

Esports Star Tfue Sues To Void His Contract With FaZe Clan

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Fortnite player Turner Tenney, professionally known as “Tfue,” has sued to void his contract with Esports team, FaZe Clan, Inc. Tfue’s action, filed in Los Angeles Superior Court, alleges that the terms of the contract he signed to play for FaZe Clan’s Fortnite team are grossly oppressive, onerous, and one-sided and in violation of California law. His action could have a significant impact on the Esports industry and the players who participate in Esports as professional gamers.

Recognized as one of the world’s best Fortnite players, Tfue entered in an agreement with FaZe in April 2018.

The Complaint alleges that Tfue did not understand the terms of the agreement he signed and that he was exploited by FaZe. It further alleges that FaZe breached its fiduciary duty of loyalty by failing to share profits with him as mandated by the terms of his agreement and by rejecting a sponsorship deal and acting against his best interests. In addition,

Tfue alleges multiple violations of California law, including Section 16600 of the California Business and Professions Code, Section 17200 of the California Business and Professions Code, and California’s Talent Agency Act.

The contract refers to Tfue as an independent contractor. It mandates that he play in tournaments and training sessions, perform three days a month of publicity and promotional services, and participate in the company’s social media campaigns. In addition, Tfue is required to wear clothing bearing FaZe logos and identification, as well as items associated with specific FaZe Clan sponsors.

In exchange for an initial monthly base pay of \$2,000 for the first six months of the contract, FaZe had an option to extend its deal with Tfue for an additional three-year period (which the company exercised) and unilaterally increase or decrease his monthly by 25%. The agreement also entitles Tfue to 80% of cash prizes earned from playing in Fortnite tournaments and an equal split with FaZe Clan of income earned from in-game merchandise, appearances, and touring and sign-up bonuses. The agreement also provides finder’s fees for brand deals that feature Tfue that can result in as much as 80% of the deal being retained by FaZe. The contract also limit Tfue’s ability to sign with another esports company at the end of his contract in 2021.

Tfue also seeks repayment of his sponsorship, fees, and commissions, as well as additional compensatory damages and punitive damages. In addition, he seeks to enjoin FaZe Clan’s ongoing alleged violations of California law.

It is probable that the court venue will be challenged. The agreement between FaZe and Tfue contains a choice-of-law provision, which provides that the agreement “shall be governed and construed in accordance with the laws of the State of New York” and the parties “submit exclusively to the state or federal courts in New York, NY for any claim” arising from the contract.

This suit will be watched closely by the industry. The lack of industry regulation and unified structure, employment law issues appear ripe for litigation. Esports team owners should ensure their contracts with players comply with federal and state employment laws and the contract language clearly defines sponsorships and endorsements, compensation, arbitration clauses, hours of service, health insurance, non-competition, and anticipated event participation.



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