who has  
 9 developed significant public notoriety amongst MMA Industry media and the consuming audience  
 10 through demonstrated success in athletic competition. All UFC Fighters are Elite Professional MMA  
 11 Fighters.

12                   e. “Exclusive Promotional and Ancillary Rights Agreement” means a contract between a  
 13 UFC Fighter and Zuffa, pursuant to which Zuffa is the exclusive promoter of a UFC Fighter’s bouts for  
 14 a period of time, and the UFC Fighter grants certain ancillary rights to Zuffa in perpetuity.

15                   f. “Identity” of a UFC Fighter means the name, sobriquet, voice, persona, signature,  
 16 likeness and/or biographical information of a UFC Fighter.

17                   g. “Main Card” consists of bouts between higher profile and more established MMA  
 18 Fighters and are featured on the main broadcast of the event, ending with a main event featured bout,  
 19 and frequently, a co-main event featured bout.

20                   h. “Merchandise Rights” means Zuffa’s unrestricted worldwide rights to use, edit,  
 21 disseminate, display, reproduce, print, publish, and make any other uses of the name, sobriquet, voice,  
 22 persona, signature, likeness, and/or biographical information of a UFC Fighter solely in connection with  
 23 the development, manufacture, distribution, marketing and sale of UFC Licensed Merchandise.

24                   i. “Merchandise Rights Agreement” means a contract between a UFC Fighter and Zuffa  
 25 or its affiliates, pursuant to which the UFC Fighter grants Zuffa or its affiliates certain rights with regard  
 26 to using a Fighter’s Identity in marketing merchandise.

27                   j. “Mixed Martial Arts” or “MMA” means a competitive individual sport in which  
 28 competitors use interdisciplinary forms of martial arts that include, *e.g.*, jiu-jitsu, judo, karate, boxing,

1 kickboxing, taekwondo, and/or wrestling to their strategic and tactical advantage in a supervised match.  
 2 Scoring in live professional MMA bouts is based on state athletic commission-approved definitions and  
 3 rules for striking (blows with the hand, feet, knees or elbows) and grappling (submission holds,  
 4 chokeholds, throws or takedowns).

5 k. "MMA Industry" means the business of promoting live MMA bouts and may also  
 6 include the promotion of Pay-Per-View MMA events to generate Pay-Per-View revenues and ticket sales  
 7 as well as ancillary activities such as: the sale of live and taped television programming, video-on-  
 8 demand, merchandise (videos, DVDs, video games, apparel, hats, sporting equipment, etc.), event and  
 9 fighter sponsorships, and the collection of MMA-related copyright and trademark royalties.

10 l. "MMA Promoter" or "MMA Promotion" means a person or entity that arranges  
 11 professional live MMA bouts for profit.

12 m. "Pay-Per-View" or "PPV" means a type of pay television or broadcast service by which  
 13 a subscriber of an Internet or television service provider can purchase events to view live via private  
 14 telecast or Internet broadcast. The events are typically purchased live, but can also be purchased for  
 15 several weeks after an event first airs. Events can be purchased using an on-screen guide, an automated  
 16 telephone system, on the Internet or through a live customer service representative.

17 n. "Post-Bout Event" means any post-bout interviews and press conferences that follow  
 18 and relate to a Bout.

19 o. "Pre-Bout Event" means training, interviews, press conferences, weigh-ins and behind-  
 20 the-scenes footage that precede, and relate to, a bout.

21 p. "Professional MMA" or "Professional MMA Fighter" means a person who is  
 22 compensated as a combatant in a Mixed Martial Arts bout.

23 q. "Promotional Rights and Ancillary Rights" means rights to site fees, live-gate receipts,  
 24 advertising fees, sponsorship fees, motion pictures, all forms of radio, all forms of television (including  
 25 live or delayed, interactive, home or theater, pay, PPV, satellite, closed circuit, cable, subscription, multi-  
 26 point, master antenna, or other), telephone, wireless, computer, CD-ROM, DVD, any and all Internet  
 27 applications, films and tapes for exhibition in any and all media and all gauges, including but not limited  
 28 to, video and audio cassettes and disks, home video and computer games, arcade video games, hand-

1 held versions of video games, video slot machines, photographs (including raw footage, out-takes and  
 2 negatives), merchandising and program rights, in connection with or based upon the UFC brand, the  
 3 bouts, Pre-Bout Events or Post-Bout Events.

4       r. “Standard Fighter Contract” means the form contract for Professional MMA Fighters  
 5 required by the athletic commission (if any) in which the bout takes place.

6       s. “UFC Fighter” means a person who is paid by the UFC for participating in one or more  
 7 professional MMA bouts promoted by the UFC and/or whose Identities were acquired for use and/or  
 8 used in UFC Licensed Merchandise and/or UFC Promotional Materials.

9       t. “UFC Licensed Merchandise” means all apparel, footwear, hats, photographs,  
 10 souvenirs, toys, collectibles, trading cards, and any and all other similar type products, including the  
 11 sleeves, jackets and packaging for such products, that is (i) approved by Zuffa, (ii) contains the  
 12 trademarks, trade names, logos and other intellectual property owned or licensed by Zuffa, including  
 13 without limitation, the licensed marks, and (iii) not created, used or sold in connection with the  
 14 promotion of any bouts, Pre-Bout Events or Post-Bout Events.

15       u. “UFC Promotional Materials” means all advertising fees, sponsorship fees, motion  
 16 pictures, all forms of radio, all forms of television (including live or delayed, interactive, home or  
 17 theater, pay, PPV, satellite, closed circuit, cable, subscription, multi-point, master antenna, or other),  
 18 telephone, wireless, computer, CD-ROM, DVD, any and all Internet applications, films and tapes for  
 19 exhibition in any and all media and all gauges, including but not limited to, video and audio cassettes and  
 20 disks, home video and computer games, arcade video games, hand-held versions of video games, video  
 21 slot machines, photographs (including raw footage, out-takes and negatives), merchandising and  
 22 program rights, in connection with or based upon the UFC brand, UFC bouts, UFC Pre-Bout Events or  
 23 UFC Post-Bout Events.

24       v. “Undercard” consists of preliminary bouts that occur before the Main Card of a  
 25 particular Card and are typically not included on the main broadcast of the event. Typically, Promoters  
 26 intend the Undercard to provide fans with an opportunity to see up-and-coming and/or local  
 27 professional MMA fighters or fighters who are not as well-known, popular, or accomplished as their  
 28 counterparts on the Main Card.

1 **IV. PARTIES**

2 31. Defendant Zuffa, LLC is a Nevada limited liability company founded in 2000 and  
 3 headquartered in Las Vegas, Nevada.

4 32. Zuffa is a privately-held entity of which billionaire founders Lorenzo Fertitta, Zuffa's  
 5 CEO, and Frank Fertitta each own 40.5%. Zuffa's President, Dana White, owns 9% of the entity. In 2010,  
 6 Flash Entertainment, a wholly-owned subsidiary of the Government of the Emirate of Abu Dhabi,  
 7 purchased ten percent of Zuffa. The UFC was purchased by the Fertittas for \$2 million in 2001 and is  
 8 currently valued in excess of \$2 billion.

9 33. Zuffa is in the business of, among other things, promoting live Elite Professional MMA  
 10 bouts in the U.S. and elsewhere, under the trade names of the Ultimate Fighting Championship® or  
 11 UFC®. Under the UFC trademark, which is wholly owned by Zuffa, Zuffa promotes professional MMA  
 12 events for live audiences as well as live television, Internet and PPV broadcasts, and licenses, markets,  
 13 sells and distributes UFC Licensed Merchandise and/or Promotional Materials including, but not  
 14 limited to, tickets to bouts, live and taped television programming, broadcasts over an Internet  
 15 subscription service, sponsorships and other merchandise including video games, action figures, gyms,  
 16 fitness products, athletic equipment, apparel, footwear, hats, photographs, toys, collectibles, trading  
 17 cards and digital media products.

18 34. All of Defendant's actions described in this Complaint are part of, and in furtherance of,  
 19 the unlawful anticompetitive scheme and illegal restraints of trade alleged herein, and were authorized,  
 20 ordered, and/or performed by Defendant's various owners, shareholders, officers, agents, employees, or  
 21 other representatives, including but not limited to, Lorenzo Fertitta, Frank Fertitta, and Dana White,  
 22 while actively engaged in the management of Defendant's affairs, within the course and scope of their  
 23 roles or duties of employment, or with the actual, apparent, or ostensible authority of the UFC.

24 35. Defendant has illegally acquired and continues to maintain monopsony power in the  
 25 Relevant Input Market, *i.e.*, the market for Elite Professional MMA Fighter services, through various  
 26 illicit market restraints and exclusionary conduct, including unlawful restraints and exclusionary  
 27 conduct in the Relevant Output Market.

1       36. Plaintiff Luis Javier Vazquez (“Vazquez”), a resident of Ontario, California, is an Elite  
 2 Professional MMA Fighter and is a proposed representative of the Bout Class and the Identity Class.  
 3 Vazquez competed in a UFC-promoted bout in the United States in June of 2011. Vazquez participated  
 4 in WEC-promoted bouts from August of 2009 through November of 2010, under Zuffa’s ownership.  
 5 Vazquez’ compensation for participation in UFC bouts was artificially suppressed due to the  
 6 anticompetitive scheme alleged herein. Vazquez appeared in Topps Trading Card sets, including a  
 7 series in 2011, which are still sold today. Vazquez appeared on UFC Undisputed 3 by THQ, released in  
 8 2012. Vazquez’s Identity was expropriated and his compensation for appearing in UFC Licensed  
 9 Merchandise and UFC Promotional Materials was artificially suppressed due to the scheme alleged  
 10 herein. Vazquez was and continues to be injured as a result of the Defendant’s unlawful conduct.

11       37. Plaintiff Dennis Lloyd Hallman (“Hallman”), a resident of Olympia, Washington, is an  
 12 Elite Professional MMA Fighter and is a proposed representative of the Bout Class and the Identity  
 13 Class. Hallman competed in UFC-promoted bouts in the United States and elsewhere from December  
 14 2009 through December 2011. Hallman’s compensation for participation in those UFC bouts was  
 15 artificially suppressed due to the anticompetitive scheme alleged herein. Hallman appeared in Topps  
 16 Trading Card sets, including a series in 2011, which are still sold today. Hallman’s Identity was  
 17 expropriated and his compensation for appearing in UFC Licensed Merchandise and UFC Promotional  
 18 Materials was artificially suppressed due to the scheme alleged herein. Hallman was and continues to be  
 19 injured as a result of the Defendant’s unlawful conduct.

