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Boxers and the Bargaining Table: How Canelo Alvarez's Recent Dispute Could Open the Door For Streaming Giants to Enter the Promotional Ring

Cover Page Footnote

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I. Introduction

Saul “Canelo” Alvarez is a force in the world of boxing. Hailing from Guadalajara, Mexico, he entered the sport as a phenom, making his professional debut at the ripe age of fifteen.¹ Since that fight in 2005, Canelo has risen to become one of boxing’s biggest draws, setting numerous pay-per-view records and capturing championships at multiple weight classes over the course of his 56 total bouts.² His meteoric rise has led to his coronation as the sport’s most profitable fighter, capped by his 2018 deal with the sports streaming giant DAZN.³ The 5-year, 11 fight deal was supposed to net Canelo \$365 million, making it the largest contract in sports history at the time of signing.⁴

In the immediate aftermath, Canelo was riding high off of the deal, going on to complete three total fights under the new contract up to second-round knockout of Sergey Kovalev to win the WBO light heavyweight title on November 2, 2019.⁵ The three bouts were incredibly lucrative for both DAZN and Canelo, however, at the start of 2020 the deal began to sour.⁶ At the center of the issue lies Canelo’s now former promoter, Oscar De La Hoya, CEO of Golden Boy Promotions and former boxing superstar.⁷ Sadly, promoters committing wrongdoings against their fighters is a common theme in the boxing world.⁸

This Comment will focus on the recent settlement between Golden Boy, DAZN and Canelo, and will be broken up into three parts following the initial introduction. First, this comment will discuss the current structure of the business of boxing, the promoter-boxer relationship and governing law. Second, the background of the landmark deal inked by DAZN, Golden Boy Promotions and Canelo will be discussed including where the deal started to deteriorate, Golden Boy’s error, and how the dispute was settled. Finally, a discussion of the impact of Canelo’s case and how it could change the business landscape of boxing for some of its biggest stars with the entrance of streaming giants into the world of boxing. Overall, Canelo’s story should be a cautionary tale for young fighters that teaches them to promote themselves and highlights the role that streaming giants could play in the coming years to curb the corruption that has tarnished the reputation of the sport.

¹ *History*, <https://caneloteam.com/history/>.

² *Id.*

³ Dan Rafael, *Canelo Alvarez signs 5-year, 11-fight deal worth minimum \$365 million with DAZN*, ESPN (Oct. 17, 2018), https://www.espn.com/boxing/story/_/id/25003974/canelo-alvarez-signs-5-year-11-fight-deal-worth-365-million-dazn.

⁴ *Id.*

⁵ Alvarez Compl. p. 2.

⁶ *Id.*

⁷ Dan Rafael, *Golden Boy Signs Alvarez*, ESPN (Jan. 22, 2010), <https://www.espn.com/sports/boxing/news/story?id=4851090>.

⁸ Ian Forman, *Boxing in the Legal Arena*, 3 Sports Law. J. 75, 78 (1996).

II. Background

This section will provide an overview of the business of boxing, who the players are and how it is structured. It will then go into the current law that governs boxing, the Ali Act, and attempts to reform the Act. Additionally, it will examine agency law and how it applies to boxing followed by a historical analysis of litigation between boxers and promoters.

A. The Structure of Boxing

The business of boxing involves a multitude of parties in order to make a fight happen. The main parties that will participate in negotiation pertaining to a fight are the promoters, managers and the network on which the fight is to be aired.⁹ Historically, promoters have held all of the bargaining power in their relationship with the boxer and, as a result, have a large amount of control over the boxer's future.¹⁰ The promoter's job lies in the business side of the sport as is part of the reason they maintain so much power over fighters.¹¹ The promoter holds the responsibility of organizing, promoting, marketing and producing a boxing match.¹² With this responsibility comes a high risk high reward situation, as the promoter bears the losses in connection with a fight but also reaps the reward if the fight is profitable.¹³

The boxer will typically sign a contract with the promoter for the right to promote his or her fights for a specified period of time.¹⁴ Additionally, the boxer will have a manager who handles the day-to-day responsibilities surrounding a fighter.¹⁵ Their role centers around being the exclusive representative or bargaining agent for the boxer who will negotiate with the promoter on behalf of the boxer in order to maximize the potential payout for the fighter.¹⁶ The manager will be compensated with a cut of the purse they negotiate for the fighter which in turn incentivizes the manager to negotiate for the highest possible purse.¹⁷ Conversely, promoters are incentivized to pay the fighter as little as possible in order to increase the amount of profits generated by the event.¹⁸

The hierarchy of promoters is particularly top heavy, with the most premier promotional groups carrying stables of the best fighters in the world.¹⁹ Canelo's former promoter, Golden Boy Promotions helmed by CEO Oscar De La Hoya, is one of the top groups with a large base of up

⁹ Bruce J. Zabaras, *The Regulation of Professional Boxing in New York*, 243 N.Y.L.J. 23 (2010).

¹⁰ Chris Mannix, *Why Aren't More Major Fights Being Made in Boxing?*, Sports Illustrated (Jan. 14, 2019), <https://www.si.com/boxing/2019/01/14/boxing-promoters-fighters-contracts-errol-spence>.

¹¹ Zabaras, *supra*.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ Mike Coppinger, *Who holds all the power in boxing? Here are the 25 most influential figures in the sport*. The Athletic (Aug. 19, 2019), <https://theathletic.com/1108471/2019/08/19/who-holds-all-the-power-in-boxing-here-are-the-25-most-influential-figures-in-the-sport/>.

and coming fighters that were signed partially because of Canelo's success.²⁰ Matchroom Sport and CEO Eddie Hearn are another top tier promotional group.²¹ Based in the United Kingdom, Hearn controls the rights of Heavyweight champion Anthony Joshua among other household names.²² However, the biggest promoter of all is Al Hayman, CEO of Premier Boxing Champions ("PBC").²³ He holds contracts with more than 200 fighters and controls all the means of production for PBC.²⁴ He is far and away the most powerful man in the sport, and also one of the most mysterious, never conducting interviews and avoiding all interaction with the media.²⁵ These promoters, including Hayman, have often found themselves in the courtroom due to their business dealings, which will be discussed in more detail later on in this comment.

In order to maximize profits, these top promoters will often attempt to align themselves with talented fighters at a young age.²⁶ In the case of Canelo, Oscar De La Hoya and Golden Boy Promotions signed the talented fighter in 2010, only five years after Canelo's professional debut in 2005.²⁷ At the time, Canelo was only a prospect, being named to ESPN's top 25 prospects to watch of that year.²⁸ Canelo's signing is no different than what many young fighters do. The alignment with a promoter at the start of a young fighter's career is mostly beneficial to the fighter in that the promoter helps to guide their career and make them a more marketable star.²⁹ As mentioned above, the promoter will incur any loss in profits that the fighter might incur, making signing a young fighter a heightened risk to the promoter.³⁰

While the promoter's basic tasks are to sign the fighter to a bout and arrange the logistics surrounding the fight, they often overstep these parameters and act as semi-managers.³¹ More often than not, the promoter will control both who the boxer fights and when they fight.³² Additionally, promoters will stifle the amount of bouts a boxer can compete in when they do not deem a matchup to be lucrative enough.³³ This process, often referred to as "cherry picking" within the sport, can lead to a heightened opportunity for cash flow, as was the case with Floyd Mayweather whose promoter Al Hayman notoriously avoided premier competition for Floyd in

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ Zabarauskas, *supra*.

²⁷ Dan Rafael, *Golden Boy Signs Alvarez*, ESPN (Jan. 22, 2010), <https://www.espn.com/sports/boxing/news/story?id=4851090>.

