

Card Grading Merger Suit Tests Antitrust In Niche Market

By **Shiena Marie Burke and Amanda Collura-Day** (August 5, 2026)

A lucrative and expanding section of the consumer collectibles economy has evolved with the resurgence in popularity of trading card games. This U.S. market is a multibillion-dollar sector ranging from rookie sports cards to popular character trading card games like Pokémon.

A class action pending in the U.S. District Court for the Central District of California reflects the elevation from hobby collectibles to niche investment markets susceptible to classic antitrust injury theories. This case belongs on every litigator's radar as it signals a broader trend in antitrust scrutiny expanding beyond media companies, pharmaceutical giants and tech platforms to these nostalgic pieces of cardboard.

Now poised as an attractive sector primed for mass litigation, the ecosystem for trading cards is underscoring the increased risks to companies involved in roll-up mergers, especially when acquisitions appear to limit or reduce competition in defined markets.

In the April 14 filing in *Rasmussen v. Collectors Holdings Inc.*, a consumer alleged in the U.S. District Court for the Central District of California that Collectors Holdings, the parent company of the dominant card grading firm Professional Sports Authenticator, violated federal antitrust laws by acquiring its two direct competitors: Sportscard Guaranty Corp. and Beckett Grading Services.[1] On June 9, Collectors Holdings moved to dismiss the case. On Aug. 3, Rasmussen filed a stipulation to amend the complaint.

The class action alleges that after this merger, Collectors now controls 80% of the card grading market, resulting in Professional Sports Authenticator raising its prices but providing a lower service quality for the card grading business.

The complaint asserts two counts. Count I alleges violations of Section 7 of the Clayton Act, concerning the acquisitions lessening competition in the market and consumers being forced to pay higher prices with lower quality services.

Count II alleges claims of monopolization or attempted monopolization in violation of Section 2 of the Sherman Act. This count centers on Collectors controlling around 80% of the market following the acquisition thereby maintaining monopoly power when examined under the Herfindahl-Hirschman Index.

Historically, conduct such as that alleged in the complaint has triggered regulatory scrutiny. Beyond the private litigation, the allegations concerning the absence of government agency review and lack of filings pursuant to the Hart-Scott-Rodino Antitrust Improvements Act may have implications concerning the overall operation of this niche marketplace.

With the rise in niche collector sectors evolving into alternative investment ecosystems and monetized markets, serious competition claims and regulatory scrutiny will follow



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Market Dominance Versus Consumer Preference

The complaint tells a narrative of monopolization and control. It offers a comprehensive background of the trading card industry and the former competitive landscape among the top four grading companies.

Positioned in context with the performance of the companies prior to mergers, the complaint discusses market share, grading volume and pricing structures, painting a broader image of this collectible market.

On the contrary, Collectors argue that it is the unprecedented growth experienced postpandemic that has led to these controversial business decisions. The rise in grading submissions, increase in backlogs and price adjustments could reflect collectors' business decision to merge with companies experiencing similar demands rather than restrict competition.

The legal nuance for both parties encompasses secondary market dynamics unique to this industry. Cards graded by Professional Sports Authenticator often demand a higher resale value in resale markets. Whether these strong economic incentives could reflect unlawful market dominance as opposed to consumer preference remains a central issue in this class action.

A New Wave of Antitrust Theories?

Rasmussen is not the only antitrust lawsuit challenging the trading card market over alleged unfair practices and antitrust theories.

On March 17, 2025, sports trading card collectors in *Scaturo v. Fanatics Inc.*, filed a proposed putative class action in the U.S. District Court for the Southern District of New York, alleging that exclusive trading card licensing deals held by the NFL, NBA, MLB and Fanatics limited competition and inflated prices for consumers.[2]

On June 2, the Scaturo plaintiffs voluntarily dismissed their case with prejudice, after extensive briefing on the defendants' motion to dismiss. Scaturo's legal theory focused on the upstream exclusive licensing models of the three major sports franchises, but plaintiffs struggled to connect an actual harm to the alleged antitrust or anticompetitive behavior.

Against this backdrop, Rasmussen's legal theory challenges the downstream, postconsumer market related to the grading of trading cards after these cards enter into the secondary market.

Collectively, these two cases signal a bigger shift in the trading card market: Antitrust theories are being applied on both the licensing and production side, and the authentication and grading side.

To avoid the same fate as Scaturo, the strength of Rasmussen's claim lies with the ability for Rasmussen to show measurable consumer harm rather than speculative theories about market structure.

Trading Cards at the Intersection of Alternative Investments and Litigation

The Rasmussen case is worth watching for legal practitioners and gains additional significance when examined against the broader collectible market and maturing of trading

cards as perceived investment assets analogous to other luxury markets like fine art, rare wine and luxury watches.

