# IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNIVERSITY OF PITTSBURGH-OF THE	)
COMMONWEALTH SYSTEM OF HIGHER	) CIVIL ACTION NO.
EDUCATION,	)
Plaintiff,	)  JURY TRIAL DEMANDED )
v.	)
IMG COLLEGE, LLC,	)
Defendant.	)

#### **COMPLAINT**

Plaintiff, University of Pittsburgh–Of the Commonwealth System of Higher Education ("Pitt"), by and through its undersigned counsel, Buchanan Ingersoll & Rooney PC, alleges as follows for its Complaint against Defendant, IMG College, LLC ("IMG"):

#### INTRODUCTION

1. This lawsuit arises from IMG's intentional breach of its contractual obligations to Pitt under a License Agreement, in retaliation for Pitt exercising its contractual right by allowing the License Agreement to expire on its own terms. Rather than pay Pitt monies that are undisputedly owed under the License Agreement, IMG has improperly withheld in excess of \$3.6 million and has refused to cure following a demand for payment by Pitt. Pitt has fully performed its obligations under the License Agreement and seeks judicial intervention in order to obtain IMG's compliance and Pitt's benefit of the bargain.

### **PARTIES**

- 2. Founded in 1787, Pitt is one of the oldest universities in the United States. Pitt is a state-related institution of higher learning and a Pennsylvania non-profit corporation with its principal place of business in Pittsburgh, Pennsylvania,
- 3. Pitt operates an intercollegiate varsity athletic program on its Pittsburgh campus through a Department of Athletics (the "Athletic Program"). Pitt's successful Athletic Program is a NCAA Division I member, and Pitt is a member of the Atlantic Coast Conference ("ACC").
- 4. IMG is a Delaware limited liability company with its principal place of business in Winston-Salem, North Carolina. IMG's two members are residents of the States of Ohio (International Merchandising Company, LLC) and Georgia or North Carolina (Ashely Page).
- 5. IMG touts itself as the nation's leading collegiate sports marketing company with exclusive marketing rights to nearly 90 universities and colleges.
- 6. In November 2013, Pitt and IMG (collectively, the "Parties") entered into a written License Agreement, effective as of July 1, 2012, as amended effective June 1, 2015 (collectively, the "License Agreement").

<sup>&</sup>lt;sup>1</sup> The License Agreement and all invoices referenced herein are not currently attached hereto because of their confidential nature. IMG is in possession of all documents referenced in the Complaint.

#### JURISDICTION AND VENUE

- 7. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §1332(a) because there is diversity of citizenship among the Parties and the amount in controversy exceeds \$75,000, exclusive of interest and costs.
- 8. Venue is proper in the Western District of Pennsylvania pursuant to 28 U.S.C. §1391(b) as a district in which IMG resides and/or conducts business, and in which a substantial part of the events giving rise to the claim occurred.
- 9. In the License Agreement at issue in this action, the Parties agreed that any dispute arising out of the License Agreement "shall be adjudicated in, and only in, a federal or state court of appropriate jurisdiction located in Allegheny County, PA." IMG further expressly agreed and consented to personal jurisdiction and venue in this Court.

#### THE LICENSE AGREEMENT

10. Under the License Agreement, IMG received an exclusive license to Pitt's "inventory" of marketing rights with respect to Pitt's Athletic Program, which included: the right to arrange for certain radio broadcasts of Pitt athletic events not subject to other network commitments; to produce, and, if requested, to distribute and sell certain Athletic Department publications and materials; to obtain and directly contract with third-party sponsors; and, with certain enumerated exceptions, to exploit other marketing, promotional and commercial rights associated with Pitt's Athletic Program (the "License").

11. The License Agreement had a term of seven years and unless extended, expired on its own terms on June 30, 2019. Pitt did not elect to extend the License Agreement following the end of the term. As a consequence, the License Agreement expired on June 30, 2019.

