

Lawsuit Victory Definitely Not a Shoe-In

By Reg P. Wydeven
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When I was a kid, I couldn't wait for basketball season to come around. One of the best parts of preparing for the season was to pick out shoes, which typically were Air Jordans.

Which shoe a kid chooses is typically driven by which NBA star he or she wants to emulate. Today, LeBron James is the face of Nike because Jordan is its own brand. Steph Curry represents Under Armour, while James Harden is Adidas' biggest endorser.

The shoe companies know this, too, which is why they're willing to shell out big bucks to stars to wear their gear. For example, James gets paid \$32 million a year by Nike, Curry gets \$12 million from Under Armour, and Harden receives \$14 million from Adidas. And even though he retired in 2003, Michael still gets \$110 million a year from Nike for his Air Jordan brand, which generated \$2.8 billion in sales in 2016.

So there's a lot of money at stake, and because of alleged cheating by another shoe company, Skechers is complaining they haven't been able to get a foot in the NBA door.

Last fall, the FBI released the results of a massive probe it launched into corruption in college basketball. Their investigation revealed that Adidas employees were allegedly conspiring to funnel hundreds of thousands of dollars to high school basketball players' families in exchange for the players' endorsement of the company when they ultimately turned pro.

The FBI's report named numerous schools involved in the scandal, including several blue chip programs, such as Duke, Kansas, Kentucky, North Carolina, and Louisville. As a result, Louisville fired its Hall of Fame coach, Rick Pitino, who was implicated in the probe for his allegedly funneling money to a five-star recruit.

Because of Adidas' alleged tactics, Skechers claims it was put at an unfair disadvantage when it came to recruiting NBA players to sponsor their shoes. So the company sued Adidas in federal court, alleging that "illicit payments denied competitors like Skechers who play by the rules a fair opportunity to compete for the cachet of having trend-setting high-school and college athletes seen in their products."

Skechers also claims Adidas "effectively blocked Skechers and other companies from competing on a level playing field for young, NBA-level endorsers, and unfairly bolstered consumer perceptions of Adidas' overall brand quality and image well beyond the basketball footwear market."

Personally, I've never thought of Skechers as a basketball shoe. Kim Kardashian's 2011 Super Bowl commercial for the company certainly didn't make me think of lacing up some Skechers and shooting hoops. But maybe Skechers is right – my perception of them as not being a basketball shoe company was perhaps because Adidas was icing them out.

"The competitive harm of Adidas' egregious misconduct is substantial," the complaint says. "The market for basketball shoes is driven as much by brand perception, attitude, and style as it is by shoe performance. The ability to develop 'street credibility' by having talented players and trendsetters wear a company's shoes can make or break a brand's reputation."

According to the suit, Skechers is seeking recovery of Adidas' "ill-gotten profits, damages for lost sales and diminished brand value and increased advertising and marketing costs, and an injunction preventing Adidas from making further illegal, undisclosed endorsement payments to amateur basketball players."

An Adidas spokesperson called Skechers' complaint "frivolous and nonsensical" and said "it should be summarily dismissed."

If Skechers prevails, Jimmy Choo is purportedly considering suing, too.

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