²⁸ *Id.*

²⁹ *Id.*

³⁰ Zabarauskas, *supra*.

³¹ *Id.*

³² Chris Mannix, *Why Aren't More Major Fights Being Made in Boxing?*, Sports Illustrated (Jan. 14, 2019), <https://www.si.com/boxing/2019/01/14/boxing-promoters-fighters-contracts-errol-spence>.

³³ Zabarauskas, *supra*.

order to keep his perfect record intact.³⁴ However, cherry picking can have adverse effects on a boxer's career as was the case for Sergio Martinez and Errol Spence.³⁵

In the case of Errol Spence, the fight to make in 2019 was against Shawn Porter, another welterweight title holder, for a unification bout that would give one fighter all of the championship belts in that weight class.³⁶ This seemed like an easy fight to make, as both Fighters were underneath Al Hayman's promotional wing.³⁷ However, discussions of a bout did not materialize at the time because Hayman determined it just was not the fight to make in that instance.³⁸ This would have been an extremely lucrative fight for the two men. With titles on the line, it was clearly the best opportunity, but the promoter stifled any discussion. In Hayman's position it would make little sense to make this fight. He's guaranteed to lose one of his champions in the bout, and, with losing a belt, Hayman loses his own opportunities to maximize the profitability of a champion. For fighters, this can be frustrating, but for promoters it is just business.

In an interview with Sports Illustrated, Spence described why he puts so much trust in his promoter to shape his career, even though the decisions seemingly hamstringing the fighters potential.³⁹ "You can make big fights happen, but when somebody's been doing the business side for you since your pro debut and they guide your career and they tell you, 'We're not going to do that fight right now' or 'You're not going to be the one doing that fight right now—we're going to take this fight and then we're going to do that fight later,' you tend to listen to them because they've been working the business side and they've been basically guiding your career and got you to the point you are now," Spence said.⁴⁰ "A lot of times you don't want to go against the grain on them because then if you mess up, they're like, 'I told you so.' You didn't listen, and then you feel bad. I think that's what a lot of fighters do. They listen to the person that's been guiding their career."⁴¹ As Spence's statements highlight, the reason a good majority of fighters stick around with their promoters is a feeling of loyalty, even though the promoters show little in return to the fighters.

The fight between Porter and Spence eventually came to fruition, and was profitable for the two men, but for some fighters the chance to step into the ring for a big payday never materializes.⁴² The case of Sergio Martinez illustrates the consequences of promoters overstepping their bounds and costing fighters their prestige in the process.⁴³ In 2010, Sergio Martinez was unexpectedly stripped of the World Boxing Council light heavyweight title, with the WBC citing the fighters

³⁴ <https://www.theguardian.com/sport/slip-the-jab/2014/mar/03/floyd-mayweather-boxing-great-ducking-fights>

³⁵ Chris Mannix, *Why Aren't More Major Fights Being Made in Boxing?*, Sports Illustrated (Jan. 14, 2019), <https://www.si.com/boxing/2019/01/14/boxing-promoters-fighters-contracts-errol-spence>.

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² Josh Katzowitz, *Errol Spence Vs. Shawn Porter: Odds, Records, Purses, Prediction—Boxing Biz*, Forbes (Sep. 27, 2019) <https://www.forbes.com/sites/joshkatzowitz/2019/09/27/errol-spence-vs-shawn-porter-odds-records-purses-predictionboxing-biz/?sh=30f9ea312859>.

⁴³ Katherine Figueroa, *The Twelfth Round: Will Boxing Save Itself?*, 36 Loy. L.A. Ent. L. Rev. 171, 172 (2016).

indecisiveness in picking his next opponent.⁴⁴ After Martinez initially won the WBC belt, the mandatory challenger set by the WBC was Sebastian Zibik.⁴⁵ The WBC required the two to fight but Martinez's promoter and HBO, the network that paid the promoter to broadcast Martinez's fights, had other ideas.⁴⁶

HBO preferred that Martinez fight someone more competitive and stopped Martinez from accepting the fight.⁴⁷ Martinez was then stripped of the belt and Zibik was given the title by default.⁴⁸ Zibik was then required by WBC to defend the belt against Julio Caesar Chavez Jr., and upon Zibik's acceptance, HBO agreed to broadcast the fight.⁴⁹ The network that denied Martinez his opportunity to defend his title turned on him and essentially cost him the belt, while at the same time allowing other fighters to compete for the very same title on their network.⁵⁰ Zibik went on to lose the bout and Chavez Jr. was crowned the new WBC light middleweight champion, with boxing pundits calling him a "paper champion" who was handed the belt due to his father, Chavez Sr., being a legend of the sport.⁵¹

It would appear the network is solely at fault for Martinez losing the belt, however the promoter shoulders the blame as well. Martinez's promoter was vocal in his displeasure with HBO and did not hold back in chastising the network, but when thinking back to HBO's original reasoning for not holding the fight - lack of revenue - the promoter is just as incentivized as HBO to not have Martinez compete.⁵² The promoter's responsibilities include contracting with these networks, and had Martinez's promoter fought for his prizefighter with the network, Martinez might not have been in this situation.

The stories of Spence and Martinez help showcase the bad business of boxing and how power is structured within the sport. The networks and the promoters have their own agendas that can often be against the best interest of the fighter's career. Without more power outside of the ring these same situations are bound to continue to happen.

B. Boxing and the Law

What has consistently hamstrung the sport of boxing is a lack of legal accountability for promoters and promotional groups. In the long and checkered history of the sport, there has been very little intervention from the government in the form of regulation and legislation. In the 1950s, the federal government first stepped into the ring in an attempt to regulate the sport but not for the purpose of helping fighters.⁵³ At the time, organized crime was a major player in the realm of

⁴⁴Dan Rafael, *WBO Strips Martinez of the Title*, ESPN (Jun. 1, 2010) <https://www.espn.com/sports/boxing/news/story?id=5238745>.

⁴⁵ Katherine Figueroa, *The Twelfth Round: Will Boxing Save Itself?*, 36 Loy. L.A. Ent. L. Rev. 171, 174 (2016).

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.* A Paper Champion is a boxing champion who is considered to be a false champion, or champion only on paper.

⁵² Dan Rafael, *WBO Strips Martinez of the Title*, ESPN (Jun. 1, 2010) <https://www.espn.com/sports/boxing/news/story?id=5238745>.

⁵³ Graham Brooks et al., *Fraud, Corruption and Sport* 161-165 (2013).

boxing, leading to a Department of Justice (“DOJ”) investigation into the practices of the sport.⁵⁴ The investigation prompted the federal government to file a civil antitrust lawsuit against the International Boxing Club of New York as well as other organizations, claiming section one and two of the Sherman Antitrust Act had been violated.⁵⁵ The district court, in applying the Sherman Act to the sport, ruled in favor of the federal government and Defendants appealed to the Supreme Court.⁵⁶

The government alleged that the Defendants engaged in interstate commerce in connection to promoting a professional boxing championship fight and that the Defendants monopolized the promotion, exhibition, broadcasting, telecasting, and motion picture production and distribution of the fights.⁵⁷ The Supreme Court held that boxing was not outside the scope of federal antitrust laws and affirmed the district court’s decision.⁵⁸ This landmark case was the first real attempt at cleaning up the corrupt dealings of the sport, however its goal was not to protect fighters but rather to remove organized crime from the sport.

