



K&L GATES

GLOBAL SPORTS SOLUTIONS

MARKET OVERVIEW

SIZE, COMPLEXITY, AND OPPORTUNITY

The global market for professional sports is now worth US\$145 billion annually mostly from media rights, sponsorship, ticketing, hospitality, and merchandising. The figure is US\$480–\$620 billion per year if infrastructure construction and sporting goods are added.

North America is the largest market followed by Europe, the Middle East, and Africa (EMEA). The BRIC countries (Brazil, Russia, India, and China) are catching up, in part due to the number of major events hosted (or due to be hosted) there. Asia and Australia are also increasingly important players.

Major international events and the internationalization of domestic leagues and competitions, such as the National Football League's (NFL) move into the UK, rugby into the United States, is fueling this growth.

This cross-border global growth in the sports sector and technological innovation in the media distribution of sports content present significant opportunities, but corresponding risks and challenges.

The accelerating market complexity, regulation, and value make legal support a necessity and from lawyers who have real experience of the commercial, cultural, political, and regulatory landscape underpinning those opportunities and challenges.

"The firm is felt to possess both the depth to handle big ticket corporate and competition advice and the 'industry nous' required to advise rights owners on global media deals."

– Legal 500

K&L Gates Global Sports Solutions

Our Global Sports Solutions team has that real experience, particularly around:

- media rights (ownership, protection, tendering and exploitation, distribution and piracy)
- event staging, hosting, participation arrangements, and venue and stadium hire agreements
- sponsorship and endorsement
- ticketing and hospitality
- merchandising
- antitrust law
- governance
- regulation
- sports integrity (anti-doping, corruption, and investigations)
- sports-related litigation

We draw not only on our legal skills and commercial knowledge, but also our industry-specific networking and lobbying capabilities.

MEDIA RIGHTS

Media distribution of sports content is in a period of disruptive change. The developments in technology over the past two decades, particularly driving convergence, triple and quad play, and the resulting new entrants to the market are fueling this change.

Our Role

Our experience covers commercial and finance arrangements of the tendering (as both rights holder and bidder), production, packaging, licensing, distribution, carriage, and the exploitation and protection of content.

Our team has worked on and advised on the contracts that underpin national, regional, and global events, utilizing all types of broadcast, telecoms, and digital media platforms and technologies.

We have deep experience in navigating the difficult landscape of converging viewing platforms and technologies. We also have experience in media piracy, competition law aspects of broadcasting agreements, and the exploitation of sports data.



SPORTS MEDIA RIGHTS FEES REACHED US\$16.4 BILLION IN 2015 and are expected to grow at a compound annual rate of 7.2 percent during the next five years.¹

SPONSORSHIP AND ENDORSEMENT

Sponsorship is now a global proposition. As the trend, even for domestic events, is to have a global appeal, sponsors are increasingly investing overseas.

The anticipated return on investment from sponsorship and endorsement has changed dramatically, largely driven by social media and sophisticated data, enabling more innovative engagement with, and targeting of, spectators and followers.

Our Role

We sit side by side with rights holders and brand owners, providing our extensive experience on sponsorship and endorsement, including new forms of leveraging ROI, engagement, and crisis management and disrepute. Our work is wide ranging, covering athletes, leagues, and major events.

Revenues from global sports sponsorships are projected to rise beyond US\$45 billion by 2016.²



Sources: ¹The Wall Street Journal, ²PwC

WE SUPPORT

- Governing Bodies, Sports Leagues, and Associations
- Sports Clubs and Franchises
- Broadcasters and Other Media Businesses

- Rights Holders
- Sponsors
- Stadiums
- Investors and Financiers

- Sports Apparel Brands
- Agents and Sports Media Marketing Rights Agencies
- Athletes and Sports Personalities

“This strongly recommended team has developed into one of the best sports practices.”

– Chambers Guide to the Legal Profession



OUR OLYMPIC EXPERIENCE

Sydney 2000

Beijing 2008

London 2012

Sochi 2014

Rio de Janeiro 2016

Tokyo 2020

EVENTS—BIDDING AND STAGING

The staging of sporting events has significant cultural, social, political, and economic dimensions. Global annual ticket revenues alone are estimated to be approximately US\$45 billion. With fierce competition and new territories, such as the Middle East, seizing the opportunities surrounding the hosting of major events, bidding for these events can be a highly fraught, complex, costly, and politically sensitive matter.

Our Role

Our team has an intimate understanding of international sports event tendering and hosting—not just the legal, but also the commercial, regulatory, and political landscape.

