

## CORONAVIRUS: EVENTS CANCELLATION – ISSUES TO CONSIDER

The outbreak of Coronavirus (Covid-19) has led to the cancellation of significant trade, arts and sporting events and governments banning large gatherings. The impact is wide ranging and may result in significant losses for organisers, hosts, participants, sponsors, media firms and numerous other businesses that would otherwise stand to benefit from the event related tourism. These businesses are facing critical decision as to whether to continue with events as planned, or how to deal with postponement or cancellation.

In this briefing, we set out eight key questions to consider when faced with the potential cancellation of an event.

### What do your contracts say?

Whether or not the outbreak will constitute force majeure is very much a case of interpretation of the relevant wording in the contract. For example:

- Is there a force majeure clause in the contract? Is the epidemic specifically covered? Does the contract excuse you from performance and/or exclude/limit your liability in the circumstances?
- Has there been a government decision or action preventing performance which (i) meets the political interference language commonly included in definitions of force majeure or (ii) triggers change in law relief and compensation?
- Is prompt notification a contractual condition precedent to relief?
- What is the contractual interface between different contracts and counterparties?

See further our ten point checklist [here](#).

Where contracts do not include force majeure provisions, forms of relief (if any) would depend on the governing law of the contract. Under English law, the doctrine of "frustration" could be available, but the threshold for a successful claim is often high.

### Are there alternatives to cancellation?

The party claiming force majeure relief is usually under a duty to show it has taken reasonable steps to mitigate the effects of the force majeure event. For example, have you considered whether the event could be postponed, held behind closed doors, reduced in size or held with further safeguards in place?

This continues to be a critical issue for the sports sector to grapple with. Major sporting events, such as the Olympic Games and Euro 2020 have been postponed to 2021. Others, such as football leagues in England below the top three divisions have been cancelled.

#### Key issues

- What do your contracts say?
- Are there alternatives to cancellation?
- Do you have insurance?
- What are the financial implications for your business?
- How will you manage the risk of litigation?
- What about future events?
- How will you manage communications with stakeholders?
- What are the reputational implications for your business?

## Do you have insurance?

It is important to identify at the outset which policies may respond to losses and to comply with policy provisions around notification and management of losses. For example, is the cancellation covered by bespoke event cancellation insurance? Sponsors, media firms and local businesses reliant upon sporting events taking place may have business interruption cover, either under a standalone policy or, more commonly, as part of cover provided under other policies (e.g. property or all risks policies), which may protect them from loss of income/profit. See our briefing on insurance issues [here](#).

## What are the financial implications for your business?

The cancellation of an event may create financial difficulties for your business. It is critical that directors of an affected company understand the scope and extent of their statutory and fiduciary duties when dealing with the cancellation of an event, particularly when they are operating in the "twilight zone" (i.e. when there is a real and obvious risk of insolvency). See our briefing on financial difficulties [here](#).

## How will you manage the risk of litigation?

Are you likely to face claims from attendees, suppliers, sponsors, participants, media firms, and/or other counterparties relating to the cancellation? Could potential claimants form a class action? If you proceed, is there a duty of care to participants and spectators that exposes the organiser to a liability risk? It is important to assess and monitor the risk of claims early on, develop a legal strategy and put in place procedures to manage potential claims and settlements, including protecting privileged communications.

Integrity of the competition is key and organisers will have to take care to act in accordance with their own rules in a manner which is fair to all participants. If organisers do not, participants may seek to take action under those regulations.

## What about future events?

It is unclear how long the outbreak will continue to disrupt events. In the meantime, should you amend future contracts to agree how risks around the outbreak and potential cancellations should be allocated?

## How will you manage communications with stakeholders?

Do you have a central team and protocol for communicating with various stakeholders (i.e. governments, sponsors, media firms and participants) in relation to the cancellation of the event? Are your internal and external policies/comms regarding the outbreak of Covid-19 consistent?

## What are the reputational implications for your business?

The consequences of a decision to proceed, postpone, or cancel an event due to Covid-19 are not purely financial. The possible negative effects of any decision, and of how that decision is communicated, on the reputation of your business need to be factored into any decision, prepared for, and managed. See our guide on crisis management [here](#).

## Clifford Chance LLP experience

Clifford Chance is acting for several clients across Europe in response to the crisis as well as being able to draw upon a wealth of past experience. A summary is set out below:

**France** – Currently advising the French Football League and the French Football Federation in response to the pandemic. Key contacts: **Yves Wehrli** and **Thibaud D'Ales**.

**UK** – Currently advising an international broadcaster and a number of Premier League football clubs on a range of Covid issues. Past experience advising the Pakistan Cricket Board, World Rugby and the International Paralympic Committee in relation to the impact of force majeure clauses, material adverse change clauses and government interference upon the cancellation of major sporting events. Key contacts: **Chris Yates**, **Jennifer Mbaluto** and **James Cranston**.