It was not until the 1990s that the government again stepped into the ring in an attempt to legislate the issue of safety in the sport.⁵⁹ Senators John McCain and Richard Bryan sponsored the Professional Boxing Safety Act (“PBSA”) in 1994, with the Act focusing on the health and safety of boxers.⁶⁰ The bill was not passed during the 1994 Congressional session but, in 1995, Congress finally enacted its first piece of boxing legislation with the PBSA.⁶¹ The PBSA set forth a purpose: “(1) to improve and expand the system of safety precautions that protects the welfare of professional boxers; and (2) to assist State boxing commissions to provide proper oversight for the professional boxing industry in the United States.”⁶² The Act required that boxers undergo physical examinations before every fight to prevent injured boxers from competing, and also required doctors and an ambulance to be present during the bout.⁶³ While the Act had good intentions, it was a failure at launch, mainly due to the lack of enforcement at the federal level with the Act solely dependent on state agencies to carry out the regulations.⁶⁴ The PBSA did nothing to combat

⁵⁴ *Id.*

⁵⁵ *United States v. Int’l Boxing Club of N.Y., Inc.*, 348 U.S. 236, 242 (1955). 15 U. S. C. §§ 1 and 2. These sections provide: “§ 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal Every person who shall make any contract or engage in any combination or conspiracy declared by sections 1-7 of this title to be illegal shall be deemed guilty of a misdemeanor “§ 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor”

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ Edmund P. Edmonds and William H. Manz., *Congress and Boxing: A Legislative History, 1960-2003*, 13-16 (2005).

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² Professional Boxing Safety Act, 15 U.S.C. § 6302 (1996).

⁶³ *Id.*

⁶⁴ Melissa Bell, *Time to Give Boxers a Fighting Chance: The Muhammed Ali Boxing Reform Act*, 10 DePaul-LCA J. Art & Ent. L. 473, 477-78 (2000).

the corruption deeply rooted in the sport or to prevent fighters from being taken advantage of by seedy business practices.⁶⁵

Congress and Senator McCain attempted to remedy some of the PBSA's issues with the introduction of the Muhammed Ali Boxing Reform Act in 1998. The Ali Act, as it's commonly referred to, sought to amend the PBSA by expanding its regulations to business dealings outside of the ring.⁶⁶ The Act was signed into law in 2002, having a purpose: "(1) to protect the rights and welfare of professional boxers on an interstate basis by preventing certain exploitive, oppressive and unethical business practices; (2) to assist State boxing commissions in their efforts to provide more effective public oversight of the sport; and (3) to promote honorable competition in professional boxing and enhance the overall integrity of the industry."⁶⁷ While the purpose of the act appears to dispel all of the concerns regarding the sport of boxing, like the PBSA it has been disappointingly ineffective.⁶⁸

The Act attempted to fix the often-exploitive nature of boxing by targeting the managers and promoters and making it unlawful for a promoter to have a direct or indirect financial interest in the management of a boxer.⁶⁹ For managers, the Act made it unlawful to have a direct or indirect interest in the promotion of a boxer or, to be employed by or receive compensation or other benefits from a promoter, except amounts received as consideration under the manager's contract with a boxer.⁷⁰ With these provisions, the Act aimed to clearly define the relationship between boxers, their managers and their promoters.⁷¹ While this is an excellent sentiment, it is all for naught due to the lack of enforcement created within the Act itself thus allowing promoters and managers to continue taking advantage of their fighters.

The problems of the PBSA are again present in the Ali Act as lack of enforcement measures make it essentially worthless.⁷² The Ali Act does nothing to establish an oversight committee for the sport with enforcement being reserved only to the United States Attorney General, individual states attorneys and boxers themselves.⁷³ Further the Attorney General and the chief law enforcement officer of each State are not obligated to prosecute claims regarding violations of the Ali Act.⁷⁴ To make things worse, the DOJ has related that violations of these laws are considered misdemeanors that do not receive any significant resources from the agency.⁷⁵ The DOJ is clearly disinterested in enforcement of any of the Act's provisions, and, absent a national oversight committee, the DOJ would not be equipped to find violations of the Act within boxing.⁷⁶ The only

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ The Muhammad Ali Boxing Reform Act, 15 U.S.C. § 6301 (2006).

⁶⁸ Bell *supra*.

⁶⁹ The Muhammad Ali Boxing Reform Act, 15 U.S.C. § 6301 (2006).

⁷⁰ *Id.*

⁷¹ Cristina E. Groschel, *Down for the Count: The Muhammad Ali Reform Act and Its Shortcomings*, 26 Nova L. Rev. 927, 942-950 (2002).

⁷² *Id.*

⁷³ Groschel *supra*.

⁷⁴ *Id.*

⁷⁵ Figueroa *supra*.

⁷⁶ Devin J. Burstein, *The Muhammad Ali Boxing Reform Act: Its Problems and Remedies, Including the Possibility of a United States Boxing Administration*. 21 Cardozo Ars & Ent. L. J. 433, 459 (2003).

true option of enforcement of the Act is for private civil claims to be brought by the injured party (the fighter).⁷⁷

A professional boxer may not be aware of their rights and most likely would not bring forth a claim for a fear of being turned away by major promotional groups.⁷⁸ Boxers often come from economically fragile situations, as is the case for Canelo who grew up in poverty. They are often not privileged enough to have strong educational backgrounds where they would fully understand how to bring legal action against their promoter or manager.⁷⁹ On the other hand, managers and promoters are well versed in the field of law as they often have a legal background themselves because they have to deal with contracts and lawyers on a regular basis.⁸⁰ They have a clear advantage over their uneducated fighter. Absent a manager or promoter explaining the Ali Act and the rights it provides to the fighter, the likelihood of the fighter even knowing that they could bring a lawsuit against their own promoter or manager is very small.⁸¹

Moreover, promoters are the main source of cash flow for a fighter.⁸² As discussed above, the promoter is the one who makes sure the fighter is paid and from there the manager takes their cut of the fighter's purse. Boxers would need to have not only legal knowledge of the Ali Act, but the financial prowess to be able to take on the person who writes their checks.⁸³ This limits the Act to only applying to the wealthiest fighters. Wealthy fighters, like Canelo, can afford to hire their own legal team and are such a big draw that no matter the outcome of the lawsuit, another promotional group would be eager to sign them. The average boxer's best chance at protection is from the government and, the way the Ali act is currently structured, up and coming boxers do not have a fighting chance against the machine that is organized boxing.⁸⁴

Overall the legislative attempts to curtail the corruptive practices in the sport of boxing have sadly come up short. Both had good intentions but failed miserably in the area of enforcement and, absent avenues for boxers to pursue legal action, the sport will continue to face issues outside of the ring.

C. Out of the Ring and Into the Courtroom

With the overall lack of regulations to protect a fighter's business interests, premier boxers often find themselves in the legal arena, squaring off against the promoters who were hired to protect their interests.⁸⁵ A discussion on legal battles in boxing cannot be conducted without mentioning one man: Don King. King and his promotional group stood atop the mountain for decades, promoting fighters like Mike Tyson and Muhammad Ali⁸⁶ King will go down as one of

⁷⁷ *Id.*

⁷⁸ *Id.*

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ Thomas Hauser, *No One is Enforcing the Federal Boxing Laws*, ESPN (Sep. 25, 2007) <https://www.espn.com/sports/boxing/news/story?id=3032059>.