# IMG's Financial Obligations under Article IX

- 12. IMG's financial obligations are largely contained in Article IX of the License Agreement.
- 13. In exchange for the grant of the License, IMG agreed to make certain payments to Pitt, including a "Guaranteed Royalty," which was due annually on June 1 of each year that the License Agreement was in effect.
- 14. Under Section 9.2 of Article IX of the License Agreement, IMG agreed to pay Pitt the following on June 1, 2019:
  - (a) a broadcast rights royalty (§ 9.2[A]);
  - (b) a publication rights royalty (§ 9.2[B]);
- (c) compensation for game tickets and parking passes provided to IMG by Pitt ( $\S$  9.2[C]); and
  - (d) an additional amount for 2019 (§ 9.2[D]).

- 15. In addition to the foregoing amounts, under Section 9.4 of Article IX of the License Agreement, IMG also agreed to pay Pitt additional consideration for "exceptional performance" (§ 9.4[A][4]).<sup>2</sup>
- 16. IMG did not make any of the aforementioned payments to Pitt which were due on June 1, 2019.
  - 17. On June 6, 2019, Pitt, through its counsel, demanded payment.
- 18. To date, IMG has not paid, and has intentionally withheld, \$3,535,000 owed to Pitt under Article IX of the License Agreement.

## IMG's Financial Obligations Under Article VII

- 19. Under Sections 7.5 and 7.6 of Article VII of the License Agreement, IMG agreed to reimburse Pitt, within 30 days after delivery of an invoice from Pitt, for travel costs incurred by Pitt on behalf of IMG staff and sponsors. These costs included, all non-charter air transportation and all travel-costs associated with post-season games.
- 20. On June 6, 2019, Pitt delivered to IMG an itemized invoice of travel costs totaling \$26,364.65.
- 21. Despite Pitt's submission of the June 6, 2019 invoice, IMG has not paid, and has intentionally withheld, \$26,364.65 owed to Pitt under Article VII of the License Agreement.

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<sup>&</sup>lt;sup>2</sup> In 2018, Pitt's football team appeared in the ACC championship game, entitling Pitt to an exceptional performance payment.

#### IMG's Other Financial Obligations Under the License Agreement

- 22. Pursuant to the rights granted under the License Agreement, IMG directly contracted with UPMC to be a Sponsor of Pitt's Athletic Program.
- 23. To assist IMG in meeting its obligations to UPMC under that contract, Pitt, and not IMG, generated the content displayed on Pitt's "UPMC Pitt LiveWire" platform.
- 24. Therefore, in each year that the "UPMC Pitt LiveWire" platform was in place, IMG was obligated to pay Pitt \$25,000 for Pitt's contribution to IMG's marketing efforts regarding the "UPMC Pitt LiveWire" platform.
- 25. On June 6, 2019, Pitt delivered to IMG an invoice for \$25,000 with respect to the "UPMC Pitt Live Wire" sponsorship.
- 26. Despite Pitt's submission of the June 6, 2019 invoice, IMG has not paid, and has intentionally withheld, \$25,000 owed to Pitt.
- 27. Additionally, under the License Agreement, IMG agreed to facilitate Pitt's online auctions and was obligated to pay Pitt 80% of all revenue generated in 2019 by the online auctions.
- 28. IMG has not paid, and has intentionally withheld, \$23,534.86 of online auction revenue owed to Pitt.

29. In total, IMG has not paid, and has intentionally withheld, \$3,609,899.51 owed to Pitt pursuant to and in connection with License Agreement in retaliation for Pitt's decision not to extend the term of the License Agreement.

# Pitt's Contractual Right To Not Extend the License Agreement

- 30. Before the expiration of the License Agreement on June 30, 2019, the Parties negotiated in good faith regarding whether to extend the term of the License Agreement.
- 31. On March 13, 2019, Pitt, through its Director of Athletics, Heather Lyke, notified IMG in writing of its decision not to extend the License Agreement beyond its stated June 30, 2019 expiration date. Pitt subsequently decided to license its Athletic Program marketing rights to another marketing company following expiration of the License Agreement.
- 32. Therefore, the Parties did not agree to extend the term of the License Agreement beyond June 30, 2019.