20       **V. CLASS ACTION ALLEGATIONS**

21       **A. The Bout Class**

22       38. The Bout Class Plaintiffs bring this action individually and as a class action pursuant to  
 23 Rules 23(a), 23(b)(2), and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the “Bout  
 24 Class” consisting of:

25       All persons who competed in one or more live professional UFC-  
 26 promoted MMA bouts taking place or broadcast in the United States  
 27 during the Class Period. The Bout Class excludes all persons who are not  
 residents or citizens of the United States unless the UFC paid such  
 persons for competing in a bout fought in the United States.

1       39. There are multiple questions of law and fact common to the Bout Class that  
 2 predominate over any questions solely affecting individual members, including but not limited  
 3 to:

- 4           a. whether the market for promoting live Elite Professional MMA bouts, *i.e.*, the Relevant  
 5 Output Market, is a relevant market in this case;
- 6           b. whether the relevant geographic market is the United States, or alternatively, North  
 7 America;
- 8           c. whether the Defendant possesses monopoly power in the Relevant Output Market;
- 9           d. whether the market for Elite Professional MMA Fighter services, *i.e.*, the Relevant Input  
 10 Market, is an appropriate relevant market for analyzing the claims in this case;
- 11           e. whether the Defendant possesses monopsony power in the Relevant Input Market;
- 12           f. whether, through the conduct alleged herein, the Defendant willfully acquired,  
 13 maintained and enhanced monopoly power;
- 14           g. whether, through the conduct alleged herein, the Defendant willfully acquired,  
 15 maintained and enhanced monopsony power;
- 16           h. whether Defendant engaged in unlawful exclusionary conduct to impair the  
 17 opportunities of actual or potential rivals in the Relevant Output Market;
- 18           i. whether Defendant entered into exclusionary agreements with actual or potential rival  
 19 MMA Promoters, MMA venues, or other entities, that foreclosed the UFC's actual or potential rivals  
 20 from competing in the Relevant Output Market;
- 21           j. whether the terms in the UFC's contracts requiring exclusivity are, when taken together,  
 22 anticompetitive;
- 23           k. whether Defendant's exclusionary scheme had anticompetitive effects in the Relevant  
 24 Markets;
- 25           l. whether Defendant's actions alleged herein caused injury to Bout Class Plaintiffs and the  
 26 members of the Bout Class in the form of artificially suppressed compensation for participating in UFC-  
 27 promoted MMA bouts;
- 28           m. the appropriate measure of damages; and

n. the propriety of declaratory and injunctive relief.

40. The members of the Bout Class are so numerous and geographically dispersed that joinder of all members is impracticable. Although the precise number of such individuals is currently unknown, Plaintiffs believe that the number of members in the Bout Class is, at minimum, in the hundreds, and that the members reside across the United States, including in this District.

41. The claims of the Bout Class Plaintiffs are typical of those of the class they seek to represent. Plaintiffs Luis Javier Vazquez and Dennis Lloyd Hallman, like all other members of the Bout Class, were injured by Defendant's illegally obtained market and monopsony power that resulted in artificially suppressed compensation for competing in UFC bouts.

42. The Bout Class Plaintiffs are more than adequate representatives of the Bout Class and their chosen Class Counsel (the undersigned) are more than adequate attorneys. The Bout Class Plaintiffs have the incentive, and are committed to prosecuting this action, for the benefit of the Bout Class. The Bout Class Plaintiffs have no interests that are antagonistic to those of the Bout Class. Plaintiffs have retained counsel highly experienced in antitrust and class action litigation.

43. This action is maintainable as a class action under Fed. R. Civ. P. 23(b)(2) because Defendant has acted and refused to act on grounds that apply generally to the Bout Class, and final injunctive and declaratory relief is appropriate, and necessary, with respect to the Bout Class as a whole.

44. This action is maintainable as a class action under Fed. R. Civ. P. 23(b)(3) because questions of law and fact common to the Bout Class predominate over any questions affecting only individual members of the Bout Class. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Prosecution as a class action will eliminate the possibility of repetitious litigation. Treatment of this case as a class action will permit a large number of similarly situated persons to adjudicate their common claims in a single forum simultaneously, efficiently, and without the duplication of effort and expense that numerous individual actions would engender. Class treatment will also permit the adjudication of relatively small claims by many class members who otherwise could not afford to litigate an antitrust claim such as that asserted in this Complaint. The Bout Class Plaintiffs are aware of no difficulties that would render this case unmanageable.

1       45. The Bout Class Plaintiffs and members of the Bout Class have all suffered, and will  
 2 continue to suffer, antitrust injury and damages as a result of Defendant's acquisition, enhancement, or  
 3 maintenance of monopsony power in the Relevant Input Market.

4       **B. The Identity Class**

5       46. The Identity Class Plaintiffs bring this action individually and as a class action pursuant  
 6 to Rules 23(a), 23(b)(2), and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of "Identity  
 7 Class" consisting of:

8                   Each and every UFC Fighter whose Identity was expropriated or  
 9 exploited by the UFC, including in UFC Licensed Merchandise and/or  
 UFC Promotional Materials, during the Class Period in the United States.

10       47. There are multiple questions of law and fact common to the Identity Class that  
 11 predominate over any questions solely affecting individual members, including, but not limited to, all of  
 12 the common questions set out with respect to the Bout Class above, in addition to the following:

- 13           a. whether the Defendant expropriated or exploited the Identities of members of the  
 14 Identity Class in UFC Licensed Merchandise or Promotional Materials during the Class Period;
- 15           b. whether the Defendant's actions alleged herein caused injury to the Identity Class  
 16 Plaintiffs and the members of the Identity Class in the form of suppressed compensation;
- 17           c. the appropriate measure of damages; and
- 18           d. the propriety of declaratory and injunctive relief.

19       48. The number of members of the Identity Class is so numerous and geographically  
 20 dispersed that joinder of all members is impracticable. Although the precise number of such individuals  
 21 is currently unknown, Plaintiffs believe that the number of members is, at minimum, in the hundreds  
 22 and that such individuals reside across the country, including in this District.

23       49. The Identity Class Plaintiffs' claims are typical of those of the Identity Class they seek to  
 24 represent. Plaintiffs Luis Javier Vazquez and Dennis Lloyd Hallman, like all other members of the  
 25 Identity Class, have been injured by the UFC's illegally obtained monopoly and monopsony power,  
 26 resulting in Plaintiffs' suppressed earnings from the UFC's exploitation of their Identities.

27       50. The Identity Class Plaintiffs are more than adequate representatives of the Identity Class  
 28 and their chosen Class Counsel (the undersigned) are more than adequate attorneys. The Identity Class

1 Plaintiffs have the incentive, and are committed, to prosecuting this action for the benefit of the Identity  
 2 Class. The Identity Class Plaintiffs have no interests that are antagonistic to those of the Identity Class.  
 3 The Identity Class Plaintiffs have retained counsel experienced in antitrust and class action litigation.

4 51. This action is maintainable as a class action under Fed. R. Civ. P. 23(b)(2) because the  
 5 UFC has acted and refused to act on grounds that apply generally to the Identity Class, and final  
 6 injunctive and declaratory relief is appropriate, and necessary, with respect to the Identity Class as a  
 7 whole.

8 52. This action is maintainable as a class action under Fed. R. Civ. P. 23(b)(3) because  
 9 questions of law and fact common to the Identity Class predominate over any questions affecting only  
 10 individual members of the Identity Class. A class action is superior to other available methods for the  
 11 fair and efficient adjudication of this controversy. Prosecution as a class action will eliminate the  
 12 possibility of repetitious litigation. Treatment of this case as a class action will permit a large number of  
 13 similarly situated persons to adjudicate their common claims in a single forum simultaneously,  
 14 efficiently, and without the duplication of effort and expense that numerous individual actions would  
 15 engender. Class treatment will also permit the adjudication of relatively small claims by many class  
 16 members who otherwise could not afford to litigate an antitrust claim such as that asserted in this  
 17 Complaint. The Identity Class Plaintiffs are aware of no difficulties which would render this case  
 18 unmanageable.

19 53. The Identity Class Plaintiffs and members of the Identity Class have all suffered, and will  
 20 continue to suffer, antitrust injury and damages as a result of the UFC's monopoly and monopsony  
 21 power that has been acquired, enhanced, and maintained by the anticompetitive scheme challenged in  
 22 this Complaint.

23 **VI. THE UFC'S MONOPOLY AND MONOPSONY POWER**

24 **A. The UFC's Monopoly Power in the Relevant Output Market**

25 **1. The Relevant Output Market**

26 54. The Relevant Output Market is the promotion of live Elite Professional MMA bouts.

27 55. Promoters of live professional MMA bouts arrange contests between Professional MMA  
 28 Fighters who compete in one-one-one fights known as bouts.

1       56. Live professional MMA bouts are held in venues for which admission tickets are sold.  
 2 Revenues from the promotion of live professional MMA bouts may also include broadcast of the event  
 3 on PPV, television, or over the Internet as well as through the sale of live and taped television  
 4 programming, video-on-demand, merchandise (videos, DVDs, video games, apparel, hats, sporting  
 5 equipment, etc.), event sponsorships, and the collection of MMA-related copyright and trademark  
 6 royalties.

7       57. The successful promotion of a live Elite Professional MMA event requires Elite  
 8 Professional MMA Fighters—*i.e.*, those Fighters who have reputations for winning professional bouts  
 9 or who have gained notoriety with the MMA fan base and thus who can attract a wide audience. Mixed  
 10 Martial Artists are skilled athletes who typically train for years before competing professionally. A  
 11 successful promotion of a live Elite Professional MMA event also requires a suitable venue, access to  
 12 PPV or television distribution outlets, sponsors and endorsements.

13       58. MMA is a unique blend of various martial arts disciplines, including, *e.g.*, boxing, Muay  
 14 Thai (kick-boxing), judo, wrestling, Brazilian jiu-jitsu, taekwondo and karate. The rules of MMA  
 15 differentiate it from other combat sports (such as boxing, which does not allow kicks, takedowns,  
 16 chokeholds, joint-locks, or any strikes below the waist). Similarly, wrestling does not allow striking of  
 17 any kind (kicks, punches, etc.), and does not have an outlet for elite amateur wrestlers to continue their  
 18 athletic careers as wrestlers professionally.