⁸⁶ Jay Caspian Kang, *The End and Don King: The Crumbling of an American Icon*, Grantland (Apr. 4, 2013) <https://grantland.com/features/don-king-faces-end-career/>.

the most notorious promoters of all time, not for his all-time great fighters, but rather his skill in violating the rights of boxers with shady tactics.⁸⁷

In 1980, fresh off a loss to Larry Holmes, Muhammad Ali was at the end of his career.⁸⁸ This did not stop King from shortchanging the man who made him, by betraying Ali and taking \$1.2 millions of an \$8 million guaranteed payout. To make matters worse, King took advantage of the greatest fighter in history one final time by coercing the confused and unhealthy Ali to sign a contract giving King the option to promote any of Ali's future bouts and barring Ali from pursuing any punitive damages against him.⁸⁹ This predatory practice would continue with most of King's fighters in the 1970s and 1980s.⁹⁰

In a now famous case of promoter tactics, King filed suit against his fighter Buster Douglas on May 18, 1990 in order to gain back control over the fighter.⁹¹ Douglas, fresh off of the biggest upset in boxing history, defeated King's main cash cow in Mike Tyson by tenth round knockout on February 10, 1990, becoming the Heavyweight Champion of the World.⁹² Prior to the shocking knockout, Douglas was knocked down in the eighth round and stood up after barely making it to his feet in ten seconds.⁹³ This caused King to become irate ringside, protesting the "long count" that allowed Douglas back to his feet and screaming at the representatives of the two sanctioning bodies, the World Boxing Association and the World Boxing Council.⁹⁴ He exclaimed that the referee was "getting his man beat" and that the fight should have been over in favor of Tyson, even though he represented both fighters in the ring.⁹⁵ After the fight's conclusion, King went as far as playing tape of the Douglas knockdown and arguing that the decision should be reversed in favor of Tyson.⁹⁶ Douglas understandably took exception to this in the aftermath of the fight, feeling as though he was betrayed by his promoter.⁹⁷

After the fight, Douglas and his manager, John Johnson, spoke with King about a potential rematch with Tyson slated for June of 1990 at the Trump Plaza in Atlantic City, New Jersey.⁹⁸ A few days later, Douglas met with representatives from the Mirage Hotel in Las Vegas, who were eager to host Douglas' defense of the heavyweight title, without King.⁹⁹ King became aware of the negotiation and attempted to reach an agreement with either Douglas or Mirage but to no avail.¹⁰⁰ Douglas proceeded to sign a two fight deal with Mirage worth \$25 million per fight, with the provision that the contract cannot be performed until King's exclusive rights to the fighter were

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Don King Prods., Inc. v. Douglas*, 742 F. Supp. 741, 755 (S.D.N.Y.1990).

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.* 766

⁹⁵ *Id.*

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ *Id.* at 749

⁹⁹ *Id.*

¹⁰⁰ *Id.*

terminated.¹⁰¹ King subsequently filed suit in order to bar Douglas from performing under the contract.¹⁰²

Douglas contended that King breached the contract by vehemently opposing his victory against Tyson, citing the promoter's fiduciary duties and breach of the covenant of good faith and fair dealing.¹⁰³ In analyzing the good faith and fair dealing claim, the court stated that the covenant is violated when a party acts in such a way that would deprive the other of the right to benefit under the agreement.¹⁰⁴ This implied covenant does not create new contractual rights, but "ensures that parties to a contract perform the substantive, bargained-for terms of their agreement," and that parties are not unfairly denied "express, explicitly bargained-for benefits."¹⁰⁵ The court concluded that King appeared to have breached his duty to Douglas by favoring Tyson.¹⁰⁶ King tried to stop the fight which Douglas had bargained for and further questioned the victory even though Douglas had bargained for an opportunity to fight without King's meddling.¹⁰⁷

The court further analyzed King's fiduciary obligations as a promoter to Douglas and also Douglas' fiduciary duty to negotiate in good faith with King.¹⁰⁸ Douglas alleged that King did next to nothing in promoting him, citing King's favoritism to Tyson as evidence.¹⁰⁹ King countered with Douglas' Mirage deal arguing that Douglas owed him a contractual duty to fight in bouts promoted by King, or at the very least negotiate with King in good faith.¹¹⁰ Ultimately, the court concluded that summary judgement was not appropriate for either party and that the issues alleged should be settled at trial.¹¹¹

Like the Canelo case, Douglas and King settled out of court, with King earning a \$4 million payment from Mirage for the rights of the Douglas-Holyfield bout to take place at its Las Vegas hotel.¹¹² However, Douglas was unable to completely sever ties with King, as King had the option to promote Douglas-Tyson II.¹¹³ This case is an early illustration of how litigious promoters can have their way with fighters. Even when the promoter is seemingly in the wrong, their courtroom experience tips the scales in their favor.

Sadly, the seedy practices that made King one of the most wealthy and powerful promoters in the history of the sport have continued well after his legal troubles with Douglas. These practices can befall even little-known fighters like Rayco Saunders, who filed suit against his promoter, GFS Entertainment, in 2017.¹¹⁴ The contract at issue here stated Saunders would be paid a purse of

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.* at 767-768

¹⁰⁴ *Id.* at 767

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.* at 771

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.* at 777.

¹¹² Phil Berger, *King, Douglas Reach Settlement*, The New York Times (July 18, 1990) <https://www.nytimes.com/1990/07/18/sports/king-douglas-reach-settlement.html>.

¹¹³ *Id.*

¹¹⁴ *Saunders v. GFS Ent. Grp., LLC*, 2017 WL 8941223 at *1 (W.D. Pa. Aug. 22, 2017).

\$5,000 as well as travel expenses paid by the promoter.¹¹⁵ In order to finance his training, Saunders sold his car for \$5,000.¹¹⁶ Unfortunately, the bout never occurred.¹¹⁷ As Saunders was approaching the ring, ready to fight, the bout was strangely called off and fans were immediately ushered out of the arena.¹¹⁸

Saunders contended that the fight was cancelled because the promoter did not have the funds to pay the fighters.¹¹⁹ Saunders appeared before the court *pro se*, likely because he lacked the resources to hire an attorney.¹²⁰ He attempted to seek relief from the boxing commission under the Ali Act, which allows for a boxer who has suffered economic hardships at the hands of a promoter to recover damages.¹²¹ Because the promoter lacked funds, Saunders sought damages from the DC Boxing and Wrestling Department, which was the regulatory body behind the fight.¹²² The court noted that the Ali Act only applies to boxing promoters, and thus dismissed the count.¹²³

Saunders further tried to recover by claiming breach of contract, breach of fiduciary duty, tortious interference with a contract and unjust enrichment.¹²⁴ However, each of these claims were also dismissed as Saunders did not allege facts sufficient to recover on any of the claims.¹²⁵ Saunders' case shows that it is not only the multi-million dollar fighters who can be hurt by the current structure of the sport. Saunders did everything in his power to perform under the deal, but because he signed a bad contract with no money up front, he was burned for it. The Ali Act was meant to help fighters like this have a chance in the legal realm, but Saunders' case highlights just how short the Ali Act came in fixing the issues.

Canelo's former employer, Oscar De La Hoya, is no stranger to courtroom battles, as he himself had a bad breakup with his former promoter, Top Rank.¹²⁶ Ironically enough, De La Hoya found himself in a similar situation as his current champion Canelo, with De La Hoya squaring off against super promoter Bob Arum in order to gain freedom from a no longer lucrative contract.¹²⁷ De La Hoya had been part of Top Rank since 1992, and amassed over \$150 million dollars over the course of eight years with the promotion group.¹²⁸ However, in 2000, De La Hoya sued the promoter alleging breach of contract due to a disagreement in his payment.¹²⁹ De La Hoya negotiated for \$15 million dollars but Top Rank would not budge from \$10 million dollars.¹³⁰ This

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.* at *2

¹²⁰ *Id.* at *5 (*pro se* meaning the fighter represented himself in court).

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Id.* at *5-8.

¹²⁵ *Id.*

¹²⁶ *De La Hoya v. Top Rank, Inc.*, 2001 U.S. Dist. LEXIS 25816

¹²⁷ *Id.*

¹²⁸ Dean Juipe, *De La Hoya Sues Arum, Wants Out*, Las Vegas Sun (Aug. 30, 2000)

<https://lasvegassun.com/news/2000/aug/30/de-la-hoya-sues-arum-wants-out/>.

