

Employment contracts for sportspeople are becoming increasingly important within the legal system, given the specific nature of professional sport and its economic, media and competitive impact. The distinctive features of this employment relationship justify the establishment of a specific legal regime, separate from the general regime governing employment contracts.

This guide provides a systematic overview of the main legal specificities of sports employment contracts, analysing the relevant legal regime and the key practical challenges faced by clubs and athletes, thereby contributing to a comprehensive understanding of this particular type of employment contract.

S&E GUIDE | LEGAL GUIDE TO EMPLOYMENT CONTRACTS IN THE SPORTS SECTOR: LEGAL FRAMEWORK, SPECIFIC FEATURES AND KEY PRACTICAL IMPLICATIONS



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Introduction

A sports employment contract is one whereby an athlete undertakes, in return for remuneration, to engage in sporting activities on behalf of a natural or legal person (usually the latter) who organises or participates in sporting activities, within the framework of that organisation and under its authority and direction.

This is an employment contract whose legal framework stems from the need to reconcile two fundamental values of labour law: the protection of the athlete and the safeguarding of the integrity and credibility of sporting competition.

The specific features of this employment relationship, particularly regarding its formation, duration, registration, termination and its relationship with the oversight of sporting competition, justify the establishment of a specific legal regime, distinct from the general regime governing employment contracts, as set out in Law No. 54/2017, of 14 July, which governs the legal regime for athletes' employment contracts, sports training contracts and representation or agency contracts, and which repeals Law No. 28/98 of 26 June.

This guide provides an overview of the main legal and social issues relating to athletes' employment contracts, taking their legal framework as a starting point.

The specific nature and scope of application of the sports employment contract

The athlete's employment contract is merely one form of sports employment contract; case law tends to support the application, by analogy, of this regime to other contracts, such as employment contracts for sports coaches.

Although this is a specific type of employment contract, it incorporates all the elements necessary for it to be considered as such, such as the obligation on the athlete to engage in sporting activity on behalf of the other party, which promotes or participates in sporting activities, the obligation (on the part of the employer) to pay remuneration, which constitutes the consideration for the activity provided by the athlete, and the athlete's legal subordination to the employer, in so far as the activity is carried out within the framework of the organisation and under its authority and direction.

Legal capacity, protection of minors and registration

The specific nature of the employment relationship in the sporting sector justifies a special regime regarding the capacity to enter into a contract. Only athletes aged 16 or over may be subject to this legal relationship; any employment relationship prior to this age is excluded, with only a sports training contract being permitted, with the aim of protecting the health, physical and mental well-being, and training of the minor.

From the age of 16, the athlete acquires the capacity to negotiate but is subject to a restriction on the exercise of that capacity, as the contract must be signed by the minor's legal representative. Whereas, under the general provisions of the Labour Code, the minor is authorised to sign, with the consent of their legal representatives, without it being necessary for the latter to intervene in this instance, the legislator has taken into account the fact that the conclusion of a sports employment contract entails a greater degree of commitment than that resulting from the conclusion of any other employment contract, insofar as the athlete is not granted the same degree of freedom to resign as that enjoyed by a minor signing a 'normal' employment contract.

From a formal point of view, the contract must be signed by all parties, set out in writing and registered with the relevant professional governing body.

Failure to register the contract does not affect its validity, although it may justify the athlete terminating the contract.

Duration

As regards its duration, a sports employment contract is always a fixed-term contract, subject to very specific time limits.

Its minimum duration is one sporting season, whilst its maximum duration is five sporting seasons, with a sporting season corresponding to a period not exceeding 12 months during which the sporting activity takes place.

The maximum duration of the contract is reduced to three sporting seasons if the athlete is still a minor; an extension of the contract is possible when the athlete reaches the age of majority, to bind them for a maximum duration of five sporting seasons.

There are also two exceptions worth noting: employment contracts concluded after the start of a sporting season to remain in force until the end of that season,

as well as employment contracts in which the athlete is engaged to participate in a competition or a specific number of performances constituting an identifiable unit within the relevant sporting discipline (such as in the case of certain players who will only compete in the 2025 Club World Cup in the United States, or players who will only compete in the ‘play-offs’ for a basketball team).

Personality rights

The specific nature of sporting activity and the high level of media exposure may justify certain restrictions on an athlete’s personality rights, particularly regarding their freedom of expression or privacy; such restrictions would be unthinkable in the context of a standard employment relationship. However, such restrictions are only permissible where they are objectively justified and strictly proportionate.