We have particular experience advising on the bidding, hosting, and/or commercial exploitation of Olympic games, starting with Sydney in 2000 and then continuing with Beijing, London, Sochi, the 2016 Olympics in Rio de Janeiro, and even beyond, to Tokyo 2020.

We have also advised various organizations in relation to the establishment of, or participation in, new leagues or competitions. We regularly assist our clients in negotiating their venue hire and stadium arrangements (which are key to the commercial success of sporting organizations and long term commitments for both parties).

SPORTS INTEGRITY

The integrity of the sporting contest lies at the heart of the broad appeal of athletic endeavor. However, it faces many challenges, from the use of prohibited performance enhancing substances to unauthorized gambling activities and corruption. Sporting organizations are increasingly investing in efforts to identify and resist such threats.

Our Role

Our global sports team has a long history of advising sporting bodies, rights owners, and prominent athletes and individuals around the world in relation to a wide variety of issues relating to sports integrity, including anti-doping, corruption, betting, and match-fixing. We have acted in many proceedings dealing with anti-doping rule violations, in match-fixing investigations, and in the enforcement of rules and regulations relating to player contracting and conduct.

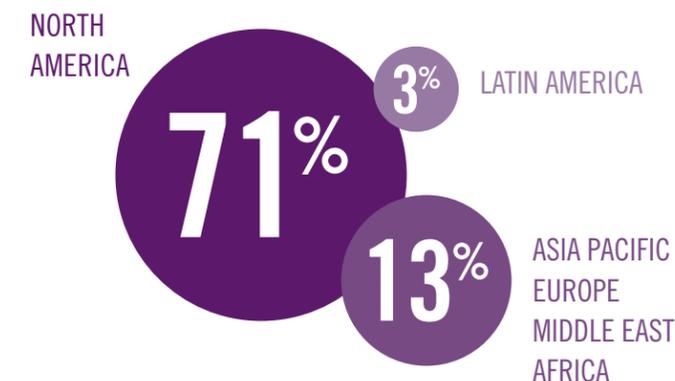
MERCHANDISING AND BRAND PROTECTION

The globalization of sports merchandising creates heightened brand value and protection issues, particularly ambush marketing, counterfeiting, and distribution.

Our Role

Our global sports team includes commercial/intellectual property lawyers providing coordinated, multijurisdictional advice to support merchandising and cross-border brand protection and exploitation programs with particularly robust trademark, patent, and design right schemes.

Global revenues from sports merchandising are projected to reach **US\$20.1 BILLION ANNUALLY**.³



TENDERING

The demand for sports content is such that not just the right to host sports events, but also to acquire commercial rights to them, is often put out to tender.

Our Role

This is a particularly strong area for our global sports team. We have many years of experience advising on major tenders in the commercial rights arena.

Our work includes advising on the bidding process; rights packaging; process and contractual documentation; process oversight; and managing bidders' responses, communication, and tactics. This work has been for both sports rights owners inviting bids and those submitting bids.

CORPORATE

The past decade has seen a surge of ownership investment in Europe and the United States, particularly cross-border investment from investment funds, sovereign wealth funds, and wealthy individuals in the United States, Middle East, and Asia.

Our Role

Our team has advised on football club acquisitions, disposals, joint ventures, fund raisings (including structured finance), and other corporate transactions relating to sport. We have acted for sports clubs, venue and rights owners, investors, financiers, and other interested parties, and often act as a trusted advisor on all matters relevant to our sporting clients, given our intimate understanding of the sporting business landscape.

LITIGATION

The global nature and value of sport has increased the scope, size, complexity, and significance of disputes.

Our Role

Our sports litigators have advised on a wide variety of litigation, arbitration, alternative dispute resolution, regulatory, and disciplinary disputes and appeals in the sports sector, particularly across our European platform and in our Australian offices. Our litigation team has handled a diverse range of disputes, from media rights, tendering, event staging, insurance, sponsorship/endorsement contracts, technical kit partnerships, player and club misconduct, player agents/representatives, and player tracking services contracts, to claims for injury payments by high profile athletes.

ANTITRUST, GOVERNANCE, AND REGULATION

Currently, scrutiny of sports agreements, tender processes, and conduct of teams, rights holders, sponsors, and governing bodies is intense.

Similarly, the “sporting rules” of governing bodies are facing threats, placing governing bodies under the spotlight of competition and financial regulators. The risk of significant fines, follow on damages cases, and even imprisonment means governance, regulatory compliance, and antitrust/competition rules need to be taken seriously.