19       59. MMA is distinct from “professional” wrestling as currently promoted under the  
 20 umbrella of the World Wrestling Entertainment (“WWE”). Professional wrestling is now acknowledged  
 21 to be “staged”—that is, scripted entertainment involving acting with the outcome of individual matches  
 22 predetermined. Combat sports such as boxing or those that are limited to a single martial art, such as  
 23 judo, are not adequate substitutes for live Elite Professional MMA. There is no meaningful market  
 24 substitute amongst the television-viewing and ticket-paying audience for the sport of MMA. Single  
 25 discipline combat sports, such as boxing and kick-boxing, do not qualify as economic substitutes because  
 26 they do not enjoy reasonable interchangeability of use and cross-elasticity of demand amongst the  
 27 consuming audience.

1       60.     Boxing does not combine different elements from a diverse set of martial arts, as it is  
 2 limited to only strikes with the hands above the waist on an opponent, and hence does not provide a  
 3 viewing experience akin to MMA. Indeed, while state athletic gaming commissions (or equivalents  
 4 thereof) sanction both boxing and MMA events, such commissions impose strict requirements that  
 5 define each sport separately. Such distinctions include the method of scoring, weight classes, the  
 6 duration and number of rounds, and the methods of combat that may be employed. For example,  
 7 scoring in live Professional MMA bouts is based on athletic commission-approved definitions and rules  
 8 for striking (blows with the hand, feet, knees or elbows) and grappling (submission, chokeholds, throws  
 9 or takedowns), most forms of which are prohibited in boxing.

10      61.     Promotion of live Elite Professional MMA events is not reasonably interchangeable with  
 11 promoting any other sport or entertainment, including boxing and/or kick-boxing. For instance, and on  
 12 information and belief, raising the prices for live MMA events above competitive levels by a small but  
 13 significant amount for a substantial period of time would not cause so many consumers to switch to  
 14 other sporting events or entertainment options that such price inflation would be unprofitable.  
 15 Moreover, dropping the price for attending or viewing any other sport relative to the price of attending  
 16 or viewing an MMA event by a small but significant amount for a substantial period of time would not  
 17 cause so many consumers to switch to the other sport that such relative price difference would be  
 18 profitable for the non-MMA event.

19                   **2.     The Relevant Geographic Market**

20      62.     The relevant geographic market for the Relevant Output Market is the United States,  
 21 and, in the alternative, North America. In other words, the promotion of live MMA bouts in the United  
 22 States—and in the alternative, North America—is the appropriate market for analyzing the claims in  
 23 this case. For purposes of geographic boundaries of the Relevant Output Market, bouts that take place  
 24 outside of the U.S. (or in the alternative, outside of North America), but which are typically broadcast  
 25 live (or subject to a delay to account for differences among time zones) via television, Internet and/or  
 26 PPV into the U.S. (or in the alternative, North America), are in the relevant geographic market. A bout  
 27 which neither takes place in the U.S. nor is broadcast into the U.S. is not in the geographic market.

1       63. MMA events involving Elite Professional MMA Fighters are typically broadcast in the  
 2 U.S. on national television and reported on by national broadcasters (ESPN, FOX Sports, etc.) in  
 3 national media outlets. U.S. consumers do not view MMA events staged or broadcast outside of the  
 4 U.S. as reasonable substitutes for events staged in the U.S. or broadcast into it. Barriers associated with  
 5 language, travel, and other costs separate non-U.S.-promoted bouts from bouts promoted in the U.S.  
 6 The PPV, broadcast, and other rights to MMA promotions are sold separately in each country and  
 7 region. Consumers in the U.S. would not view events which are neither fought nor broadcast widely in  
 8 the U.S., and would not see such non-U.S. events as reasonable substitutes for bouts fought or broadcast  
 9 in the U.S. A small but significant increase in ticket prices for bouts fought or viewable in the U.S. would  
 10 not cause so many consumers to switch to bouts not fought or broadcast in the U.S. to make such an  
 11 increase unprofitable.

12       64. The United States is the only geographic area in which MMA Promoters operating in the  
 13 U.S. can practically turn for supplies and inputs necessary for promoting and broadcasting profitable live  
 14 MMA events to U.S. consumers. Staging a live event in the U.S. requires a venue in the U.S..  
 15 Broadcasting an event on television or PPV in the U.S., even if it takes place outside of the U.S.,  
 16 requires contracting with U.S. television broadcasting and/or PPV companies with licenses to operate in  
 17 the U.S. Bouts in the U.S. typically require mainly U.S.-based medical staff, judges, referees, and  
 18 athletic commissions.

19       65. In the alternative, if the geographic market extends beyond the U.S., it would include  
 20 North America, which has the same time zones as does the U.S., and includes countries that abut the  
 21 U.S. geographically, cutting down on travel and other costs.

22       **3. The UFC's Monopoly Power with Respect to Promoting Live Elite**  
 23       **Professional MMA Bouts.**

24       66. At all relevant times, the Defendant had monopoly power in the Relevant Output  
 25 Market, *i.e.*, the market for promoting live Elite Professional MMA bouts in the U.S. In the alternative,  
 26 even if the Relevant Output Market included North America, or indeed, the entire world, the UFC  
 27 would have monopoly power.

1       67. The UFC obtained and maintains monopoly power in the Relevant Output Market, in  
 2 large part, through the anticompetitive conduct alleged herein. The UFC possesses the ability to  
 3 control, maintain and increase prices associated with the promotion of professional live MMA bouts  
 4 above competitive levels and to impair and exclude competitors from promoting professional live MMA  
 5 bouts whether the Relevant Output Market is limited to the U.S. or, in the alternative, North America,  
 6 or the entire world. The UFC has the ability to foreclose, and has in fact foreclosed, would-be rivals  
 7 from the market for promoting live Elite Professional MMA bouts taking place or broadcast in the U.S.,  
 8 North America or the world.

9       68. The UFC has, and has exercised, the power to impair and exclude competition in the  
 10 Relevant Output Market no matter how it is geographically defined.

11       69. The UFC is, by far, the dominant provider of live Elite Professional MMA events in the  
 12 Relevant Output Market, regardless of whether the geographic market includes the U.S. only, North  
 13 America only, or the entire world. According to Zuffa's President, Dana White, by 2010, the UFC had  
 14 essentially eliminated all of its competition. He announced that, within the sport of MMA: "There is no  
 15 competition. We're the NFL. You don't see people looking at the NFL and going, 'Yeah, but he's not  
 16 the best player in the world because there's a guy playing for the Canadian Football League or the Arena  
 17 League over here.' We're the NFL. ***There is no other guy.***"

18       70. The UFC possesses the ability to preclude or delay new entry into the Relevant Output  
 19 Market, to raise would-be rivals' costs in that market, to impair the opportunities and efficiencies of  
 20 would-be rivals, and to control prices and exclude competition.

21       71. The UFC enjoys high profit margins on its sales in the Relevant Output Market in the  
 22 U.S., North America, and around the world. The UFC's worldwide profit margins are among the  
 23 highest, if not the highest, in professional sports.

24       72. Because, as alleged below, the UFC possesses monopsony power in the Relevant Input  
 25 Market, *i.e.*, the market for Elite Professional MMA Fighter services, the UFC has been able to use that  
 26 dominance as a means to restrict access and limit expansion of actual or potential rivals into the  
 27 Relevant Output Market. Through, *e.g.*, exclusive contracts with MMA Fighters, the UFC has deprived  
 28 potential and actual competitors of Elite Professional MMA Fighter services. The UFC has also used its

1 ill-gotten power in the Relevant Markets to restrict its actual or potential rivals' access to top quality  
 2 venues, sponsors, endorsements, PPV and television broadcast outlets. The UFC exercises its  
 3 monopoly power to exclude competition for live Elite Professional MMA events, PPV access, athlete  
 4 and event endorsement rights, taped television programming, video-on-demand, merchandise (videos,  
 5 DVDs, video games, apparel, hats, sporting equipment, etc.), event and fighter sponsorships, and  
 6 copyright and trademark royalties.

7 73. As a result of its anticompetitive conduct, as alleged herein, the UFC receives  
 8 approximately 90% of all revenue generated by MMA events from the Relevant Output Market in the  
 9 U.S. and North America, and upon information and belief, throughout the entire world. From October  
 10 1, 2012 to September 30, 2013, Zuffa's annual revenues were approximately \$483 million, with  
 11 approximately \$256 million generated by the promotion of live events, and the remaining \$227 million  
 12 generated by ancillary revenue streams, which include but are not limited to, merchandising, licensing  
 13 fees, sponsorships, advertising fees, video game fees, and digital media revenue streams. Current UFC  
 14 revenues are estimated to exceed \$500 million annually.

15 74. Barriers to entry in the Relevant Output Market are high for several reasons, including  
 16 that, *inter alia*, establishing and maintaining a rival MMA promotion requires a substantial investment  
 17 of capital to be able to promote professional MMA bouts involving Elite Professional MMA Fighters  
 18 successfully. Successful promotion requires the ability to secure appropriate venues, sponsorships,  
 19 endorsements, and PPV and/or television distribution rights. The UFC asserts that the "UFC brand is  
 20 more recognizable than the sum of its individual fighters, as evidenced by its ability to nearly sell out  
 21 venues even before announcing the main card to the public." According to Lorenzo Fertitta, "Zuffa has  
 22 built the UFC into an international brand that, in many instances, has been synonymous with the rapidly  
 23 growing sport of MMA." In terms of promotions, prospective market entrants cannot enter the  
 24 Relevant Output Market unless they can attract and retain Elite Professional MMA Fighters. Actual or  
 25 potential rival promoters cannot attract and retain necessary Elite Professional MMA Fighters unless  
 26 they can demonstrate that they can promote a profitable bout that will result in potentially competitive  
 27 compensation to the fighters. The UFC has also amassed an unparalleled content video library of bouts  
 28 and continues to acquire rights to additional footage libraries which are an important component to

1 marketing Elite Professional MMA Fighters and bouts. The UFC's anticompetitive conduct—which  
 2 deprives would-be rival promoters of MMA events of necessary inputs to pull off successful  
 3 promotions, including through exclusionary contracts with Elite Professional MMA Fighters  
 4 themselves—creates high barriers to entry for would-be rival promoters.

