

Esports pro sues FaZe Clan over 'oppressive' contract

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Turner Tenney (known professionally by his gaming handle “Tfue”) is one of the world’s most popular Fortnite players, streamers, and content creators. He has more than 6 million followers on the streaming platform Twitch and more than 10 million subscribers on YouTube. Now, he’s suing FaZe Clan, the esports entertainment organization that signed him to professional gamer contract in Spring 2018. In a complaint recently filed in California Superior Court, Tenney’s attorneys allege that, among other things, (i) FaZe materially breached such gamer agreement by failing to pay Tenney in accordance with the terms of the agreement, (ii) several provisions contained in Tenney’s contract constitute illegal and anti-competitive restraints on trade under California law, (iii) FaZe owed Tenney a fiduciary duty by effectively acting as his agent in sourcing and negotiating potential sponsorships, and (iv) FaZe breached its duty of loyalty to Tenney by preventing him from accepting at least one sponsorship because the potential sponsor was a competitor of one of FaZe’s other sponsors. This case is one to watch for a number of reasons. First, despite exploding in popularity and growing at an exponential rate, esports is still an industry of uncharted waters in various ways. Despite the growth of organized leagues and franchises, as well as attempts at labor organization by some players, the esports industry is largely unregulated and subject to limited oversight (a fact noted in Tenney’s complaint). Second, Tenney is a very high profile esports personality. Tenney’s suit is analogous to a star NFL player suing his team while still under contract with that team. Third, the outcome of this case will affect the rest of the esports industry. Tenney’s claims will be decided by a California state court applying California law, but esports players and organizations in other jurisdictions (both in the US and abroad) will take note of the result. For example, we expect that gamers and esports organizations alike will revisit the contents of their agreements, particularly with respect to exclusivity and non-competition clauses. Different jurisdictions take different approaches to the issues raised by Tenney’s complaint, but this case surely will impact the esports landscape.

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