Grading services like Professional Sports Authenticator play a significant role in determining the value of a card because consumers rely on these verified third-party certification of card authenticity, condition and estimated value.

As a result, graded cards can command a premium of thousands to hundreds of thousands of dollars over the same identical ungraded card. Consumer protection concerns have been amplified by these class actions. The allegations extend beyond individual disputes and challenge the competitiveness and structure of the trading card market itself.

These concerns implicate core antitrust principles and the class action mechanisms amplifies the significance of these issues. Consumers may be exposed to significant financial risk from these grading valuations and the secondary market's reliance on these valuations.

Disparities on valuation can carry significant financial consequences for consumers adopting trading cards as investment vehicles rather than collectibles, raising broader questions related to the need for legal scrutiny within the industry.

One of the largest segments of the grading card market is Pokémon cards. With the 30th anniversary of Pokémon this year, the frenzy surrounding the cards has solidified their status as more than kids' nostalgic pieces of cardboard from the 1990s. For instance, a 1999 first edition base set Shadowless Charizard, with a Professional Sports Authenticator grade of 10, recently sold for \$550,000 at auction.[3]

In February, a rare 1998 Japanese Pikachu Illustrator set a world record for the "most expensive Pokémon trading card sold at a private sale" at \$16.492 million.[4]

The frequency of Pokémon cards selling for four to five-figure prices, once graded, has increased dramatically. The potential for high economic gains has caught the attention of private fund investors as well. In March, MemeStrategy Inc., an Asia-based publicly listed digital asset firm launched the first Pokémon trading card fund.[5]

This signals the willingness to treat high-end Pokémon cards as investment grade collectibles. In the next few years, U.S. institutions could treat high-end cards as a recognized investment vehicle.

For consumers, the return on investment is highly appealing and has a low barrier to entry. Unlike traditional luxury investment markets, consumers can participate simply by purchasing low value cards, grading, and potentially selling them for thousands of dollars through secondary online marketplaces and hobby conventions.

Rasmussen and Scaturo have illustrated some general practice points for attorneys faced with defending class actions in this antitrust context. Practitioners should evaluate threshold defenses early on, including standing, class certification and whether to enforce arbitration, if applicable.

Early motion practice can focus on challenging antitrust injuries to narrow or even reduce the potential of extensive discovery and complex expert testimony in the future. Rasmussen is not just private litigation around increased grading card fees. The class action is uniquely situated within the evolving market for alternative asset investments, consumer protection and a niche market structure in a billion-dollar industry.

In the broader context, Rasmussen and Scaturo signal the beginning of complex litigation involving collectible assets. These cases reflect an evolving trend of applying antitrust frameworks into complex consumer markets that are influenced heavily by third-party certification and exclusive licensing deals.

The potential for regulatory scrutiny and government oversight is on the horizon as this industry matures into a multibillion-dollar marketplace. Rasmussen's relief, including complete divestiture, could fundamentally change the graded trading card market and reshape not only competing grading services but the broader collectible economy. While this case is still in its early stages, it shines a spotlight on niche consumer markets and the growing trend of trading cards as alternative investment assets.

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[1] Rasmussen v. Collectors Holdings Inc. et al, Case No. 8:26-cv-00897 (C.D. Cal.).

[2] Scaturo v. Fanatics, Case No. 1:25-cv-02202 (S.D. NY).

[3] \$550,000 PSA 10 Charizard Breaks Record, Leads All-Time High \$5.27 Million Total at Heritage: <https://comics.ha.com/heritage-auctions-press-releases-and-news/-550-000-psa-10-charizard-breaks-record-leads-all-time-high-5.27-million-total-at-heritage-trading-card-games-auction.s?releaseId=5371>.

[4] Logan Paul's World-Record-Holding Pikachu Illustrator as Seen on King of Collectibles: The Goldin Touch - PSA GEM MT 10 - Pop 1 - Includes Custom Diamond Necklace Worn at WrestleMania 38, Hand-Delivery to Winning Bidder by Logan Paul Himself! on Goldin Auctions, <https://goldin.co/item/logan-paul-personally-owned-1998-pokemon-japanese-corocoro-promo-raretua0w>.

[5] Pokémon's 30th Anniversary: MemeStrategy (HKEX:2440) Launches World's First Tokenized Collectible Card Fund, Pioneering an Institutional-Level Approach for Cultural Assets - MemeStrategy, <https://memestrategy.com.hk/newsroom/press-releases/pokemon-first-tokenized-collectible-card-fund>.