¹²⁹ *Id.*

¹³⁰ *Id.*

led to a 2001 decision handed down by the District Court for the Central District of California, holding that the contact between the two parties was unenforceable.¹³¹

One of the primary issues of the contract was the opponent provision, which appeared to give selection power to De La Hoya, but in reality all of the power stayed with Top Rank.¹³² “De La Hoya’s rights of reasonable approval did not prevent Top Rank from directing and controlling his boxing activities because De La Hoya could only approve such arrangements once Top Rank had selected and negotiated them.”¹³³ The court held that Top Rank was attempting to be both De La Hoya’s manager and promoter, which led to the contract being void and unenforceable.¹³⁴ Many of these same issues that De La Hoya was forced to litigate around by his promoter Bob Arum, he in turn forces his fighter Canelo Alvarez to do the same.

Another example of a promoter using contracts to hamstring their fighters is the case of *Rocchigiani v. World Boxing Council*.¹³⁵ In this case, Plaintiff was Graciano Rocchigiani, a light heavyweight boxer hailing from Germany. In 1997, Rocchigiani was named champion by the WBC, but later his promoter and the WBC attempted to call him “interim” light heavyweight champion in order to dilute his purse for the 1997 bout between him and Roy Jones Jr.¹³⁶ The court ruled in favor of the boxer, stating that the WBC as well as the promotional groups involved were attempting to utilize unnecessary jargon in order to cheat a talented fighter out of a belt and a higher prize.¹³⁷ This case is yet another example of just how dirty the sport of boxing can be, and how more litigious organizations and groups, such as the World Boxing Council and promoters, can try to sucker punch a less legally informed opponent in their fighters.

¹³¹ *De La Hoya v. Top Rank, Inc.*, 2001 U.S. Dist. LEXIS 25816

¹³² *Id.*

¹³³ *Id.* at 19

¹³⁴ *Id.* at 31-34

¹³⁵ *Rocchigiani v. World Boxing Council*, 131 F.Supp.2d 527, 528 (SDNY 2001).

¹³⁶ *Id.*

¹³⁷ *Id.*

III. Canelo and DAZN: The Landmark Deal

This section will discuss the deal between Canelo, DAZN and Golden Boy Promotions. First it will discuss the background of the deal and what each party was promised. Next, it will examine the complaint filed by Canelo and his attorneys including the main allegations brought forth. Finally, it will provide an analysis of the out of court resolution and how the resolution highlights the negative relationship of boxers and promoters.

A. Background of the Deal: 2018-2020

On October 11th, 2018, DAZN and Golden Boy Promotions entered into a deal to license out Canelo's fights as well as other fighters under the Golden Boy Promotions banner to the streaming platform.¹³⁸ DAZN was to pay Golden Boy a \$40 million fee per bout for Canelo to perform. At the time of the signing, Canelo already had booked a December 2018 fight against Rocky Fielding, for which DAZN was to pay a reduced fee.¹³⁹ This brought the total number of fights to 11 on the deal between Golden Boy and DAZN.¹⁴⁰ Additionally, Golden Boy was awarded up to ten fight cards per year to be streamed on the platform that could include fighters other than Canelo, highlighting that Canelo was not the only part of the deal for Oscar De La Hoya and his promotion.¹⁴¹ At the time, Canelo believed that his purse negotiated in the Golden Boy and DAZN contract would flow through Golden Boy directly to Canelo, with the bulk of the fee going to Canelo personally.¹⁴²

Following the deal between DAZN and Golden Boy, Canelo signed a new contract with his promoter in relation to the DAZN agreement on October 17th, 2018.¹⁴³ In this contract, Canelo gave Golden Boy the rights to promote and arrange Canelo's next 11 fights, totaling \$385 million.¹⁴⁴ This included \$15 million for the December 2018 fight and \$35 million for each of the next ten bouts.¹⁴⁵ The fights were expected to be on or about May 5th and September 15th of the years 2019 to 2023.¹⁴⁶ Canelo has made it a priority of his to fight on Cinco De Mayo in order to pay homage to his Mexican heritage and create a celebration to his culture around an already significant holiday.¹⁴⁷

In the deal, De La Hoya made a point to personally assume liability for all the guaranteed payments due from DAZN to Canelo through the promoter.¹⁴⁸ Canelo also specified a cut of the

¹³⁸ Alvarez Compl. p. 6

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Id.*

¹⁴³ *Id.* at 7

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ Arash Markazi, *How Cinco de Mayo Became a Boxing Holiday*, ESPN (May 5, 2017)

https://www.espn.com/boxing/story/_/id/19315783/how-cinco-de-mayo-became-boxing-holiday-canelo-alvarez-vs-julio-cesar-chavez-jr.

¹⁴⁸ Alvarez Compl. p. 7

gate revenue.¹⁴⁹ It is important to note that the new contract with DAZN did not include pay-per-view split because, as a part of the deal, DAZN subscribers would be able to watch the fights on the platform as part of their monthly package.¹⁵⁰

The primary issue with the Canelo and Golden Boy contract stems from the choice of opponent provision.¹⁵¹ Aside from the December 2018 bout that was already finalized, the contract did not specify any opponent for Alvarez to face.¹⁵² Moreover, the contract explicitly stated that Canelo's opponents were to be "mutually selected by Alvarez and Golden Boy Promotions, subject to Alvarez's final approval, not to be unreasonably withheld."¹⁵³ Not a week prior to the execution of Canelo's contract, Golden Boy had already surrendered approval rights for opponents to DAZN.¹⁵⁴ Canelo's contract made no mention of DAZN having approval rights nor did De La Hoya convey to Canelo that DAZN would be in any way involved with the selection of opponents.¹⁵⁵

Additionally, an issue arose in relation to a specific opponent, Gennady Golovkin, known by many boxing fans around the world as GGG.¹⁵⁶ The contract between Canelo and Golden Boy specifically carved out potential opponents that would be considered more lucrative fights for Canelo. The minimum payment due to Canelo for a fight with Golovkin would be \$35 million, subject to additional compensation for the super fight.¹⁵⁷ However, DAZN was not informed by Golden Boy Promotions that there was a requirement in Canelo's contract for extracontractual negotiations for these premier bouts.¹⁵⁸

On the same day the Alvarez contract was signed, Canelo also signed a Deed acknowledging that Golden Boy Promotions had already contracted for his next eleven bouts to be broadcast on DAZN even though Alvarez was not privy to any of the terms of that deal.¹⁵⁹ Canelo had made an attempt to secure a copy of the contract between Golden Boy Promotions and DAZN, however, De La Hoya stated that, due to a confidentiality clause in that agreement, he could not produce it.¹⁶⁰ The Deed also made no acknowledgement of a super fight with Gennady Golovkin.¹⁶¹ Canelo agreed to promote all fights under the deal and the deal also included a confidentiality clause of its own.¹⁶²

¹⁴⁹ *Id.*

¹⁵⁰ Lance Pugmire, *DAZN Reports 1.2 Million Viewers for Canelo Alvarez-Daniel Jacobs Fight*, Los Angeles Times (May 8, 2017) <https://www.latimes.com/sports/boxing/la-sp-boxing-dazn-canelo-jacobs-20190508-story.html>.