Examples of such limitations include the employer’s monitoring of aspects of the athlete’s private life, such as their consumption habits, timetables or leisure activities, which are ultimately justified within the context of the sporting employment relationship, given that this is a high-level activity involving the high physical demands inherent in competitive sport.

The law also prohibits harassment in the workplace, which, in addition to common forms of workplace harassment, encompasses both physical and psychological harassment. In the sporting context, harassment at work encompasses other situations, such as the athlete’s participation, or non-participation, in the competition in question. Indeed, an athlete’s participation in a given sporting competition always depends on their performance, physical condition and merit, and their selection will always depend on their coach’s decision, based on their training, tactics and preparation. Thus, if it is demonstrated that the athlete’s selection is the result of non-sporting factors, motivated by the intention to punish them, harm them professionally and/or wear them down psychologically, for example, to pressure them into signing a contract renewal with the club, or because the club excludes the athlete from competition because they legitimately refuse to accept a proposal from the employer to reduce their salary or a proposal to transfer to a foreign club.

It is also worth highlighting the protection of athletes' image rights, which underscores their great importance in competitive sport. As a rule, image rights remain the property of the athlete, with a distinction being made between collective image rights – associated with the team and the competition and implicitly assigned under the employment contract – and individual image rights, which can only be assigned by a separate contract.

The establishment of this regime is of particular importance given that media coverage of sport is constantly growing, becoming a key tool in advertising strategies, with the result that the ability to use and exploit it has become a subject of commercial exploitation; the contracts through which athletes manage this, for example by 'controlling' it, thereby securing the commercial exploitation rights to their image.

Non-compete clauses

In accordance with the applicable regime, contractual clauses aimed at restricting the athlete's professional freedom following the termination of the employment relationship are void, including non-competition clauses, anti-competition' clauses or preference clauses.

The aim of these rules is to guarantee the athlete's freedom to work, ensuring that, following the termination of their previous contract, they are free to enter into a new sports employment contract with the new employer of their choice and on terms freely agreed with that employer. Thus, in the context of a sports employment contract, clauses such as non-competition clauses or preference clauses will always be void.

These clauses are intended to prevent an athlete from entering into a sports employment contract with one or more specific employers, who are generally of a similar standard to the previous employer, and which undermine principles such as the freedom of employment and the private autonomy of athletes. Freedom of employment, given the short duration of an athlete's career, is already somewhat

limited, and it is important to avoid the introduction of additional elements that would exacerbate the existing limitations.

Preference clauses are also not permitted within the framework of a sports employment contract.

Thus, the inclusion of clauses aimed at restricting the athlete's professional freedom after the termination of the contract is incompatible with the legal regime applicable to sports employment contracts. Portuguese legislation expressly stipulates that such provisions are void, as they restrict the athlete's professional freedom following the termination of the contractual relationship. The end of the contract must mean that the athlete is entirely free to enter into a new contract with any employer they deem suitable for their sporting and personal aspirations.

Obligations of the employer and the athlete

As in a standard employment contract, the employer and the athlete have specific obligations arising from the employment relationship.

The Club, as the employer, is required to fulfil certain specific obligations, such as: registering the athlete's sports employment contract, providing athletes with the necessary conditions for practising their sport and for effective participation in training and other preparatory activities, subjecting athletes to any necessary medical examinations and treatment; allowing athletes to take part in preparatory work and to join national teams or represent their country; providing minor athletes with the necessary conditions to complete their compulsory education; and, finally, promoting respect for and adherence to the rules of conduct and sporting ethics.

The athlete is also required to fulfil certain obligations, such as practising the sport for which they have been contracted, by taking part in training sessions, training

camps and other preparatory sessions; to take part in preparatory work and to integrate into national teams and represent the country, to maintain the physical condition required to participate in the sporting competitions covered by the contract, to undergo the necessary medical examinations and treatments and, finally, to comply, in the course of their sporting activity, with the rules specific to the discipline and with sporting ethics.

It should be emphasised that the athlete has a duty to maintain the physical and mental condition necessary for participation in the sporting activity covered by the contract. The athlete is required, even in their private life, to adopt behaviour compatible with maintaining their physical condition and competitive performance, refraining from engaging in any activity likely to compromise their preparation, performance or availability for competition. This is a characteristic requirement of the sports employment relationship which, although it entails a certain restriction on the athlete's personal autonomy, is ultimately justified by the specific nature of professional sporting activity and by the need to ensure compliance with the obligations undertaken towards the Club.

However, this requirement does not justify the adoption of excessive measures to monitor the athlete's private life. The employer must respect the limits imposed by the athlete's fundamental rights, in particular the right to privacy, and may not carry out any form of surveillance that goes beyond what is strictly necessary to safeguard sporting interests and ensure compliance with contractual obligations.

