Why NBA Player-Agent Fight Bounced From Court And Settled

By David Steele - Jan 13, 2023, 7:44 PM EST - ( ) Listen to article

The same kind of arbitration clauses that are standard in employer-employee contracts inside and outside of professional sports exist in player-agent agreements overseen by the players’ union -- and the one negotiated by the National Basketball Players Association is what forced NBA player Nerlens Noel to settle with his agent worth some $58 million.

Noel, who now plays for the Detroit Pistons, had sued his then-agent, Rich Paul, and his agency Klutch Sports in Texas state court in 2021, claiming that Paul had advised him to turn down a $70 million contract extension with the promise of the promise of a more lucrative deal in the future. The case was later moved to Texas federal court, where last September a judge dismissed it in favor of the arbitration clause in the standard player-agent agreement -- which is overseen by the NBPA, which certifies and regulates agents to represent its members.

Section 5 of the NBPA’s agent regulations, most recently amended in 2019 and posted on the NBPA website, states that arbitration is the “exclusive method” for resolving, among other things, disputes between players and their agents. Agreeing to arbitration, the regulations state, ensures that such disputes “will be handled and resolved expeditiously by the decision-maker established herein, without need to resort to costly and time-consuming formal adjudication.”

In other words, said employment law expert Michael Eilkin, the players association, players and agents don’t want to go to court any more than any other business entity. The clause is also standard in player-agent contracts overseen by the unions in other sports, including the NFL, and in non-union employment contracts, such as with coaches and executives, he said.

“Nobody wants to take things public,” Eilkin, partner and founder of MLE Law, told Law360. “Just as important, he added, “The expedience is another consideration. Arbitration was a lot faster; the courts are notoriously slow on decisions like this.”

The settlement, and how quickly it was reached after the court threw out Noel’s suit, was not a surprise, either, he said. “I always thought Noel would have a hard time proving up his claim.”

Representatives for the NBPA and an attorney for Noel did not immediately respond to requests for comment on the settlement. An attorney for Paul declined to comment.

Here, Law360 walks you through the entire saga, which dates back to 2017.