# COUNT I BREACH OF CONTRACT

- 33. Pitt incorporates Paragraphs 1 through 32 of the Complaint as if set forth herein in their entirety.
- 34. Under the License Agreement, IMG agreed to pay Pitt royalties, reimbursement for travel costs, online auction revenue and other fees when due.
- 35. By intentionally failing to pay monies when due, IMG breached the License Agreement.

Pitt notified IMG of its breach as required pursuant to the notice provisions in the 36.

License Agreement.

37. IMG has not cured its failure to pay monies owed to Pitt.

38. Pitt has fully performed all of its obligations under the License Agreement.

As a result of IMG's breach of the License Agreement, IMG has caused Pitt 39.

damage.

WHEREFORE, Plaintiff Pitt respectfully demands judgment in its favor and against

Defendant IMG for breaches of the License Agreement, awarding compensatory damages in an

amount to be proved at trial, which amount exceeds \$75,000, exclusive of interest and costs, and

such other relief as the Court deems just and proper.

A TRIAL BY JURY IS DEMANDED.

Dated: July 15, 2019

**BUCHANAN INGERSOLL & ROONEY** 

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Of the Commonwealth System of Higher

Education

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JS 44 (Rev. 02/19)

# **CIVIL COVER SHEET**

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS DEFENDANTS									
University of Pittsburgh–Of the Commonwealth System of Higher Education				IMG College, LLC					
(b) County of Residence of	of First Listed Plaintiff	Allegheny County		County of Residence of First Listed Defendant					
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(c) Attorneys (Firm Name, Gretchen L. Jankowski, E	Address, and Telephone Numbe	r)	^	Attorneys (If Known)					
One Oxford Centre, 301 412-562-8800									
II. BASIS OF JURISDI	CTION (Place an "X" in C	ne Box Only)	III. CI	I ITIZENSHIP OF P	RINCIPA	L PARTIES			
□ 1 U.S. Government	☐ 3 Federal Question			(For Diversity Cases Only) P	F DEF		and One Box for	Defenda: <b>PTF</b>	nt) DEF
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Student Loans	☐ 340 Marine	Injury Product			New	Drug Application	☐ 470 Racketeer	Influence	
(Excludes Veterans)  ☐ 153 Recovery of Overpayment	☐ 345 Marine Product Liability	Liability PERSONAL PROPER	RTY	LABOR	☐ 840 Trade	mark SECURITY	Corrupt Or 480 Consumer		ons ·
of Veteran's Benefits	☐ 350 Motor Vehicle	☐ 370 Other Fraud		10 Fair Labor Standards	□ 861 HIA	(1395ff)	☐ 485 Telephone	Consum	er
☐ 160 Stockholders' Suits  190 Other Contract	☐ 355 Motor Vehicle Product Liability	☐ 371 Truth in Lending ☐ 380 Other Personal	D: 72	Act 20 Labor/Management	☐ 862 Black	c Lung (923) C/DIWW (405(g))	Protection  490 Cable/Sat		
☐ 195 Contract Product Liability	☐ 360 Other Personal	Property Damage	i	Relations	☐ 864 SSID	Title XVI	☐ 850 Securities/	/Commod	lities/
☐ 196 Franchise	Injury  362 Personal Injury -	385 Property Damage Product Liability		10 Railway Labor Act 51 Family and Medical	□ 865 RSI (	405(g))	Exchange  890 Other Statu		ione
·	Medical Malpractice	•		Leave Act			☐ 891 Agricultur	ral Acts	
REAL PROPERTY  ☐ 210 Land Condemnation	CIVIL RIGHTS  440 Other Civil Rights	PRISONER PETITION Habeas Corpus:		90 Other Labor Litigation 91 Employee Retirement		L TAX SUITS s (U.S. Plaintiff	☐ 893 Environme		
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VI. CAUSE OF ACTIO	Brief description of ca Breach of License	use:							
VII. REQUESTED IN		IS A CLASS ACTION	( D	EMAND \$	C	HECK YES only	if demanded in co	omplain	t:
COMPLAINT: UNDER RULE 23, F.R.Cv.P. In excess of \$75,000 JURY DEMAND: Yes ONo									
VIII. RELATED CASE(S) IF ANY (See instructions): JUDGE DOCKET NUMBER									
DATE		SIGNATURE OF ATT	ORNEV	OF RECORD	DOCKE	I NOMBER			
07/15/2019 /s/ Gretchen L. Jankowski									
FOR OFFICE USE ONLY									<del></del>
RECEIPT # AM	IOUNT	APPLYING IFP		JUDGE		MAG. JUD	OGE		