Our Role

The global sports solutions team has extensive experience advising on governance, competition, and regulatory, including issues surrounding challenges to restrictive rules imposed by governing bodies, media rights licensing arrangements, exclusive supply arrangements, and merger control and abuse of dominance.

Featured Transactions



European Professional Football Leagues

Commercial, competition, governance, and regulatory advice, including its relationships and arrangements with clubs, players, and governing bodies, such as UEFA and FIFA

Offices: London, Berlin



Ultimate Fighting Championship

Three year agreement with BT Sport, UFC's biggest UK broadcast deal. Event promotion programme, rights protection, arrangements with fighters, broadcast/media, and commercial rights

Offices: Washington, D.C., Berlin, Paris, London, Moscow, Hong Kong, Warsaw

MP & SILVA

MP & Silva Sports broadcast copyright, news access, and rights protection advice

Offices: London, Singapore



Pakistan Cricket Board

Sale by tender of global television rights for international cricket in Pakistan 2009-2013

Office: London

Deloitte

Successful cash & VIK bid as major sponsor of London 2012 Olympics

Office: London



England & Wales Cricket Board

Advice on Staging Agreements and allocation of Test and International matches and acting for Ask Jeeves on its sponsorship agreement with the ECB sponsoring the England Cricket Team

Office: London



International Cricket Council

Tender sales of global audio-visual rights to 18 events (including ICC Cricket World Cups in 2003, 2007, 2011, and 2015)

Offices: London, Pittsburgh



Bundesliga

Tender of European media rights, partnership with YouTube to launch its YouTube channel

Office: London



Press Association Sport

Data rights and commercial dispute advice, sale of U.S. subsidiary PA Sports Ticker to global sports information provider Stats LLC

Offices: London, Boston



NASCAR Team Properties

Forming and structuring industry-wide licensing trust and managing various licensing transactions

Offices: Charlotte, Dallas, Washington, D.C.



Extreme Sailing Series

Establishment of international joint venture for development of the Extreme Sailing Series regatta

Office: London



Pentland Group/Speedo/Mitre

Sponsorship agreements, IP infringements, and sports legal issues generally

Office: London



West Indies Cricket Board

Global media rights tenders for the period 2008-2019. Establishment of Caribbean Premier League. Commercial rights exploitation programme, arrangements with players, players' association, and territorial boards. Hosting of 2010 ICC World Twenty20

Office: London



Puma

Endorsement/sponsorship/participation

National Teams – Italian and Algerian football, Irish RFU

Clubs/Teams – Arsenal, Tottenham, Newcastle, Borussia Dortmund, Ferrari, and Renault

Athletes/Events – Usain Bolt, Agüero, Volvo Ocean Race

Offices: London, Berlin, Milan, Boston, Paris



Sportech plc

Acquisitions of eBet & Vernons Pools, equity fundraising, UK Tote supply deal, and sponsorship and data rights agreement with Football Dataco

Offices: London, Boston



Legia Warszawa

Advising the main football and sports club in Warsaw on broadcasting rights and trademark issues

Office: Warsaw



World Wrestling Entertainment

General external counsel on all litigation, international rights protection (audio-visual content, anti-counterfeiting, grey market import prevention, "ambush marketing"), renewal of WWE's broadcast agreement with BSKyB

Offices: London, Paris, Berlin, Pittsburgh, New York, Shanghai, Hong Kong

FORMULA ONE MANAGEMENT

Formula One Management

Broadcast, data rights, and anti-trust (including exclusive and collective selling of broadcast rights, listed events, news access rights, virtual advertising)

Offices: London, Paris, Milan, Brussels, Frankfurt, Singapore, Melbourne, Beijing, Dubai, Tokyo, Washington, D.C.



ATP Media

Sales by tender of international media rights and French media rights for ATP Tour events, rights protection work

Offices: London, Brussels, Paris



Virgin Formula E

Commercial and supply agreements with FEH, trademark license agreement with Virgin, sponsorship and driver agreements