¹⁵¹ Alvarez Compl. p. 8

¹⁵² *Id.* at 7

¹⁵³ *Id.*

¹⁵⁴ *Id.*

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* at 8

¹⁵⁷ *Id.*

¹⁵⁸ *Id.*

¹⁵⁹ *Id.*

¹⁶⁰ *Id.*

¹⁶¹ *Id.*

¹⁶² *Id.*

This confidentiality clause was not respected the same way the DAZN contract was.¹⁶³ In the immediate aftermath of the deal, De La Hoya went on multiple sports news outlets to boast of his record breaking deal.¹⁶⁴ He disclosed the length of the deal and the total amount owed to Canelo, sending shockwaves into the sports world with just how massive the deal was.¹⁶⁵ Although the confidentiality clause was breached, Canelo still began to perform on the contract, as all parties were elated with the overall lucrative deal.¹⁶⁶

On January 17th, 2019 Canelo fought his second bout on the deal against Danny Jacobs.¹⁶⁷ DAZN was “thrilled” with Canelo’s performance, which generated 1.2 million viewers, the most the platform had generated on a fight card.¹⁶⁸ After this fantastic start, things began to sour. In August of 2019, the International Boxing Federation stripped Canelo of his title without his consent or knowledge due to Golden Boy dragging their feet to get another fight scheduled.¹⁶⁹ Canelo had suggested Sergey Derevyanchenko, however this was shot down ultimately costing Canelo his belt.¹⁷⁰ Almost ten years since Sergio Martinez dealt with the same situation, it has happened again, with another excellent fighter being sanctioned by a governing body of boxing due to promoter greed.

Despite this, Canelo still attempted to hold up his end of the contract while the other parties failed him. After being stripped of the IBF belt, Canelo offered Light Heavyweight Champion Sergey Kovalev.¹⁷¹ This seemingly competitive matchup frustrated DAZN, as they were under the impression Canelo had promised to fight Genady Golovkin in 2019.¹⁷² Canelo discussed the issue with De La Hoya and Golden Boy Promotions only to find out that Golden Boy had made such a promise with DAZN.¹⁷³ Until this point, Canelo was not aware that the DAZN contract and his contract could have conflicting provisions.¹⁷⁴

The parties came together in the fall of 2019 in order to mediate the issue and came to an agreement that Canelo would face Kovalev, but the originally promised September fight window

¹⁶³ Dan Rafael, *Canelo Alvarez signs 5-year, 11-fight deal worth minimum \$365 million with DAZN*, ESPN (Oct. 18, 2018) https://www.espn.com/boxing/story/_/id/25003974/canelo-alvarez-signs-5-year-11-fight-deal-worth-365-million-dazn.

¹⁶⁴ Adam Reed, *Boxing champion Canelo signs the richest deal in sports history with new \$365 million contract*, CNBC (Oct. 18, 2018) <https://www.cnbc.com/2018/10/18/boxing-champion-canelo-signs-the-richest-deal-in-sports-history-with-new-365-million-contract.html>; Brian Mazique, *Breaking Down Canelo Alvarez's Monumental 11-Fight, \$365 Million Contract With DAZN*, Forbes (Oct. 17, 2018) <https://www.forbes.com/sites/brianmazique/2018/10/17/breaking-down-canelo-alvarezs-monumental-11-fight-365-million-contract-with-dazn/?sh=6d9be59024ad>.

¹⁶⁵ Dan Rafael, *Canelo Alvarez signs 5-year, 11-fight deal worth minimum \$365 million with DAZN*, ESPN (Oct. 18, 2018) https://www.espn.com/boxing/story/_/id/25003974/canelo-alvarez-signs-5-year-11-fight-deal-worth-365-million-dazn.

¹⁶⁶ Alvarez Compl. p. 9

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ *Id.* at 10

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ *Id.* at 11

¹⁷⁴ *Id.*

would have to be moved to November 2nd.¹⁷⁵ Canelo went on to win the bout, becoming light heavyweight champion in the process.¹⁷⁶ Canelo was also named ‘Fighter of the Year’ by ESPN, The Athletic, Sports Illustrated, and the Boxing Writers Association of America, yet behind the scenes the fighter’s career was plagued with issues.¹⁷⁷ 2019 marked an excellent year for Canelo, having exceeded all expectations set by DAZN, however it was becoming clear that De La Hoya was significantly getting in the way of the fighters success.

With the new year brought new challenges, the COVID pandemic shook the world to its core and Canelo was no exception. From March until May of 2020, negotiations sputtered between the three parties, with the lack of a live gate becoming a seemingly insurmountable issue.¹⁷⁸ Both Canelo and Golden Boy acknowledged that bouts without fans would deprive them of revenue but they inevitably agreed they were willing to forgo that revenue for boxing fans and for DAZN.¹⁷⁹ DAZN asked both parties if they would take immediate payment less than the \$40 million dollars promised licensing fee for 2020 bouts in exchange for delayed or alternate compensation.¹⁸⁰ Golden Boy and Canelo agreed they would “elevate such offers in good faith if they were made.”¹⁸¹

At this point of the year, time was running short for Canelo to find two opponents to face.¹⁸² Canelo was willing and able to fight in both September and December of 2020 but without resolution as to payment and gate revenue, this would be all but impossible to schedule.¹⁸³ In the discussion, the parties acknowledged the agreed upon fee to be paid as well as the agreed upon bouts per year.¹⁸⁴ Despite repeated promises that an alternate offer was imminent, DAZN failed to bring a proposal to Golden Boy and Canelo for several months.¹⁸⁵

Canelo and Golden Boy continued to bring forward opponents to DAZN but DAZN refused to confirm they were prepared to broadcast the September 2020 bout or that they were prepared to pay the \$40 million dollars.¹⁸⁶ On June 24th, 2020, Canelo’s counsel wrote to Golden Boy and DAZN expressing Canelo’s concerns about beginning his fight camp on time, and that if Golden Boy and DAZN want him to face an opponent, then they need to affirm their commitments and finalize a fight.¹⁸⁷ DAZN responded by alleging Canelo breached his contract and stated they would not pay the fee, citing Alvarez not fighting Gennady Golovkin in 2019 as a reason for the breach.¹⁸⁸ The streaming platform then offered Canelo a fraction of his licensing fee as payment

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ *Canelo Alvarez Is The BWAA 2019 Fighter Of The Year*, Boxing Writers Association of America (2019) www.bwaa.org/single-post/2020/01/17/Canelo-Alvarez-Is-The-BWAA-2019-Fighter-Of-The-Year

¹⁷⁸ Alvarez Compl. at 13

¹⁷⁹ *Id.*

¹⁸⁰ *Id.* at 14

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

¹⁸⁷ *Id.* at 12

¹⁸⁸ *Id.*

as well as DAZN stock ahead of its Initial Public Offering but this package was substantially less than the guaranteed contract price.¹⁸⁹

Canelo then approached Golden Boy and instructed them to approach other broadcast options for his 2020 bouts. Golden Boy, however, had other fighters to look out for under this deal with DAZN, putting Golden Boy in a difficult situation.¹⁹⁰ Golden Boy still made an effort to find a new partner but was unsuccessful as the payouts for the new deals were nowhere near Canelo's expected \$35 million dollars.¹⁹¹ In total, Canelo only fought three of the eleven bouts on the deal and was still owed \$280 million dollars.¹⁹²

B. The Complaint

Canelo filed a complaint with the Superior Court of the State of California for the County of Los Angeles on September 28th, 2020.¹⁹³ In total, he alleged eight counts against his promoter and the streaming service.¹⁹⁴ Canelo alleged two counts of breach of contract; one count of breach of covenant of good faith and fair dealing; intentional interference with contract; one count of intentional interference with prospective economic relations; one count of negligent interference with prospective economic relations; one count of fraud – concealment; and one count of breach of fiduciary duty.¹⁹⁵

In the breach of fiduciary duty count, Canelo cites the 2019 International Boxing Federation middleweight title issue where Golden Boy agreed Alvarez would be stripped of the belt without his consent.¹⁹⁶ Additionally, Canelo highlighted that when DAZN informed Golden Boy that they would not be paying Canelo's licensing fee, Golden Boy furthered its own interests by securing non-Canelo bouts with the streaming company.¹⁹⁷ In securing fights for its other fighters Golden Boy was not too dissimilar to Don King in the Douglas vs. Tyson bout. King was looking out for one fighter over the other instead of working impartially for both of his fighters.