5 **B. The UFC has Monopsony Power in the Relevant Input Market**

6 **1. The Relevant Input Market**

7 75. The Relevant Input Market is the market for Elite Professional MMA Fighter services.

8 76. Elite Professional MMA Fighters are elite athletes who typically train for years before  
 9 competing professionally. In live professional MMA bouts, Mixed Martial Artists compete by using  
 10 multiple disciplines of martial arts, including wrestling, judo, jiu-jitsu, Muay Thai, karate, taekwondo  
 11 and boxing. Such bouts are registered with, sanctioned by and conducted according to rules  
 12 promulgated by the Athletic Commission (or equivalent thereof) for the jurisdiction in which the bout is  
 13 held.

14 77. Elite Professional MMA Fighters are typically compensated for participating as a  
 15 combatant in a live Elite Professional MMA bout.

16 78. Athletes who have trained for, and now engage in, sports other than MMA, including  
 17 professional boxing, and those who engage in a single martial art, such as judo, are not substitutes for  
 18 Elite Professional MMA Fighters. For instance, boxers and those who engage in a single martial art are  
 19 generally not trained in the additional forms of martial arts (which may include wrestling, judo, jiu-jitsu,  
 20 taekwondo, Muay Thai and karate) necessary to become and successfully compete as an Elite  
 21 Professional MMA Fighter.

22 79. Importantly, there are no reasonably interchangeable sports to which Elite Professional  
 23 MMA Fighters can turn when demand and compensation for Elite Professional MMA Fighters is  
 24 artificially suppressed below competitive levels. Other martial arts disciplines do not have the audiences  
 25 necessary for the fighters to earn competitive wages or even generally to be paid at all. For this and other  
 26 reasons, no material number of Elite Professional MMA Fighters could successfully transition to other  
 27 sports sufficient to prevent a monopsonist in the market for Elite Professional MMA Fighter services  
 28

1 from artificially suppressing Elite Professional MMA Fighter compensation by even a significant amount  
 2 for a substantial period of time.

3 80. For instance, with respect to judo, tournaments occur infrequently, and the major ones  
 4 (World Championships, Olympics) are for “amateur” fighters, that is, unpaid athletes. Brazilian Jiu  
 5 Jitsu (“BJJ”) is a popular amateur sport, but there are very few tournaments that offer more than  
 6 nominal prizes (as opposed to awarding salaries or prize money to competitors) and even those occur  
 7 rarely. Karate and Muay Thai, much like BJJ and judo, are mainly amateur disciplines. Muay Thai and  
 8 kick-boxing are striking disciplines that do not employ any of the grappling techniques of MMA of and  
 9 in which knowledge and proficiency is required to successfully compete. None of these sports would be  
 10 plausible alternatives for Elite Professional MMA Fighters who are facing artificial suppression of their  
 11 compensation by a monopsonist in the market for Elite Professional MMA Fighter services.

12 81. Neither boxing nor “professional” WWE wrestling provides reasonable alternatives for  
 13 Elite Professional MMA Fighters. Professional boxing requires years of intensive, specialized and  
 14 limited training in a striking art that MMA Fighters do not undergo. While Elite Professional MMA  
 15 Fighters do train in boxing, that is but one of many martial arts disciplines Elite Professional MMA  
 16 Fighters must practice, and it is not (and, indeed, cannot) be their sole focus. As a result, no material  
 17 number of Elite Professional MMA Fighters could successfully transition to boxing sufficient to prevent  
 18 a monopsonist in the market for Elite Professional MMA Fighter services from artificially suppressing  
 19 Elite Professional MMA Fighter compensation below competitive levels by even a significant degree for  
 20 a substantial period of time.

21 82. Although professional wrestling does pay compensation to its “wrestlers,” professional  
 22 wrestling events are staged, and depend predominantly on acting ability. It is extremely unusual for an  
 23 athlete to possess the right combination of skills to excel in both MMA and professional wrestling, and  
 24 furthermore, professional wrestling is not a sport at all requiring competition between athletes. For this  
 25 reason alone, professional wrestling is not a reasonable substitute for MMA. No material number of  
 26 Elite Professional MMA Fighters could successfully transition to professional wrestling sufficient to  
 27 prevent a monopsonist in the market for Elite Professional MMA Fighter services from artificially  
 28 suppressing MMA Fighter compensation by even a significant degree for a substantial period of time.

1       83.    Because other sports are not plausible alternatives for Elite Professional MMA Fighters,  
 2 reducing the compensation of Elite Professional MMA Fighters below competitive levels by even a  
 3 significant degree for a substantial period of time will not cause sufficient numbers of Elite Professional  
 4 MMA Fighters to switch to other sports or professions to make the Elite Professional MMA Fighter  
 5 compensation suppression unprofitable. Quite simply, MMA is a highly specialized and unique sport  
 6 engaged in by elite athletes with years of cross-disciplinary training.

7           **2.    The Relevant Geographic Market**

8       84.    The relevant geographic market for the Relevant Input Market is the United States, and  
 9 in the alternative, North America.

10       85.    A monopsonist in the Relevant Input Market would need to control only fighter services  
 11 in the United States, or in the alternative in North America, to be able to suppress Elite Professional  
 12 MMA Fighter compensation substantially below competitive levels.

13       86.    Elite Professional MMA Fighters in the United States, or in the alternative, North  
 14 America, do not view participation in MMA bouts outside of the United States (or, in the alternative,  
 15 North America) as a reasonable substitute for bouts in the United States (or, in the alternative, North  
 16 America). Competing abroad imposes substantial costs on Elite Professional MMA Fighters, including  
 17 higher costs of training, travel, and lodging and reduced sponsorship income. Moreover, Elite  
 18 Professional U.S. MMA Fighters may have difficulty, or face significant costs associated with, obtaining  
 19 necessary visas and approvals for themselves, family members, sparring partners, or trainers needed for  
 20 fighting abroad. As a result, a U.S.-based MMA Fighter could not practically turn to a non-U.S.-based  
 21 MMA Promotion company to earn a living or competitive compensation as an Elite Professional MMA  
 22 Fighter.

23       87.    Nearly all non-U.S.-based MMA promotion companies focus on regional or local  
 24 fighters. Moreover, non-U.S.-based MMA Promoters frequently hold only a few events per year—very  
 25 few of which are generally or widely open to non-locals. Further, non-U.S.-based MMA Promoters lack  
 26 the prestige of the UFC and most MMA Fighters would not view non-U.S.-based promoters as  
 27 interchangeable with the UFC. In any case, the UFC deprives non-U.S.-based promoters of Elite

Professional MMA Fighters. Accordingly, no significant number of U.S. Fighters can earn competitive compensation for appearing in live Elite Professional MMA events in foreign geographic markets.

88. Successful foreign fighters have immigrated to the U.S. to participate in Elite Professional MMA bouts. But, to the extent that a U.S. MMA Promoter such as the UFC is a net importer of foreign labor, this fact would serve to enhance its monopsony power and bargaining power vis-à-vis U.S. MMA Fighters and MMA Fighters as a whole.

**3. The UFC has Monopsony Power with Respect to Elite Professional MMA Fighter Services.**

89. At all relevant times, the UFC had and continues to have monopsony power in the Relevant Input Market, *i.e.*, the market for Elite Professional MMA Fighter services, whether that market includes only the United States, only North America, or, alternatively, the entire world.

90. The UFC controls the vast majority of the market for Elite Professional MMA Fighter services whether the geographic market includes only the United States, only North America, or the entire world. The UFC possesses the ability to reduce the demand of, and compensation for, Elite Professional MMA Fighter services without losing so much revenue as to make their conduct unprofitable. As a result of the UFC's monopsony power in the Relevant Input Market, Elite Professional MMA Fighters do not have the ability to turn to alternative MMA Promoters to earn competitive compensation in response to the UFC's artificial suppression of demand and compensation for Elite Professional MMA Fighter services.

91. The UFC's control of the Relevant Input Market affords it the ability to, *inter alia*, (i) compensate Elite Professional MMA Fighters below competitive levels profitably for a substantial period of time, (ii) artificially suppress demand for Elite Professional MMA Fighter services below competitive levels, (iii) require UFC Fighters to enter into restrictive contracts, (iv) impair or preclude UFC Fighters from engaging in their profession or working with would-be rival promoters; (v) expropriate the rights to UFC Fighters' Identities in perpetuity for little or no compensation (which is below competitive levels), and (vi) expropriate the Identities and deprive UFC Fighters of competitive levels of payment for the exploitation of their Identities in UFC Licensed Merchandise and/or Promotional Materials licensed or sold by the UFC or its licensees.

1       92.    Whether the relevant market is the U.S. only, North America only, or the entire world,  
 2 the UFC is capable of artificially reducing compensation—and has in fact artificially reduced  
 3 compensation—of Elite Professional MMA Fighters without causing so many Elite Professional MMA  
 4 Fighters to switch to other sports or professions so as to make that compensation reduction  
 5 unprofitable.

6       93.    Barriers to entry in the Relevant Input Market are high. To become an Elite Professional  
 7 MMA Fighter, one needs to be highly skilled and spend many years under specialized training in  
 8 multiple martial arts disciplines. Because MMA is a unique blend of various martial arts disciplines,  
 9 including boxing, Muay Thai (kick-boxing), judo, wrestling, BJJ, taekwondo and karate, a high level of  
 10 proficiency in any one discipline alone is not sufficient to achieve elite level status as an Elite  
 11 Professional MMA Fighter. For example, while a professional boxer may possess the mental and athletic  
 12 skill to box and take blows in the form of punches, if he does not possess expert ability to grapple,  
 13 wrestle or engage in other martial arts, he will not succeed as an Elite Professional MMA Fighter. Elite  
 14 Professional MMA Fighters are rare multidisciplinary athletes who can perform at very high levels in  
 15 more than one discipline. Also, training is costly and time consuming. To achieve elite status,  
 16 Professional MMA Fighters train daily, making alternative simultaneous full-time employment nearly  
 17 impossible. Training also requires the services of professional trainers and the relevant space and  
 18 training equipment. To rise to the level of a fighter capable of being promoted by the UFC, *i.e.*, an Elite  
 19 Professional MMA Fighter, a Professional MMA Fighter typically needs to work his or her way up the  
 20 ranks in local and regional promotions, often earning very little money in the process.

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

22       94.    The popularity of MMA as a combat sport began to take off during the 1990s.  
 23 Professional MMA has since become one of the most popular and fastest growing spectator sports in the  
 24 U.S. and North America.