Offices: London, Charlotte

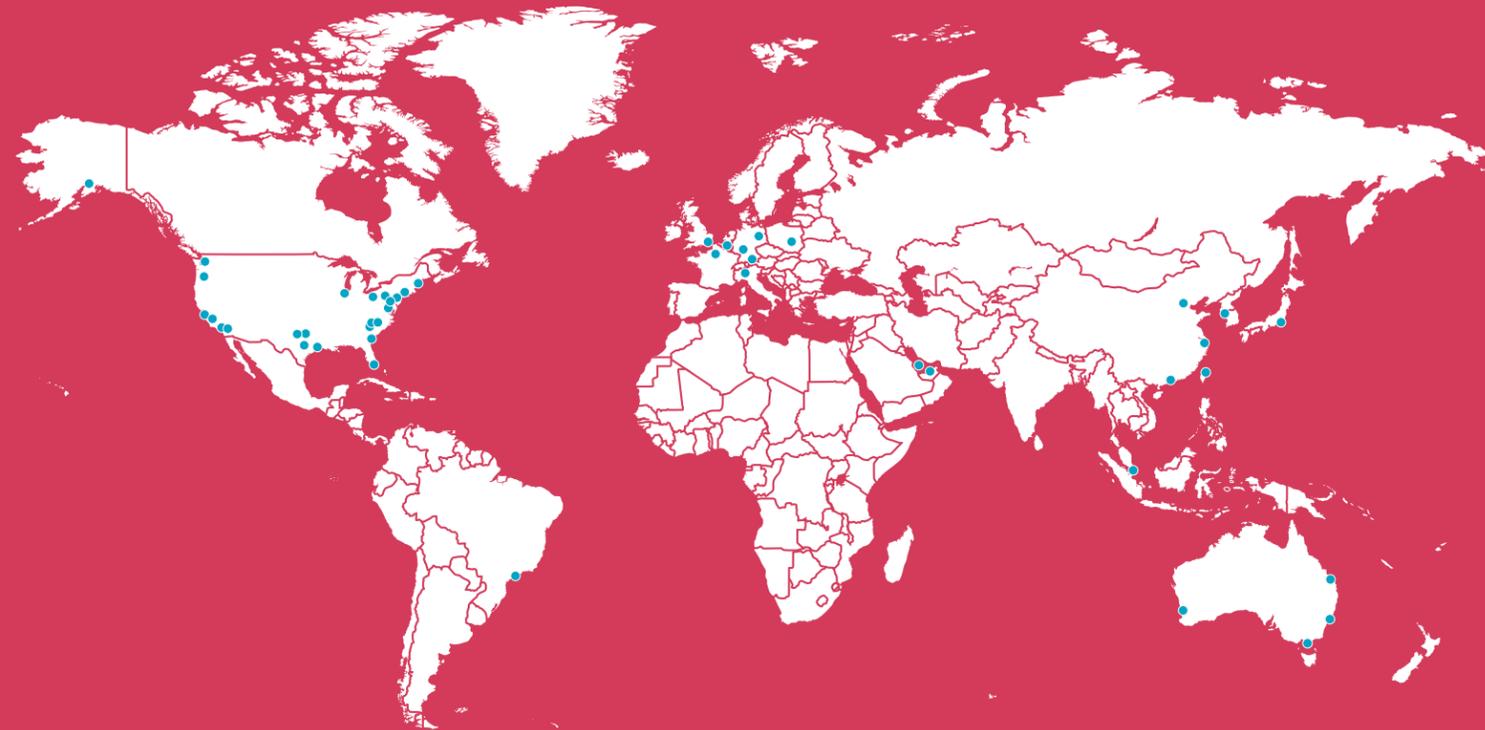


Betfair

U.S. federal/state regulatory advice, \$50 million acquisition of the U.S.-based horseracing channel TVG, \$5.5 million investment in U.S. social networking games provider Watercooler Inc.

Offices: London, Pittsburgh, Harrisburg, Los Angeles

GLOBAL LEGAL COUNSEL ACROSS FIVE CONTINENTS.



NORTH AMERICA

Anchorage, Austin, Boston, Charleston, Charlotte, Chicago, Dallas, Fort Worth, Harrisburg, Houston, Los Angeles, Miami, Newark, New York, Orange County, Palo Alto, Pittsburgh, Portland, Raleigh, Research Triangle Park, San Francisco, Seattle Washington D.C., Wilmington

SOUTH AMERICA

São Paulo

EUROPE

Berlin, Brussels, Frankfurt, London, Milan, Munich, Paris, Warsaw

MIDDLE EAST

Doha, Dubai

ASIA

Beijing, Hong Kong, Seoul, Shanghai, Singapore, Taipei, Tokyo

AUSTRALIA

Brisbane, Melbourne, Perth, Sydney

“The practice has a real understanding of sports law, which is evident right the way through the team, according to clients.”

- Chambers Guide to the Legal Profession

CONTACT US

To stay informed on important sports-related developments, or for information regarding other Global Solutions initiatives offered by our firm, please visit klgates.com.

Warren Phelops
London
+44.20.7360.8129
warren.phelops@klgates.com

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