Another case similarity stems from De La Hoya's own litigation against his former promoter Top Rank. In that case, De La Hoya filed suit because Bob Arum falsely conveyed to De La Hoya that he would have full control over the selection process of his fights. This could not be more spot on to the current situation De La Hoya has put Canelo in. De La Hoya lied to both DAZN and Canelo by giving them each selection rights.¹⁹⁸ The same reason for De La Hoya's messy split with Top Rank is the cause of Canelo's frustration. The fact that De La Hoya would do this to his fighter after the uphill battle he had truly shows his character and why Canelo would be best suited to steer clear of Golden Boy Promotions.

C. Outcome

¹⁸⁹ *Id.*

¹⁹⁰ *Id.* at 13

¹⁹¹ *Id.*

¹⁹² *Id.*

¹⁹³ *Id.* at 23

¹⁹⁴ *Id.* at 1

¹⁹⁵ *Id.*

¹⁹⁶ *Id.* ¶ 120.

¹⁹⁷ *Id.* at ¶ 121.

¹⁹⁸ Alvarez Compl. At ¶ 108.

In the end, the parties decided to reconcile their differences out of court, however the path there was not easy.¹⁹⁹ The parties underwent extensive negotiations in order to keep the deal alive, but they were unfruitful.²⁰⁰ As of November 6, 2020 Canelo became a “free agent” with the parties agreeing to walk away from the deal and part ways.²⁰¹ For Golden Boy, allowing Canelo to walk away was the best possible decision.²⁰² In the contract, Oscar De La Hoya conveyed that he was personally liable for the contract price.²⁰³ At that high of a cost, Golden Boy’s’ business could have been completely shattered had the lawsuit went to trial²⁰⁴ The promoter had no choice but to free Canelo in order to save itself from a costly damage award.²⁰⁵

DAZN would not be free of fault either, considering they had not paid Canelo the agreed upon fee. However, they came out of the deal in a far better position than De La Hoya.²⁰⁶ Shortly after the settlement, Canelo signed a one fight deal with promoter Eddie Hearn and Matchroom Sports for a bout with Callum Smith that aired December 19, 2020 on none other than DAZN.²⁰⁷ With Alvarez now in control of his own destiny, it became apparent who the main issue was: Oscar De La Hoya.²⁰⁸

Eddie Hearn and Matchroom have an exclusive rights deal with DAZN to air all of the promoter’s fights, similar to the deal struck by Golden Boy Promotions.²⁰⁹ With the similarities in the two promoters’ deal structures, Canelo appears to be comfortable fighting on DAZN’s platform but could not continue with the shady practices of De La Hoya.²¹⁰ DAZN has successfully recovered from the discrepancy with boxing’s biggest star and is now in a better position than ever as Matchroom and Canelo signed a two fight deal for 2021, keeping the pound for pound best fighter in the world on the network.²¹¹ Canelo expressed that he wishes to continue his deal with

¹⁹⁹ Ben Baby, *Canelo Alvarez a free agent, released from Golden Boy contract*, ESPN (Nov. 6, 2020) https://www.espn.com/boxing/story/_/id/30267275/sources-canelo-alvarez-free-agent-released-golden-boy-dazn-contract.

²⁰⁰ *Id.*

²⁰¹ *Id.* (“Free agent” referring to Canelo no longer being under any contract requiring his performance).

²⁰² Lance Pugmire, *Without Canelo Alvarez, where does Golden Boy go from here?*, The Athletic (Nov. 9, 2020) https://theathletic.com/2185769/2020/11/09/without-canelo-where-does-golden-boy-go-from-here/?article_source=search&search_query=canelo%20alvarez.

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ *Id.*

²⁰⁶ *Canelo Alvarez Makes Return to DAZN With Fight On Dec. 19*, Sports Business Journal (Nov. 18, 2020) https://www.sportsbusinessjournal.com/Daily/Issues/2020/11/18/Media/Canelo-Alvarez.aspx?ana=register_free_form_2_filled.

²⁰⁷ *Id.*

²⁰⁸ *Id.*

²⁰⁹ Mike Coppinger, *How DAZN — once left for dead — retooled and rebounded with boxing’s best schedule*, The Athletic (Mar. 26, 2021) https://theathletic.com/2479645/2021/03/26/how-dazn-once-left-for-dead-retooled-and-rebounded-with-boxings-best-schedule/?article_source=search&search_query=canelo%20alvarez.

²¹⁰ *Id.*

²¹¹ *Canelo Alvarez Signs 2-Fight Deal With Eddie Hearn*, Boxing News 24 (Jan. 21, 2021) <https://www.boxingnews24.com/2021/01/canelo-alvarez-signs-2-fight-deal-with-eddie-hearn/>.

Matchroom past this two fight deal, which is great news for DAZN as it would allow it to stream his fights for the foreseeable future.²¹²

In an interview with TV Azteca, Alvarez praised the new partnership.²¹³ “The idea is to continue to work with Eddie Hearn for a very long time. He is the best promoter in the world by far, I love working with him because he is a promoter who cares about even the little details. He never has a problem with his fighters, and he listens to the wishes of his fighters.”²¹⁴ In this quote Canelo seemingly made one last dig at his former promoter, De La Hoya. Canelo has clearly learned from this case as he goes on to say that he only wants one to two fight deals in this new partnership.²¹⁵ With keeping his contracts limited to only a few fights, Canelo increases his flexibility to do what he wants when he wants. He has a desire to be his own boss after the split. Having been burned once by a promotion and losing a year of his career in the process, the world’s best fighter is poised to once again stand atop the sport, both inside and outside the ring.

Additionally, it appears that DAZN may ultimately get its coveted third fight in the Canelo vs. Golovkin trilogy, since Golovkin is signed under Eddie Hearn and Matchroom boxing’s banner.²¹⁶ This will be massive for DAZN in gaining new subscribers and building their already large financial resources to make more super fights in the future.

IV. Impact

The Canelo v. Golden Boy and DAZN lawsuit illustrates the shady dealings in the world of boxing, showing issues the sport has faced for years. Legislation has fallen short in protecting fighters from the predatory business of boxing and keeping fighters out of the legal realm.²¹⁷ The cases above and the Canelo complaint show that these legal battles can hinder a fighter’s career and severely damage revenue streams for the sport. New developments in the way fans ingest boxing content and the rise of social media platforms could aid fighters in avoiding the consequences of bad promotion.

By 2027, the global pay-per-view market for boxing is projected to reach \$2.7 billion and a major driver of the fifteen percent increase will be streaming platforms.²¹⁸ ESPN plus and DAZN are the new giants of the industry, taking over HBO Sports and Showtime Boxing’s place at the

²¹² Manouk Akopyan, *Canelo Alvarez Seeks Long-Term Relationship With Eddie Hearn As His Promoter*, Boxing Scene (Mar. 15, 2021) <https://www.boxingscene.com/canelo-alvarez-seeks-long-term-relationship-with-eddie-hearn-his-promoter--156168>.

²¹³ *Id.*

²¹⁴ *Id.*

²¹⁵ *Id.*

²¹⁶ *Golovkin and Hearn Join Forces*, Matchroom (Aug. 22, 2019) <https://www.matchroomboxing.com/news/golovkin-and-hearn-join-forces/#:~:text=Gennadiy%20Golovkin%20and%20Eddie%20Hearn,beginning%20with%20the%20Golovkin%20vs.>

²¹⁷ *See Generally* Burstein *supra*.