25       95.    Elite Professional MMA Fighters are among the most respected professional athletes in  
 26 the world. Elite Professional MMA Fighters include world-class and Olympic athletes utilizing all  
 27 disciplines of martial arts, including wrestling, judo, jiu-jitsu, Muay Thai, taekwondo, karate and boxing,  
 28 in one-on-one bouts.

1       96. Professional MMA Fighters typically achieve the status of Elite Professional MMA  
 2 Fighters as UFC Fighters only after participating successfully in events organized by other local or  
 3 regional MMA Promoters.

4       97. MMA Promotions are not organized into leagues or teams as is common in many  
 5 organized sports. Typically, Professional MMA Fighters compete against other Professional MMA  
 6 Fighters who are under contract with the same promoter.

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

13       99. The strength of the Card draws ticket purchases for live events as well as viewers for  
 14 broadcasts and purchases of PPV access (provided the promotion garners PPV coverage). During the  
 15 Class Period, it has been and continues to be extremely rare for a bout that is not promoted by the UFC  
 16 to garner PPV coverage. During the Class Period, no would-be rival MMA Promoter has staged a  
 17 profitable PPV event featuring Professional MMA Fighters. The strength of the Card also draws  
 18 merchandise sales and licensing fees, and contributes to the rates paid by sponsors, advertisers and  
 19 broadcasters. The Card thus helps to determine the size and scale of the physical venue in which the  
 20 event takes place, the scope and breadth of its distribution and event sponsorship rates, and the  
 21 merchandising campaign for the event.

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

1                   **D. The UFC's Complete Control of its Sport is Unique in the Context of Big-Time**  
 2                   **Professional Sports**

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

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

12                   103. Boxers Floyd Mayweather and Manny Pacquiao take the number one and two spots,  
 13                   respectively, on the “Forbes 100-highest paid athletes list,” earning upwards of \$40 million in  
 14                   guaranteed purse for a single bout, before inclusion of PPV profits. Mayweather’s compensation has  
 15                   reportedly topped \$90 million for a single bout for an event that draws comparable PPV purchase rates  
 16                   to high-profile UFC events. As a result of the scheme alleged herein, UFC Fighters get a fraction of that  
 17                   level of compensation. Famed boxing promoter Bob Arum, for example, pays his fighters approximately  
 18                   80% of the proceeds generated by a Card. Comparing the fighter compensation between boxing and the  
 19                   UFC, Arum accurately described the disparity between the UFC and boxing as follows: “Because of the  
 20                   monopoly that the UFC has, they [the UFC] pay[s] their fighters maybe 20% of the proceeds that come  
 21                   in on a UFC fight.”

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

23                   104. MMA’s initial growth in the 1990s was accompanied by the growth of competing MMA  
 24                   Promoters. The UFC was founded in 1993. By 2001, MMA Promotions were competing vigorously in  
 25                   the U.S. Prior to 2011, the existence of such competition allowed UFC Fighters—such as Mark Kerr, BJ  
 26                   Penn, Mark Coleman, and Carlos Newton—to receive higher purses with UFC competitors. In 2001,  
 27                   Zuffa purchased the UFC from Semaphore Entertainment Group (“SEG”) for \$2 million and  
 28                   appointed White as its President. The UFC initially claimed that it was seeking co-promotion

1 arrangements with its competitors. At that time, according to White's contemporaneous public  
 2 statements, co-promoting MMA events would benefit both the UFC and its competitors by ensuring  
 3 that MMA events featured the best bouts between Professional MMA Fighters regardless of the  
 4 Fighter's Promoter. In fact, the UFC never intended to co-promote events.

5 105. By the mid-2000s, professional MMA had gained even broader mainstream support in  
 6 the United States. The UFC and its competitors actively promoted MMA events and began introducing  
 7 the sport to the public through more extensive television programming and marketing activities. As an  
 8 overall result of competition between rival promotions in the Relevant Input and Output Markets  
 9 through the early 2000s, MMA's fan base grew dramatically; while fewer than 90,000 people purchased  
 10 the UFC's first MMA PPV event, by 2006, the UFC's PPV events drew more than one million buyers.

11 **VII. THE UFC's ANTICOMPETITIVE SCHEME AND ITS RESULTING ANTITRUST  
 12 INJURIES TO PLAINTIFFS AND MEMBERS OF THE CLASSES**

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

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

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

24 107. Unless an MMA Promoter can attract and retain Elite Professional MMA Fighters,  
 25 develop a fan base, attract sponsors, secure a major television distribution outlet, and secure high-  
 26 quality venues, it cannot compete successfully in the Relevant Output Market. MMA Promoters cannot  
 27 attract and retain Elite Professional MMA Fighters unless they can demonstrate to such athletes that  
 28 they can promote profitable bouts that will result in significant compensation to those Fighters over an  
 extended period of time. To achieve Elite status in the MMA Industry, Professional MMA Fighters

must register wins in widely-viewed MMA events that build public notoriety, reputation, fan base, and earnings potential. Without big-ticket MMA Cards with Elite Professional MMA Fighters, MMA Promoters are unable to generate sufficient public demand to lock down sponsors and venues large enough to generate enough revenues to be able to offer sufficient bout purses that would enable them to attract Elite Professional MMA Fighters. The UFC, knowing this, has engaged in a scheme to deny its actual or potential rival MMA Promoters (and any potential future rivals) the access to inputs necessary to promote successful MMA events (*e.g.*, Elite Professional MMA Fighters, major sponsors, key venues).

- a. The UFC Uses Exclusive Contracts with UFC Fighters as Part of its Anticompetitive Scheme.

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

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

110. Through the anticompetitive scheme alleged herein, including by successfully eliminating and impairing actual or potential rivals in the Relevant Output Market, the UFC has garnered and maintained unrivaled bargaining power vis-à-vis Elite Professional MMA Fighters. The

1 UFC uses its monopsony power to extract exclusionary and restrictive concessions from all of its MMA  
 2 Fighters.

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

10 112. The UFC's standard agreements with Fighters have contained, during the 2000s and  
 11 continuing into the Class Period, at least the following restrictive provisions:

12 a. The "Exclusivity Clause," which binds UFC Fighters into a restricted relationship with  
 13 the UFC and prohibits them from appearing in bouts televised or organized by actual or potential rival  
 14 promotions unless approved by the UFC, thus preventing athletes from receiving competitive purses  
 15 from co-promoted or competitor MMA events. This clause blocks actual or potential rival promotions  
 16 from having access to Elite Professional MMA Fighters under contract with the UFC for protracted  
 17 periods of time. Regardless of the term of the agreement, the provision includes various termination and  
 18 extension clauses that can be triggered at the UFC's sole discretion, thereby effectively extending the  
 19 exclusivity provisions indefinitely.

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

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

d. The “Ancillary Rights Clause,” which grants the UFC exclusive and perpetual worldwide personality and Identity rights not only of the UFC Fighter, but of “all persons associated with” the athlete, in any medium, including merchandising, video games and broadcasts, *and for all other commercial purposes*, thus preventing MMA Fighters from financially benefiting from the reputations that they built during their MMA careers *even after death*, and locking UFC Fighters out of revenues generated by the exploitation of their Identities, including *after* the term of the contract. Thus, although a single loss could allow the UFC to terminate a UFC Fighter’s contract, the Ancillary Rights Clause remains in effect in perpetuity. As a result, the UFC can restrict a UFC Fighter’s ability to promote himself or herself for profit even after the UFC Fighter’s career with the UFC has ended. Further, a separate clause in the agreement prevents a Fighter from ever referring to himself or herself as a “‘UFC fighter’” or “using the term ‘UFC’ without written permission.” Among other anticompetitive effects of this provision, even if a would-be rival promoter could get access to a current or former UFC champion, those champions cannot advertise their status as UFC champions. Accordingly, a potential rival promoter would be impaired in attempting to contract with the former UFC Fighter to headline live MMA bouts.

e. The “Promotion Clause,” which requires UFC Fighters to attend, cooperate and assist in the promotion of bouts in which they fight and, as required by the UFC, *any other* bouts, events, broadcasts, press conferences and sale of merchandise, for no additional compensation. By contrast, no affirmative obligation exists for the UFC to promote the UFC Fighter. In fact, the UFC regularly punishes athletes who do not bow to its whims. As just one example, UFC light-heavyweight champion Jon Jones refused to take a short-notice replacement of one of his opponents. After his refusal, the UFC

1 issued a press release stating, “Lorenzo Fertitta (UFC chairman and CEO) and I [Dana White] are  
 2 disgusted with Jon Jones and Greg Jackson [Jones trainer].” White continued by stating, “UFC 151 will  
 3 be remembered as the event Jon Jones and Greg Jackson murdered.” By denigrating the UFC Fighter in  
 4 public, the UFC drastically impacts a fighter’s earnings ability as the consuming audience will support  
 5 events featuring the UFC Fighter in lower numbers, leading to reduced payments for bouts and  
 6 endorsements.

7 f. The “Retirement Clause,” which gives the UFC the power “to retain the rights to a  
 8 retired fighter in perpetuity.”

9 g. Tolling provisions, which extend the term of the UFC Fighter’s contract during periods  
 10 when he or she is injured, retired, or otherwise declines to compete, thus virtually prohibiting even  
 11 disgruntled athletes from sitting out the term and signing with a would be rival promoter.

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

27 113. As the UFC gained and then maintained market and monopsony power through this  
 28 anticompetitive scheme, including by eliminating actual or potential rivals, in or about January 2014, it

1 added provisions—such as, *e.g.*, the “unilateral demotion-in-pay” provision which resets a Fighter’s pay  
 2 to lower purse levels if a given UFC Fighter loses a bout, and additional restrictions on sponsorship  
 3 rights—that further enhanced the UFC’s control over its Fighters.

4 114. None of the Plaintiffs in this matter is suing as part of this case, on behalf of himself or  
 5 herself or any proposed class member, to enforce any rights or provisions of his or her particular UFC  
 6 contract. Nor is any Plaintiff in this matter claiming, as part of this case, on behalf of himself or herself  
 7 or any proposed class member, that his or her contract, standing alone, violates the antitrust laws.  
 8 Rather, Plaintiffs allege here that all of the UFC’s contracts with Fighters—and the exclusionary  
 9 provisions therein—***taken together*** form part of the UFC’s anticompetitive scheme to impair actual or  
 10 potential rivals and enhance its monopoly power in the Relevant Output Market and monopsony power  
 11 in the Relevant Input Market. Cumulatively, the exclusionary contractual provisions deprive the UFC’s  
 12 would-be rivals of all or virtually all of the critical input necessary to compete in the MMA Industry,  
 13 that is, Elite Professional MMA Fighter services.