Termination of the sports employment contract: termination clauses

In accordance with the applicable regulations, certain situations may lead to the early termination of the contract before the grounds for termination arise, such as termination of the contract by mutual agreement between the parties, termination for just cause by the athlete, termination by either party during the probationary period and, finally, termination of the contract at the athlete's initiative subject to the payment of a pre-determined indemnity to the employer.

This latter form of termination differs significantly from the rules applicable to standard employment contracts, corresponding to the mechanism commonly referred to in the sporting world as a ‘termination clause’. It is a legal instrument that is atypical in standard employment law but widely used in the context of employment relationships within the sporting sector. In such cases, the parties agree that the athlete may unilaterally terminate the contract before its expiry, subject to the payment of compensation to the employer, whenever the athlete wishes to terminate the employment relationship without giving valid cause.

In professional sport, it is common for very high sums to be set for these clauses, particularly in the case of athletes considered essential to the club’s sporting success, thereby ensuring a more favourable negotiating position in potential scenarios involving the athlete’s transfer to another club interested in their services (given that, in practice, payment of the amount corresponding to the termination clause is rarely borne exclusively by the athlete themselves, but by the party interested in recruiting the player).

Finally, it should also be noted that the amount of termination clauses must not be manifestly excessive, as the applicable legislation provides for the possibility of a fair reduction in the amount of the clause, should it prove disproportionate in light of the specific circumstances of the case (as was the case in the decision handed down by the Court of Arbitration for Sport in the dispute between the footballer Rafael Leão and Sporting Clube de Portugal).

Thus, when determining the amount of the termination clause, various factors must be taken into account, in particular the amount of remuneration received by the athlete, the investment made by the employer at the time of recruitment or training, as well as the athlete’s sporting contribution and its importance to the team’s performance in competition.

Sports & Entertainment Desk

Powered by RFF Lawyers' solid national and international experience in tax, customs and business law, and by a multidisciplinary practice structured across Advisory, Litigation, Private and Business, the Sports & Entertainment Desk delivers integrated and highly specialized legal support to professional athletes, sports clubs, coaches, agents, entertainment professionals, and industry operators.

This Desk assists Clients throughout the full lifecycle of activities in the sports and entertainment sectors from structuring and negotiating player, coaching, sponsorship, and image rights agreements to advising on tax planning, double taxations matters and cross-border mobility. RFF Lawyers also provides strategic guidance on regulatory and disciplinary proceedings, sports governance, due diligence in acquisitions and investments, as well as compliance with national and international regulations applicable to both sports and entertainment industries.

With strong expertise in tax litigation, immigration, business and fiscal advisory, the Sports & Entertainment Desk supports international sporting and entertainment events, as well as sports betting, gaming and other entertainment-related operations, ensuring legal and commercial solutions tailored to the specific challenges of each industry.

By combining deep sector knowledge with a multidisciplinary and international approach, RFF Lawyers Sports & Entertainment Desk is uniquely positioned to support Clients in navigating the legal, regulatory and tax complexities of both the sports and entertainment industry. The Desk works closely with Clients to deliver innovative and business-oriented solutions, ensuring legal certainty and strategic value in an increasingly evolving market.



Why Portugal

- Favorable regulatory environment
- Competitive cost of living and good quality of life
- Friendly hospitality and english widely spoken
- Very secure, with an efficient public health system and affordable private insurances
- Excellent infrastructures and communications
- Technology and innovation hub - many innovative and tech industries with offices in Portugal
- Recognized talent - highly educated flexible and productive workforce
- Good climate, 3 000 hours of sunshine and mild weather all year round, with little rain
- Gastronomy and wine
- Beautiful landscapes including 850 km of white-sand beaches
- Access to both Europe and the United States

Who we are

RFF Lawyers is the first and largest full-service tax & business law firm in Portugal.

We are headquartered in Lisbon – with offices in Porto, and we provide services to both organizations and individuals at a national and a global level.

We gather expertise and long experience with a talented team offering innovative, high quality and personalized services to each one of our clients in a unique way.

We are leaders in the market, having received numerous recognitions that have established us as a thought leader and a knowledge reference.

To better focus on client solutions, we have carefully designed processes and procedures, and we are organized in 4 practice areas that work together to provide end-to-end tax & business services – Advisory, Litigation, Private and Business. We also have international desks dedicated to work different countries in their native language.

It is this proactive and collaborative approach that allows us to anticipate challenges and foresee alternatives, presenting flexible services and solutions to specific areas like relocating to or investing in Portugal.



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