²¹⁸ Sherry James, *Live Streaming Pay-Per-View Market Size Worth \$2.3 Billion By 2027: Grand View Research, Inc.*, Cision PR Newswire (Jan. 28, 2021) <https://www.prnewswire.com/news-releases/live-streaming-pay-per-view-market-size-worth-2-3-billion-by-2027-grand-view-research-inc-301216915.html>.

mountain top.²¹⁹ DAZN has been coined “the Netflix of sports” and used boxing as its main pillar to build the brand.²²⁰ Matchroom Boxing and DAZN have an eight-year \$1 billion agreement for the streaming rights for all of the promoter’s fights.²²¹ DAZN is serious about its spending and its desire to hold the sport’s most premier bouts, culminating in the richest single athlete guaranteed contract in history with Canelo.²²² Even though that deal ultimately failed, it shows that the company is not afraid to flex its financial prowess, spending between \$1 billion and \$1.5 billion on sports rights annually.²²³ DAZN’s continued growth has allowed the streaming platform to reach over two-hundred countries worldwide.²²⁴ Their direct to consumer model makes it possible for any sports fan to stream live events so long as they have an internet connection, something that traditional cable companies like Showtime and HBO could not offer.

ESPN plus is similarly situated but with an already established network like ESPN behind it, cornering even more of the market than its primary competitor in DAZN.²²⁵ ESPN inked a seven-year deal with promoter Top Rank that includes a staggering fifty-four live events per year.²²⁶ The deal runs through 2025, cementing ESPN plus as a premier direct to consumer hub.²²⁷ Additionally, ESPN struck a deal with the Ultimate Fighting Championship and CEO Dana White in order to include the promotion under its ESPN plus banner.²²⁸ The UFC deal is a massive \$1.5 billion, showing that ESPN is willing to put serious investments into combat sports and allow consumers ease of access through an online platform.²²⁹

The way DAZN and ESPN are pushing direct to consumer options for fight fans indicates that it will not be long before deals directly with fighters like Canelo’s with DAZN are the norm. This begs the question: with the advent of streaming, will promoters be thrown to the wayside?²³⁰ After all, these companies have a large amount of resources at their disposal, they could be better off avoiding bad faith negotiators like Oscar De La Hoya in order to ensure fighters stay out of legal battles and in the ring. De La Hoya found himself ditching his promoters in the wake of the courtroom battle with Top Rank and found success in his own promotion.²³¹ Floyd Mayweather is another example of a superstar fighter venturing out onto his own, paying promoter Top Rank

²¹⁹ Kori Hale, *DAZN’s \$1 Billion IPO Plan Not Enough To Deliver ESPN A TKO*, Forbes (Aug. 26, 2020) <https://www.forbes.com/sites/korihale/2020/08/26/dazns-1-billion-ipo-plan-not-enough-to-deliver-espn-a-tko/?sh=5226ab693d5e>.

²²⁰ *Id.*

²²¹ *Id.*

²²² *Id.*

²²³ *Id.*

²²⁴ *Id.*

²²⁵ *Id.*

²²⁶ Bill King, *ESPN+ and Top Rank land a direct hit in the fight game*, Sports Business Journal (Nov. 15, 2018) <https://www.bizjournals.com/losangeles/news/2018/11/15/espn-and-top-rank-land-a-direct-hit-in-the-fight.html>.

²²⁷ *Id.*

²²⁸ *Id.*

²²⁹ *Id.*

²³⁰ Chris Mannix, *Why Aren’t More Major Fights Being Made in Boxing?*, Sports Illustrated (Jan. 14, 2019) <https://www.si.com/boxing/2019/01/14/boxing-promoters-fighters-contracts-errol-spence>.

²³¹ Matt Foley, *The Rise Of The Self-Promoting Brawler*, OZY (Mar. 4, 2018) <https://www.ozy.com/the-new-and-the-next/the-rise-of-the-self-promoting-brawler/83023/>.

\$750,000 to buy himself out of his contract.²³² More recently, Errol Spence has taken this path in self-promoting in order to take ownership of his career and begin his promotional group.²³³

It is clear the law will not help these fighters get away from the seedy business of boxing and it will become more and more common that fighters choose to branch off in the aftermath of Canelo's deal. If the most lucrative deal in boxing history can be ruined by the greed of the promoter, other fighters will be more and more weary to sign on the dotted line. Fighters do not want to waste a critical year of their prime battling contracts in a courtroom as Canelo did. Moreover, streaming companies like DAZN will now be more careful with who they deal with. Even though DAZN came out relatively unscathed, in the next deal they might not be so fortunate.

Ryan Garcia, one of Golden Boy Promotions' most promising young stars, recently expressed his frustration with his promoter, stating "the promoters work for the boxers."²³⁴ De La Hoya refused to listen to his young fighter in who he wanted to fight next in Gervonta Davis.²³⁵ This would be an extremely lucrative fight but De La Hoya refuses to make it.²³⁶ Garcia, who has a massive social media presence averaging two million likes per post, is now considering a split from the promoter because he feels as though his career is being controlled in a way that is less than beneficial for his stardom.²³⁷ With young fighters gaining so much influence from social media platforms, promoters do less and less work when it comes to actually *promoting* the fight.²³⁸ Fighters like Garcia are becoming more and more savvy with their self-promotion online with the era of cable pay-per-views all but gone, this new generation of fighters could avoid the promoters who have plagued the sport for decades.

As streaming begins to gain more and more financial power, do not be surprised if they take their direct to consumer model to the negotiation table with fighters. Due to the introduction of streaming platforms and the rise in social media popularity in fighters, the role of the promoter could become obsolete in the not-so-distant future. The downside of promoters having too much power has been shown through the numerous legal battles that fighters have had to endure over the last fifty plus years. It is time for fighters to take control of their own careers and finances by ditching promoters altogether. In the next few years we should see streamers leave promoters to the wayside in favor of direct to fighter deals in order to keep the bouts running on schedule and out of the legal arena.

V. Conclusion

There is no doubt that boxing has a history of dirty business. This comment has shown that predatory practices have plagued the sport in the twentieth and twenty-first centuries. With technology commanding the attention of the masses, it is time for fighters to take advantage.

²³² *Id.*

²³³ *Id.*

²³⁴ Tim Compton, *Ryan Garcia Upset With De La Hoya, 'Don't Lie On Me'*, Boxing News 24/7 (Feb. 16, 2021) <https://www.boxing247.com/boxing-news/gg-2/170811>.

²³⁵ *Id.*

²³⁶ *Id.*

²³⁷ Tim Compton, *Ryan Garcia Upset With De La Hoya, 'Don't Lie On Me'*, Boxing News 24/7 (Feb. 16, 2021) <https://www.boxing247.com/boxing-news/gg-2/170811>.

²³⁸ Josh Katzowitz, *Ryan Garcia—Boxing And Social Media Star—Is Using His Leverage To Enhance His Careers*, Forbes (Feb. 13, 2020) <https://www.forbes.com/sites/joshkatzowitz/2020/02/13/ryan-garciaboxing-and-social-media-staris-using-his-leverage-to-enhance-his-careers/?sh=24c3570e1b6b>.

Canelo Alvarez showed young fighters that it does not matter who you are or how much money you make, someone will still attempt to take advantage of you and your ability. Hopefully up and coming boxers have been paying attention to situations like these and learn to take proactive steps in marketing themselves and join the next wave of broadcasters in online streaming to make these horror stories a thing of the past.