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

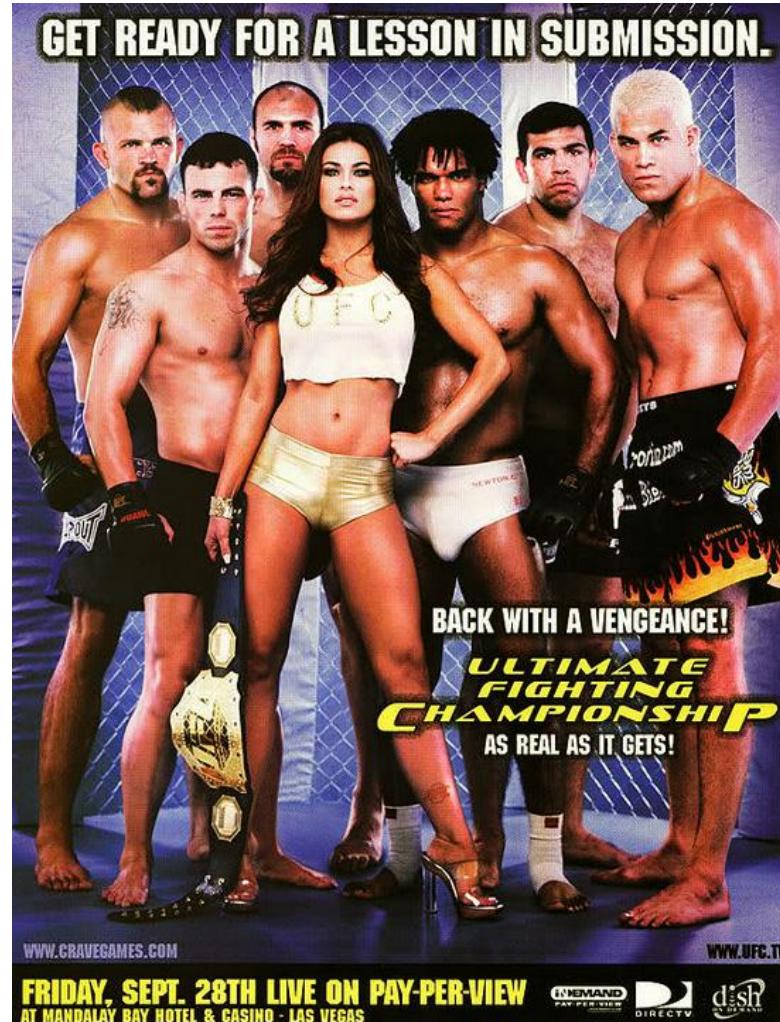
16 115. As part of its exclusionary scheme, the UFC has retaliated against (i) UFC Fighters who  
 17 work or threaten to work with would-be rival promoters, (ii) MMA Fighters who might someday wish to  
 18 compete in the UFC, and (iii) would-be rival promoters who work with UFC Fighters. As a result,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

26 116. For example, the UFC negotiated a deal with THQ, Inc. for the development of a UFC  
 27 video game. Zuffa required its athletes, for no compensation, to assign exclusively and in perpetuity  
 28 their likeness rights for video game use. Fighters who wished to negotiate this request were terminated.

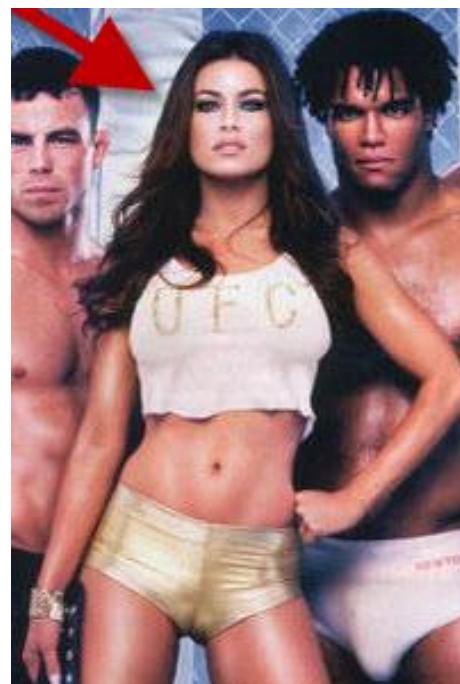
1 White also publicly threatened all MMA Fighters, even those not under contract with Zuffa with a  
 2 permanent ban from competing in the UFC if the Fighter chose to sign with EA Sports.

3 117. Additionally, following his victory over Matt Hughes in a welterweight title bout that had  
 4 been promoted by the UFC, UFC Fighter B.J. Penn informed the UFC that he planned to sign with an  
 5 actual or potential rival promotion company for a much higher payday than UFC was then offering. In  
 6 response, the UFC's Dana White called Penn and threatened that the UFC would ban Penn from  
 7 fighting for the UFC forever if Penn worked with another promoter. White told Penn that Penn was  
 8 "f\*\*\*ing done! You'll never fight in the UFC again! You're finished. You're scorched earth,  
 9 motherf\*\*\*er. Scorched earth. Don't call me crying saying you want to come back because your f\*\*\*ing  
 10 done!" White also threatened to remove or blur Penn's face from UFC videos and promotions and said  
 11 he would remove his bout with Hughes from the UFC's DVD library so that Penn "would be  
 12 forgotten."

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



(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.**

119. 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.

120. 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.

121. 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.

122. 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       123. 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       124. 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.

125. 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.

126. Prime physical venues and marquee sponsors are "must-have" inputs for would-be rival  
 13 MMA Promoters and, without them, such MMA Promoters are impaired in their ability to enter the  
 14 market and/or compete effectively. Therefore, the UFC's exclusive arrangements with venues and  
 15 sponsors, combined with the other aspects of the UFC's scheme, foreclose competitors from attracting  
 16 Elite Professional MMA Fighters and thereby competing successfully in the MMA Promotion business  
 17 at the highest level.

2. After Impairing Actual or Potential Rival Promoters in the Relevant Output Market Through the Scheme Alleged Herein, the UFC Acquired Those Would-Be Rivals that it Did Not Put Out of Business or Relegate to the “Minor Leagues.”

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

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

129. 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.

19 130. 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,

1 common in boxing, mean athletes promoted by competing promoters fight against each other in co-  
 2 promoted events with a split of profits generated.

3 131. As part of the alleged exclusionary scheme, in the years before 2011, the UFC had  
 4 actively sought to use its market dominance to put Strikeforce out of business. For instance, as part of  
 5 this scheme—even when it was not economically rational but for the potential for exclusion—the UFC  
 6 regularly “counterprogrammed” against Strikeforce events, *i.e.*, purposely staged UFC events on the  
 7 same nights as Strikeforce events to prevent Strikeforce from gaining adequate ticket sales, television  
 8 viewers or public notoriety for its events. The UFC counter-programmed against Strikeforce not  
 9 because it was profitable in the short-run, but rather because it was a means of using the UFC’s  
 10 dominance in the Relevant Markets to prevent Strikeforce from successfully promoting MMA events  
 11 and thereby gaining adequate economies of scale or scope. Moreover, the UFC used its market power to  
 12 pressure sponsors of Strikeforce’s MMA fighters to withdraw their sponsorships by threatening to ban  
 13 them from sponsoring UFC Fighters or otherwise appearing in UFC broadcasts.

14 132. In March 2011, as part of the scheme alleged herein, after the UFC had made it difficult  
 15 for Strikeforce to compete profitably, Strikeforce was forced to, and did, sell to defendant Zuffa.  
 16 Following the purchase, the UFC signed many of Strikeforce’s top stars and champions, including Cung  
 17 Le, Jason Miller, Nick Diaz, Dan Henderson, and Alistair Overeem. Under Zuffa’s ownership,  
 18 Strikeforce closed the promotion’s men’s weight classes below “lightweight.” After an extension was  
 19 reached to continue Strikeforce as a separate entity under the UFC’s umbrella through 2012, the  
 20 promotion’s heavyweight division was merged into the UFC, and the UFC ended the promotion’s  
 21 “Challengers” series. The final show under the Strikeforce brand was “Strikeforce: Marquardt vs.  
 22 Saffiedine” on January 1, 2013, after which the promotion was dissolved and all fighter contracts were  
 23 either ended or absorbed into the UFC.

24 133. As a result of the UFC’s acquisition of Strikeforce, the UFC controlled virtually all Elite  
 25 Professional MMA Fighters in every weight class. The Strikeforce acquisition was part of a series of  
 26 UFC acquisitions of actual or potential rival promotions that, together, enabled the UFC to consolidate  
 27 and maintain its control over the revenue-generating core of the MMA Industry. While they proclaimed  
 28 to promote the best in every weight class prior to the Strikeforce acquisition, following the Strikeforce

1 purchase, the UFC could accurately state that it now controlled virtually all Elite Professional MMA  
 2 Fighters in every weight class. Going forward, this insured that, to obtain media acclaim as “elite” and  
 3 corresponding public notoriety, an Elite Professional MMA Fighter must sign with and compete against  
 4 UFC Fighters.

5 **3. After Impairing Actual or Potential Rivals and Acquiring Virtually Every  
 6 Would-Be Rival Promoter That it Did Not Put Out of Business, the UFC  
 7 Relegated all Remaining MMA Promoters to “Minor League” Status.**

8 134. Beginning no later than March 2011, those few fringe MMA Promoters that the UFC had  
 9 not yet acquired or put out of business, such as Bellator MMA (“Bellator”), effectively functioned and  
 10 continue to function as “minor leagues” for the UFC. These MMA Promotion outfits provide no real  
 11 access to top media rankings, public notoriety, lucrative bout purses, endorsements, or sponsorships.  
 12 Thus, through its anticompetitive scheme, the UFC has come to dominate the Relevant Input and  
 13 Output Markets.

14 135. Professional MMA Fighters generally view non-UFC Promotion companies that still  
 15 exist as the “minor leagues,” *i.e.*, as training grounds for future UFC Fighters.