JS 44A REVISED June, **2009**IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA
THIS CASE DESIGNATION SHEET MUST BE COMPLETED

PART A
This case belongs on the ( O Erie O Johnstown O Pittsburgh) calendar.
<ol> <li>ERIE CALENDAR - If cause of action arose in the counties of Crawford, Elk, Erie, Forest, McKean. Venang or Warren, OR any plaintiff or defendant resides in one of said counties.</li> </ol>
2. JOHNSTOWN CALENDAR - If cause of action arose in the counties of Bedford, Blair, Cambria, Clearfield or Somerset OR any plaintiff or defendant resides in one of said counties.
3. Complete if on ERIE CALENDAR: I certify that the cause of action arose in County and that the resides in County.
4. Complete if on JOHNSTOWN CALENDAR: I certify that the cause of action arose inCounty and that theresides inCounty.
PART B (You are to check ONE of the following)
1. O This case is related to Number . Short Caption.
2. This case is not related to a pending or terminated case.
CIVIL: Civil cases are deemed related when a case filed relates to property included in another suit or involves the same issues of fact or it grows out of the same transactions as another suit or involves the validity or infringement of a patent involved in another suit EMINENT DOMAIN: Cases in contiguous closely located groups and in common ownership groups which will lend themselves to consolidation for trial shall be deemed related. HABEAS CORPUS &CIVIL RIGHTS: All habeas corpus petitions filed by the same individual shall be deemed related. All pro se Civil Rights actions by the same individual shall be deemed related.
PARTC
I. CIVIL CATEGORY (Select the applicable category).
1. O Antitrust and Securities Act Cases
2. O Labor-Management Relations 3. O Habeas corpus
4. O Civil Rights
5. O Patent, Copyright, and Trademark
6. C Eminent Domain
7. O All other federal question cases 8. O All personal and property damage tort cases, including maritime, FELA, Jones Act, Motor vehicle, products liability, assault, defamation, malicious
prosecution, and false arrest  9.  Insurance indemnity, contract and other diversity cases.
Government Collection Cases (shall include HEW Student Loans (Education),  V A Overpayment, Overpayment of Social Security, Enlistment Overpayment (Army, Navy, etc.), HUD Loans, GAO Loans (Misc. Types), Mortgage Foreclosures, SBA Loans, Civil Penalties and Coal Mine Penalty and Reclamation Fees.)
I certify that to the best of my knowledge the entries on this Case Designation Sheet are true and correct
/s/ Gretchen L. Jankowski
Date: 07/15/2019
ATTORNEY AT LAW

NOTE: ALL SECTIONS OF BOTH FORMS MUST BE COMPLETED BEFORE CASE CAN BE PROCESSED.

# UNITED STATES DISTRICT COURT

for the

	Western Dis	strict of Pe	ennsylvania
University of Pittsburgh–Of System of Higher		) ) )	
Plaintiff(s V.		)	Civil Action No.
IMG College		)	
Defendant	(s)	)	
	SUMMONS	IN A CI	VIL ACTION
To: (Defendant's name and address)	IMG College, LLC 540 North Trade Street Winston Salem, NC 27		5
A lawsuit has been file	ed against you.		
are the United States or a United P. 12 (a)(2) or (3) — you must	ed States agency, or an o serve on the plaintiff an	fficer or e answer to otion mus , Esq. il, Esq. Rooney Po	ot counting the day you received it) — or 60 days if you employee of the United States described in Fed. R. Civ. o the attached complaint or a motion under Rule 12 of st be served on the plaintiff or plaintiff's attorney,
If you fail to respond, You also must file your answer			ed against you for the relief demanded in the complaint.
			CLERK OF COURT
Date:	<u> </u>		Signature of Clerk or Deputy Clerk