

Tri-City Valleycats, Inc. v Houston Astros Inc.

2023 NY Slip Op 33076(U)

September 6, 2023

Supreme Court, New York County

Docket Number: Index No. 650308/2021

Judge: Barry Ostrager

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This opinion is uncorrected and not selected for official publication.

**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. BARRY R. OSTRAGER PART IAS MOTION 61EFM

Justice

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 TRI-CITY VALLEYCATS, INC.,

Plaintiff,

- v -

HOUSTON ASTROS INC.; HOUSTON ASTROS, LLC;
 and THE OFFICE OF THE COMMISSIONER OF
 BASEBALL, AN UNINCORPORATED ASSOCIATION
 d/b/a MAJOR LEAGUE BASEBALL,

Defendants.

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| INDEX NO. | 650308/2021 |
| MOTION DATE | |
| MOTION SEQ. NO. | 003 |

DECISION and ORDER

HON. BARRY R. OSTRAGER

The Court heard extensive oral argument via Microsoft Teams on September 6, 2023, on the motion by defendants Houston Astros Inc., Houston Astros, LLC, and The Office of the Commissioner of Baseball, An Unincorporated Association d/b/a Major League Baseball (“MLB”) (collectively, “Defendants”) for summary judgment dismissing in its entirety the remaining claim in the Complaint filed by plaintiff Tri-City ValleyCats, Inc. (NYSCEF Doc. No. 1). The Court also heard on September 6, 2023, a similar motion by the defendants in a related case entitled *Oneonta Athletic Corporation, d/b/a Norwich Sea Unicorns v Detroit Tigers, Inc. and The Office of the Commissioner of Baseball, an Unincorporated Association d/b/a Major League Baseball*, Index No. 651080/22.

The Court denies Defendants’ motion for summary judgment based on triable issues of fact. Pursuant to the decision by the Appellate Division, the only claim remaining in this case is Plaintiff’s Seventh Cause of Action, sounding in tortious interference with contract, which was dismissed except “insofar as based on the Astro [and MLB] defendants inviting National

Association members to participate in a restructured minor league system and entering into Player Development Licenses” with National Association members. 205 AD3d 426, 428 (1st Dep’t 2022). As the Appellate Division confirmed: “The elements of tortious interference are a valid contract between plaintiff and another, the defendant’s knowledge of the contract and intentional procurement of its breach without justification, and damages resulting therefrom” *Id.*, citing *Oddo Asset Mgt. v Barclays Bank PLC*, 19 NY3d 584, 594 (2012).

Both this action and the companion case turn on the decision made by Major League Baseball (“the MLB”), beginning in the summer of 2019, to reorganize the minor league system by reducing the number of minor league teams from 160 to 120. This decision, known as the “120 Plan”, allegedly caused both the Tri-City ValleyCats and the Norwich Sea Unicorns to ultimately lose their affiliation with MLB at substantial cost to those teams. Plaintiff Tri-City ValleyCats in the Complaint allege that Defendants’ decision to proceed with the 120 Plan circumvented the central minor league organization – the National Association of Professional Baseball Leagues founded in 1901– and tortiously induced the minor league clubs to breach Section 19.03 of the National Association Agreement (“the NAA”). Section 19.03 prohibited minor league clubs from entering into any negotiation to become a member of, or in any way cooperating with, “any organization of professional clubs whose existence will in any manner conflict with the letter and spirit of this Agreement, or the interests of any of the clubs operating under it” (NYSCEF Doc. No. 114 at p 25).

Defendants primarily argue in their summary judgment motion that, pursuant to the language in Section 19.03, Plaintiff automatically forfeited any right to bring a tortious interference claim under the NAA when Plaintiff itself breached the NAA by, among other things, negotiating with MLB for a spot in the reorganized minor league system under the 120

Plan. Defendants further argue that any damages claimed by Plaintiff are attributable not to Defendants' conduct but to the automatic expiration of other contracts, such as the Professional Baseball Agreement ("the PBA"), which expired by its terms on September 30, 2020, and ended the affiliation between the minor league teams and their MLB counterparts. But Plaintiff argues in response that the NAA itself had no expiration date and that the collective bargaining benefits provided by the NAA would have supported the continuation of the century-old affiliation system between MLB and the minor league teams had Defendants not tortiously interfered with the rights of the minor league teams under the NAA and induced them to breach the NAA or face their demise.

The Court finds that the competing arguments create multiple issues of fact which can only be resolved at the jury trial scheduled for November 13, 2023. Those issues include, but are not limited to, precisely when Defendants made improper inducements to NAA members and when the various minor league clubs breached the NAA by negotiating or cooperating with competing organizations in violation of Section 19.03. Triable issues of fact also exist as to whether the minor league teams would not have breached the NAA and/or whether the teams would have maintained an affiliation with Defendants had MLB not broken up the National Association and imposed a fixed cap of 120 teams, including minor league teams owned by Major League Baseball teams.

Issues also exist regarding the extent to which Defendants' conduct was a proximate cause of Plaintiffs' damages, the quantum of such alleged damages, and whether alleged consequential damages can be established with the requisite level of proof. Plaintiffs insist, and Defendants of course disagree, that it was Defendants' creation of the 120 Plan and the dismantling of the NAA beginning in June 2019 and culminating in December 2020, and not

merely the expiration of the PBA in September of 2020, that proximately caused Plaintiff to suffer damages. As is often the case, proximate cause here raises numerous issues of fact.

For these reasons, Defendants’ motion for summary judgment is denied. Counsel are referred to the May 15, 2023 Status Conference Order for a recitation of the required pre-trial filings due on October 16, 2023, which must be submitted on consent. A further conference date will be set in the future. If the parties agree upon a settlement conference with this Court, a joint letter shall be efiled and a conference will be scheduled.

Dated: September 6, 2023


BARRY R. OSTRAGER, J.S.C.

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| CHECK ONE: | <input type="checkbox"/> CASE DISPOSED | <input checked="" type="checkbox"/> DENIED | <input checked="" type="checkbox"/> NON-FINAL DISPOSITION | <input type="checkbox"/> OTHER |
| APPLICATION: | <input type="checkbox"/> GRANTED | | <input type="checkbox"/> GRANTED IN PART | |
| CHECK IF APPROPRIATE: | <input type="checkbox"/> SETTLE ORDER | | <input type="checkbox"/> SUBMIT ORDER | |
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