16 136. Ben Askren (“Askren”), a former Bellator welterweight champion, represented the U.S.  
 17 Olympic wrestling team in freestyle wrestling, was a four-time NCAA All-American, two-time national  
 18 champion, and NCAA wrestler of the year. Askren publicly stated that the only means of moving up the  
 19 MMA ranks and obtaining notoriety as an Elite Professional MMA Fighter was to join the UFC and  
 20 defeat UFC Fighters.

21 137. While skilled Professional MMA Fighters may emerge outside of the UFC or break off  
 22 from the UFC, those Fighters cannot demonstrate their skill, garner attention, or otherwise maintain  
 23 sustainable careers outside of the UFC. The measure of success of a Professional MMA Fighter is  
 24 dependent upon the level of competition he faces and his success or failure when doing so. The success  
 25 of an Elite Professional Mixed Martial Artist requires that he or she register wins over fighters seen by  
 26 the viewing audience and media as Elite Professional MMA Fighters in widely-viewed MMA events to  
 27 build public notoriety, reputation, fan base, sponsor interest and earnings potential. Professional MMA  
 28 Fighters who compete at the highest level of the sport cannot “opt out” of UFC because the UFC’s

1 anticompetitive conduct has made it impossible to maintain a successful MMA fighting career outside  
 2 of the UFC.

3       138. Likewise, because UFC Fighters are bound by non-compete agreements, and because the  
 4 UFC will not co-promote, would-be rival MMA promotion companies cannot stage bouts between their  
 5 own non-UFC fighters and UFC Fighters. Because the UFC Fighters are considered MMA's Elite  
 6 Professional MMA Fighters, would-be rival MMA promotion companies cannot compete effectively.  
 7 Without big-ticket MMA Cards with Elite Professional MMA Fighters, would-be rival promotions are  
 8 unable to secure sufficient public interest or sponsors and venues large enough or prestigious enough to  
 9 generate revenues and bout purses that can sustain the demands of training costs, travel, health  
 10 coverage, gym membership, sparring partners, and other expenses necessary for sustaining a career as  
 11 an Elite Professional MMA Fighter. As a result, would-be rival promoters do not and cannot promote  
 12 MMA events that offer Elite Professional Mixed MMA Fighters substantial earnings potential on PPV  
 13 broadcasts, major network or subscription-based broadcast outlets.

14       139. Accepting and publicly acknowledging their minor league status, rather than competing  
 15 with the UFC, potential rival promotions in the MMA Promotion Industry seek instead to work as  
 16 developmental leagues for the UFC and to obtain the UFC's approval. Thus, instead of seeking to  
 17 invest in and develop Professional MMA Fighters to their full potential, the UFC's potential rival  
 18 promoters acknowledge that they can afford only small purses. Thus, "rival" promoters survive and  
 19 attract Professional MMA Fighters by serving as a minor league training ground for the UFC and  
 20 guaranteeing their release to the UFC—and only the UFC—should the Professional MMA Fighter  
 21 achieve success and earn enough notoriety to elevate them to elite status, and thus potentially obtain an  
 22 offer from the UFC.

23       140. Resurrection Fighting Alliance ("RFA"), broadcast on AXS TV (formally HDNet), is  
 24 one such UFC "minor league." The RFA is a regional-level promotion operated by Ed Soares, who  
 25 stated that his "vision" for the RFA is "to build a developmental league for guys who want to move up  
 26 into the UFC." According to Soares, the RFA is truly a "developmental" promotion for Professional  
 27 MMA Fighters seeking to make it to the UFC, and for veteran Professional MMA Fighters released by  
 28 the UFC to "test themselves against the guys who are coming up." Soares states that all RFA

1 Professional MMA Fighters who receive offers from the UFC will be released from their RFA  
 2 promotional agreement. RFA promotional agreements contain an express “release” provision in the  
 3 event a Mixed Martial Artist obtains an offer from Zuffa. Because of the UFC’s dominance of the  
 4 Relevant Markets through the scheme alleged herein, absent such a provision, it is unlikely that  
 5 potential rival promotions such as RFA and others would be able to attract any Professional MMA  
 6 Fighters. Scott Cutbirth, the former matchmaker responsible for arranging RFA bouts, has  
 7 acknowledged, “[a]ll of our contract [sic] are exclusive with a Zuffa[-]out clause. So yes, if they get  
 8 offered a deal with Zuffa, we will honor that. No other organizations will be honored.” Purses paid by  
 9 the RFA are minimal compared to the UFC. Soares is also a prominent manager of many Elite  
 10 Professional MMA Fighters currently under contract with the UFC. Soares’ promotion, the RFA, is  
 11 currently the only MMA Promotion to which Zuffa has provided a license to advertise the use of, and to  
 12 hold events in, the UFC’s trademarked octagonal fenced enclosure.

13 141. Titan Fighting Championship (“Titan FC”), broadcast on the CBS Sports cable  
 14 network, is another existing MMA “minor league” promotion outfit. Titan FC is a regional promotion  
 15 originally formed in 2006, and currently promoted by serial entrepreneur and multi-millionaire Jeff  
 16 Aronson. Aronson advised the press in January 2014 that all Mixed Martial Artists signed to Titan FC  
 17 will have a “Zuffa-out” clause in their contracts, meaning they will be released if Zuffa offers the fighter  
 18 a bout. Aronson has acknowledged that Titan FC “is not looking to compete with Zuffa.” Aronson  
 19 explained that Titan FC’s role is “to take the best guys that are out there, who may be scared to get into  
 20 long-term deals, and give them a forum to get back” into the UFC.

21 142. Legacy Fighting Championship (“Legacy FC”), broadcast on AXS TV (formally  
 22 HDNet), is still another “minor league” MMA Promoter (formed in 2009) that does not dare compete  
 23 directly with the UFC. Legacy FC has survived as an MMA Promoter, in part, by clearly establishing  
 24 that it, too, does not and will not compete with the UFC. Rather, Mick Maynard, Legacy FC’s  
 25 President, has publicly stated that Legacy FC exists to supply the UFC with fighters rather than  
 26 compete with the UFC.

27 143. Invicta Fighting Championship (“Invicta FC”), broadcast on the UFC’s Internet  
 28 broadcast subscription service “Fight Pass,” was formed in 2012, and solely promotes women’s MMA

1 events. Shannon Knapp, the founder and owner of Invicta FC, is a veteran of the MMA Industry.  
 2 Knapp insists that Invicta does not aim to compete directly with the UFC. Knapp has acknowledged  
 3 that Invicta functions as a platform from which female Professional MMA Fighters can “graduate” or  
 4 “advance” to the UFC. In 2015, Invicta FC will reportedly become the second MMA Promotion to  
 5 which Zuffa has provided a license to advertise the use of, and to hold events in, the UFC’s trademarked  
 6 octagonal fenced enclosure.

7 144. Responding to questions regarding whether Invicta (and all other MMA Promoters) were  
 8 being established as “feeder” promotions to the UFC, White stated: “As bad as people don’t want to  
 9 believe it, they don’t want to hear it, meaning the other owners of the other mixed martial arts  
 10 organizations—that’s what they all are, they’re all the Triple-A [*i.e.*, the minor leagues] to the UFC.”  
 11 White continued by boasting that all promotions that resist minor league status “end up \$30 million in  
 12 the hole. All the people that don’t embrace it, embrace losing sh\*t loads of money.”

13 145. Another potential competitor, Bellator, is viewed within the MMA Industry—and by the  
 14 UFC itself—as a minor league, a training ground for future UFC Fighters, or as a place for former UFC  
 15 Fighters to compete after they have been released by the UFC.

16 146. Bellator athletes lack significant public notoriety, in part, because it is a “minor league,”  
 17 and in part because the UFC refuses to co-promote with any of Bellator’s fighters regardless of talent or  
 18 merit, leaving Bellator unable to promote MMA events of relative significance. Bellator’s bout purses,  
 19 gate revenues, attendance figures, merchandise sales, television licensing fees and ad rates are minimal  
 20 compared to those obtained by the UFC.

21 147. As White said on November 14, 2013, of Professional MMA Fighters under contract  
 22 with Bellator, “I feel sorry for the kids that fight there. I do. I truly feel sorry for the kids that have to be  
 23 stuck in that s\*\*thole.”

24 148. Even though the UFC has publicly stated that it views Bellator as a “minor league” that  
 25 does not present a competitive threat to the UFC, as part of the exclusionary scheme alleged herein, the  
 26 UFC has nevertheless engaged in aggressive conduct to inhibit Bellator’s development into a viable rival  
 27 promotion.

1       149. Bellator held a nationally televised event on September 5, 2014, at the Mohegan Sun in  
 2 Uncasville, Connecticut. In response, as part of the exclusionary scheme alleged herein, the UFC held  
 3 “UFC Fight Night 50” at Foxwoods Resort Casino in Ledyard, Connecticut, on the same night, just ten  
 4 miles away from Bellator’s event. The UFC has thus used the same “counter-programming” strategy to  
 5 prevent Bellator’s growth that it successfully used to force actual or potential rivals Affliction,  
 6 Strikeforce and EliteXC to stop promoting live professional MMA events.

7       **B. The UFC’s Exclusionary Scheme Harmed Competition in the Relevant Input and  
 8 Output Markets.**

9       150. The UFC’s ongoing anticompetitive scheme has enhanced and maintained the UFC’s  
 10 monopoly power in the Relevant Output Market and monopsony power in the Relevant Input Market.  
 11 As a result of the UFC’s scheme: (i) compensation associated with fighting in MMA bouts to members  
 12 of the Bout Class has been and continues to be artificially suppressed, and (ii) the Identities of UFC  
 13 Fighters continues to be expropriated and compensation by the UFC and its licensees for the  
 14 expropriation of, exploitation of and right to exploit Identities of the members of the Identity Class has  
 15 been and continues to be artificially suppressed. In addition, the anticompetitive effects of the UFC’s  
 16 exclusionary scheme in the Relevant Markets include, *inter alia*:

- 17       a. reduced competitiveness of live Elite Professional MMA events;
- 18       b. artificially suppressed output in the Relevant Output Market, including reduced number  
 19 of live Elite Professional MMA bouts than would exist in the absence of the challenged anticompetitive  
 20 scheme; and,
- 21       c. artificially suppressed demand in the Relevant Input Market.

22       151. There are no legitimate procompetitive justifications for the anticompetitive conduct  
 23 alleged in this Complaint, or for any aspect of the anticompetitive conduct standing alone. Even if,  
 24 *arguendo*, such justifications existed, there are less restrictive means of achieving those purported  
 25 procompetitive effects. To the extent the anticompetitive conduct or any aspect of the anticompetitive  
 26 conduct has any cognizable procompetitive effects, they are substantially outweighed by the  
 27 anticompetitive effects.