**Belgium** – Currently advising a Belgian First Division Club in response to the pandemic. Key contacts - **Dorothee Vermeiren** and **Nathan Tulkens**.

## Key sport sector contacts

Ignacio Diaz, Luis Alonso and Eduardo Garcia (**Spain**). Fabio Guastadisegni, Simonetta Candela and Michele Curatola (**Italy**). Burkhard Schneider (**Germany**). Nish Shetty (**Singapore**). Lei Shei (**Shanghai**). Thomas Walsh (**Hong Kong**). Tim Grave and Heidi Gan (**Australia**). Paul Coates (**UAE**). John Alexander (**USA**).

A link to our sport sector web page is here:

[https://www.cliffordchance.com/expertise/sectors/telecommunications\\_media\\_and\\_technology/sports.html](https://www.cliffordchance.com/expertise/sectors/telecommunications_media_and_technology/sports.html)

# CLIFFORD CHANCE

## CONTACTS



**Claire Freeman**  
**Partner**  
**London**  
T: +44 20 7006 4685  
E: [claire.freeman@cliffordchance.com](mailto:claire.freeman@cliffordchance.com)



**Rob Lambert**  
**Partner**  
**London**  
T: +44 20 7006 8709  
E: [robert.lambert@cliffordchance.com](mailto:robert.lambert@cliffordchance.com)



**Christopher Yates**  
**Partner**  
**London**  
T: +44 20 7006 2453  
E: [chris.yates@cliffordchance.com](mailto:chris.yates@cliffordchance.com)



**James Cranston**  
**Senior Associate**  
**London**  
T: +44 20 7006 2297  
E: [james.cranston@cliffordchance.com](mailto:james.cranston@cliffordchance.com)

This publication does not necessarily deal with every important topic nor cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

[www.cliffordchance.com](http://www.cliffordchance.com)

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

© Clifford Chance 2020

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571  
Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications.

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to [nomorecontact@cliffordchance.com](mailto:nomorecontact@cliffordchance.com) or contact our database administrator by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ.

Abu Dhabi • Amsterdam • Barcelona  
Beijing • Brussels • Bucharest  
Casablanca • Dubai • Düsseldorf  
Frankfurt • Hong Kong • Istanbul  
London • Luxembourg • Madrid  
Milan • Moscow • Munich • Newcastle  
New York • Paris • Perth • Prague  
Rome • São Paulo • Seoul • Shanghai  
Singapore • Sydney • Tokyo • Warsaw  
Washington, D.C.

Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.



**Tom Shiel**  
**Lawyer**  
**London**  
T: +44 20 7006 3536  
E: [tom.shiel@cliffordchance.com](mailto:tom.shiel@cliffordchance.com)



**Thomas Walsh**  
**Partner**  
**Hong Kong**  
T: +852 2825 8052  
E: [thomas.walsh@cliffordchance.com](mailto:thomas.walsh@cliffordchance.com)



**Lei Shi**  
**Partner**  
**Shanghai**  
T: +86 21 2320 7377  
E: [lei.shi@cliffordchance.com](mailto:lei.shi@cliffordchance.com)



**Burkhard Schneider**  
**Partner**  
**Frankfurt**  
T: +49 69 7199 1442  
E: [burkhard.schneider@cliffordchance.com](mailto:burkhard.schneider@cliffordchance.com)



**Paul Coates**  
**Partner**  
**Dubai**  
T: +971 4503 2684  
E: [paul.coates@cliffordchance.com](mailto:paul.coates@cliffordchance.com)



**John Alexander**  
**Counsel**  
**New York**  
T: 1 212 878 3225  
E: [john.alexander@cliffordchance.com](mailto:john.alexander@cliffordchance.com)



**Yves Wehrli**  
**Managing Partner**  
**Paris**  
T: +33 1 4405 5405  
E: [yves.wehrli@cliffordchance.com](mailto:yves.wehrli@cliffordchance.com)



**Jennifer Mbaluto**  
**Partner**  
**London**  
T: +44 20 7006 2932  
E: [jennifer.mbaluto@cliffordchance.com](mailto:jennifer.mbaluto@cliffordchance.com)



**Ignacio Diaz**  
**Partner**  
**Madrid**  
T: +34 91 590 9441  
E: [ignacio.diaz@cliffordchance.com](mailto:ignacio.diaz@cliffordchance.com)



**Leigh Smith**  
**Senior Associate**  
**London**  
T: +44 20 7006 6235  
E: [leigh.smith@cliffordchance.com](mailto:leigh.smith@cliffordchance.com)