1                   **C. Plaintiffs and Members of the Bout Class Suffered Antitrust Injury.**

2           152. As a direct and proximate result of the Defendant's anticompetitive conduct, as alleged  
 3 herein, the Bout Class Plaintiffs and all members of the Bout Class suffered substantial losses to their  
 4 business or property in that their compensation associated with fighting in one or more live Elite  
 5 Professional UFC-promoted MMA bouts was artificially suppressed during the Class Period. The full  
 6 amount of such damages will be calculated after discovery and upon proof at trial.

7           153. In return for signing a contract with the UFC, a UFC Fighter is scheduled, at the UFC's  
 8 discretion, an average of fewer than two fights per year. The starting pay for a UFC Fighter, as of  
 9 January 2013, is \$6,000 to "show," *i.e.*, compete in a bout, and \$6,000 if the UFC Fighter is victorious  
 10 in a bout as a "win" bonus.

11          154. As part of its effort to foreclose potential rival MMA Promoters from accessing Elite  
 12 Professional MMA Fighters, the UFC has contracted with more Fighters than it needs for bouts during  
 13 any given year. For example, as of January 2013, the UFC staged an average of 1.66 MMA bouts per  
 14 UFC Fighter per year, well under the three bouts per year the UFC claims it is obligated to make  
 15 available to UFC Fighters. The UFC has approximately 500 Elite Professional MMA Fighters under  
 16 contract, but only has plans for 45 events in 2015; each UFC event typically has 11 bouts. Each bout has  
 17 slots for two UFC Fighters or a total of 990 slots across the planned 45 events—far below the 1,500 slots  
 18 necessary to provide each UFC Fighter under contract with three bouts per year. In April 2014, UFC  
 19 President Dana White acknowledged that the UFC has contracts with more Elite Professional MMA  
 20 Fighters than necessary, stating: "We have 500 guys under contract, which is a lot more than we really  
 21 need, and after each show, we really, really need to take a close look at what we do with guys."

22          155. Unlike boxing, where promoters frequently advance funds to cover the costs of medical  
 23 tests, training camps, coaches, food and nutrition, sparring partners, and living expenses, UFC Fighters  
 24 bear their own costs. UFC Fighters typically pay out approximately 15 to 25% of their MMA earnings to  
 25 cover the costs of gym memberships and management fees and must pay the costs of any necessary  
 26 sparring partners brought into the athlete's training camp in preparation for a bout.

27          156. As a result of the anticompetitive scheme, the UFC is able to compensate UFC Fighters  
 28 below competitive levels even though UFC events have among the highest average ticket prices in all of

1 sports. Indeed, the UFC has been able to raise ticket and PPV prices significantly above competitive  
 2 levels as the UFC consolidated its market dominance through the conduct alleged herein. Where the  
 3 average live ticket price for a major UFC event was \$178 in 2005, it is now approximately \$300. Under  
 4 Zuffa, the UFC has also increased its prices for PPV events from an average of \$28.91 per event for its  
 5 first broadcast in 2001 to the current price of \$54.95 per event for HD broadcasts. Additionally, the  
 6 number of PPV buys since the UFC's initial offer of PPV access to MMA fights has increased  
 7 substantially since 2001.

8 157. The conduct comprising the UFC's anticompetitive scheme is continuing and so are the  
 9 damages suffered by the members of the Bout Class.

10 **D. The Identity Class Plaintiffs and Members of the Identity Class Suffered Antitrust  
 11 Injury.**

12 158. Defendant used its monopsony power in the market for Elite Professional MMA Fighter  
 13 services and its monopoly power in the market for live MMA events to suppress the compensation for  
 14 the exploitation of the Identities of members of the Identity Class.

15 159. As a consequence of the alleged scheme, competition in the Relevant Markets was and is  
 16 substantially harmed, and the Identity Class Plaintiffs and members of the Identity Class have sustained,  
 17 and continue to sustain, substantial losses and damage to their business and property in the form of  
 18 suppressed compensation for the exploitation and licensing of their Identities, during the Class Period.  
 19 The full amount of such damages will be calculated after discovery and upon proof at trial.

20 160. The conduct comprising the UFC's anticompetitive scheme is continuing and so are the  
 21 damages suffered by the Identity Class resulting therefrom.

22 **VIII. INTERSTATE COMMERCE**

23 161. The UFC engages in interstate commerce and in activities substantially affecting  
 24 interstate commerce including (1) promotion of MMA events in nearly all of the states comprising the  
 25 United States, (2) PPV, television, and Internet subscription-based broadcasts which occur throughout  
 26 the United States, (3) sale, distribution or licensing of merchandise throughout the United States, and  
 27 (4) production of television and Internet subscription-based programming which occurs throughout the  
 28 United States.

1

2 **IX. CLAIM FOR RELIEF FOR MONOPOLIZATION AND MONOPSONIZATION**  
**3 UNDER SECTION 2 OF THE SHERMAN ACT**

4

5 **(On behalf of the Bout Class and Identity Class)**

6

7 162. Plaintiffs incorporate by reference all of the preceding and ensuing paragraphs as if fully  
 8 alleged herein.

9 163. The relevant geographic market is the United States, and in the alternative, North  
 10 America.

11 164. The Relevant Markets include the markets for (a) promoting live Elite Professional  
 12 MMA bouts in the United States (the “Relevant Output Market”), and (b) the market for live Elite  
 13 Professional MMA Fighter services (the “Relevant Input Market”).

14 165. UFC possesses monopoly power in the Relevant Output Market and monopsony power  
 15 in the Relevant Input Market, whether the geographic market includes the U.S. only, North America  
 16 only, or the entire world. The UFC has obtained, enhanced, and maintained dominance in both  
 17 Relevant Markets through the exclusionary scheme alleged herein. The UFC has abused and continues  
 18 to abuse that power to maintain and enhance its market dominance in the market for Elite Professional  
 19 MMA Fighter services through an exclusionary scheme to impair and foreclose competition by  
 20 depriving actual and potential competitors in the Relevant Output Market of necessary inputs  
 21 (including, *e.g.*, Elite Professional MMA Fighters, premium venues, and sponsors), and pursuing an  
 aggressive strategy of merging or purchasing the would-be rivals that its scheme had first competitively  
 impaired.

22 166. The UFC’s exclusionary scheme includes, but is not limited to, the following conduct:  
 23 (a) causing or directly and intentionally contributing to the failure of competing MMA Promotions and  
 24 acquiring actual or potential rival promotions to eliminate competing titles from the marketplace and to  
 25 obtain the contracts of Elite Professional MMA Fighters; and (b) leveraging its monopsony and  
 26 monopoly power in the Relevant Markets through the use of Exclusive Agreements with Elite  
 27 Professional MMA Fighters, venues, and sponsors.

28

1       167. As a direct and proximate result of this continuing violation of Section 2 of the Sherman  
2       Act, Plaintiffs and members of the Bout and Identity Classes have suffered injury and damages in the  
3       form of artificially suppressed compensation in amounts to be proven at trial.

4       168. Plaintiffs, on behalf of themselves and other members of the Bout Class and Identity  
5       Class, seek money damages from Defendant for these violations. For the Bout Class, these damages  
6       represent the additional compensation Plaintiffs and other members of the Bout Class would have  
7       received for their Elite Professional MMA Fighter services absent the anticompetitive scheme alleged  
8       herein. For the Identity Class, these damages represent the additional compensation Plaintiffs and other  
9       members of the Identity Class would have received for exploitation of their Identities in the absence of  
10       the violations alleged. Damages will be quantified on a class-wide basis for each proposed Class. These  
11       actual damages should be trebled under Section 4 of the Clayton Act. 15 U.S.C. §15. Plaintiffs' and  
12       Class members' injuries are of the type the antitrust laws were designed to prevent, and flow directly  
13       from the Defendant's unlawful conduct.

14       169. The Bout Class Plaintiffs, on behalf of themselves and other members of the Bout Class,  
15       seek injunctive relief barring Defendant from engaging in the anticompetitive scheme alleged herein.  
16       The violations set forth above, and the effects thereof, are continuing and will continue unless injunctive  
17       relief is granted. Plaintiffs' and Class members' injuries are of the type the antitrust laws were designed  
18       to prevent, and flow directly from the Defendant's unlawful conduct.

19       170. The Identity Class Plaintiffs, on behalf of themselves and other members of the Identity  
20       Class, seek injunctive relief barring Defendant from engaging in the anticompetitive scheme alleged  
21       herein. The violations set forth above and the effects thereof are continuing and will continue unless  
22       injunctive relief is granted. The Identity Plaintiffs and Class members' injuries are of the type the  
23       antitrust laws were designed to prevent, and flow directly from the Defendant's unlawful conduct.

1           **X. DEMAND FOR JUDGMENT**

2           171. WHEREFORE, Plaintiffs, on behalf of themselves and the proposed Bout and Identity  
3           Classes, respectfully ask the Court for a judgment that:

4           a. Certifies the Bout Class as a class action pursuant to Fed. R. Civ. P. 23(a), 23(b)(2) and  
5           (b)(3), and appoints the Bout Class Plaintiffs and their attorneys as class representatives and class  
6           counsel, respectively;

7           b. Certifies the Identity Class as a class action pursuant to Fed. R. Civ. P. 23(a), 23(b)(2)  
8           and (b)(3), and appoints the Identity Class Plaintiffs and their attorneys as class representatives and  
9           class counsel, respectively;

10           c. Awards Plaintiffs and each of the Classes treble the amount of damages actually  
11           sustained by reason of the antitrust violations alleged herein, plus the reasonable costs of this action  
12           including attorneys' fees;

13           d. Orders such equitable relief as is necessary to correct for the anticompetitive market  
14           effects caused by the unlawful conduct of Defendant;

15           e. Grants each member of both Classes three-fold the damages determined to have been  
16           sustained by each of them;

17           f. Awards Plaintiffs and both of the Classes their costs of suit, including reasonable  
18           attorneys' fees as provided by law;

g. Enters judgment against Defendant, holding Defendant liable for the antitrust violations alleged; and

h. Directs such further relief as it may deem just and proper.

Dated: December 22, 2014

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## DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a jury trial as provided by Rule 38(b) of the Federal Rules of Civil Procedure.

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