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**PLAY BY PLAY –
AN INTRODUCTION TO
ESPORTS, MONETISATION
AND IP RIGHTS**



– THOUGHT LEADERSHIP

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PLAY BY PLAY – AN INTRODUCTION TO ESPORTS, MONETISATION AND IP RIGHTS

The Coronavirus pandemic has brought traditional sports across the globe to a standstill. High profile international and domestic leagues and tournaments have been cancelled, suspended or postponed. A void has emerged in which worldwide interest in esports has intensified.

This article, which was written for, and first published by, LawInSport (the original is available to [view here](#)), provides an introduction to esports, the key stakeholders involved and some of the challenges facing an industry which had an estimated global audience exceeding 440 million viewers in 2019 and is forecast to generate revenue between US \$1.8 billion and US\$3 billion by 2022. In particular, we look at the monetisation of esports, and how intellectual property (IP) rights (and the enforcement of such rights) will be crucial for the stakeholders involved and will shape how the industry develops.

Esports has not been immune to the consequences of the Coronavirus pandemic. However, interest in esports has increased as traditional sports have turned to the esports environment to continue their engagement with fans. Formula 1 motor racing launched the F1 Esports Virtual Grand Prix series, with virtual races running in place of every postponed Grand Prix; in the U.S. NASCAR launched the iRacing series, with drivers competing digitally through a simulation platform and the English Premier League's inaugural ePremierLeague Invitational, in which celebrities and Premier League players represented their team in a knockout tournament to raise money for charity, attracted 150 million viewers across platforms including YouTube, Twitch, Facebook, Twitter and Sky Sports live. It has been suggested by the World Economic Forum that Coronavirus may lead to the normalisation of esports, thanks to the "unprecedented (and accidental) adoption of esports by broadcasters, leagues and athletes seeking to engage fans.

What is esports?

There is still no single definition of esports. Esports is an umbrella term for an industry covering hundreds of different video-games. For the purposes of this article, we define esports as the playing of competitive video-games by professional gamers, in an organised format (a tournament/league) and with a specific goal (a title/prize money).

Despite esports differing from "gaming", conflating the two is a common misconception. Gaming is a far broader term, encompassing the playing of video games, whether competitively or non-competitively, offline or online and whether in single player or multiplayer mode. To draw an analogy with football, gaming lies on a spectrum that encompasses a child practicing "Keepy Uppies" in their garden, a local football team playing in a competitive five-a-side tournament and a football freestyler duo streaming their latest skills and moves online. Esports is a competitive professional league or tournament, analogous to the Champions League, Bundesliga or the FA Cup.

This distinction is also important when considering the two types of professional gamers:

1. Competitive professionals – elite gamers who participate in esports, whether as an individual or as a member of a team, to win tournaments/leagues; and
2. "Lifestyle" gamers – skilled (but not necessarily elite) gamers who broadcast their day-to-day gameplay on digital channels and live streaming platforms to fans/subscribers, and whose ultimate goal is to entertain viewers, whether they win or lose.

The majority of gamers will fall into either one of the two brackets. In this article, our focus is on esports, and the former. However, this is not to understate the importance to the esports industry of lifestyle gamers to the esports industry, who may sign to professional esports teams, as part of those teams' broader business models – for example, to attract sponsors and fans, sell merchandise and produce entertainment content.

Esports, whilst a relatively nascent industry, challenges established conceptions of what constitutes a “sport” (although whether esports can be appropriately classified as a “sport” remains a controversial topic), but also offers new and varied investment opportunities to current and prospective market participants. Esports undoubtedly shares many of the fundamental characteristics of traditional sport, however its idiosyncratic features require a more bespoke approach in a number of respects, particularly in relation to monetisation.

The rise of esports

In 1972, the first known esports event took place at Stanford University, with students competing at “Spacewar!”, a combat video-game. The winner took home a year's subscription to the magazine Rolling Stone. Fast-forward to 2019, and 16-year old Kyle “Bugha” Giersdorf scooped US\$3 million for winning the Fortnite World Cup solo final – the largest prize ever for a single player at an esports tournament. To place this into context, Bugha's prize exceeds that awarded to Novak Djokovic for winning Wimbledon 2019 (US\$2.91 million) and Tiger Woods for winning the 2019 Masters (US\$2.07 million). Moreover, the US\$3 million won by Bugha was a fraction of the US\$100 million prize pool set aside by Epic Games, creator of Fortnite, for all Fortnite esports tournaments held during the course of 2019. Less than one month after Bugha's victory, five-man team “OG” triumphed at

The International (a Dota 2 tournament) in Shanghai, with the team sharing the US\$15 million first place prize and captain Johan “N0tail” Sundstein becoming the top prize-winning esports player to date, with estimated career winnings of almost US\$7 million.

Esports competitions are played in front of spectators, who can watch in-person at a stadium or via online streaming. These audiences can be vast. For example, 60 million viewers watched the Grand Final of the 2018 Mid-Season Invitational, a League of Legends tournament hosted by Germany and France. According to a recent report by Goldman Sachs, esports has been elevated “into mainstream culture as a legitimate professional sport with a massive global following.” This global following includes major celebrities and professional sportspersons, which in turn further raises the profile of esports. For example, in early 2020, Real Madrid's Gareth Bale launched his own esports team, Ellevens Esports.

Who are the key stakeholders?

- **Video-game publishers:** video-game publishers produce, release and own the IP in the games they publish, and thus control the content of the games (including updates to the games subsequent to initial release). For publishers, esports represents a way of deriving revenue from their principal assets – their IP rights in the games – by licensing the use of those rights. The primary purpose of such licensing may be direct (a distinct revenue stream under the licensing contract), indirect (using esports to generate interest in the game to drive sales) or a combination of the two.
- **Competitions and leagues:** publishers may also run esports competitions and leagues (for which they control the structure and rules) or alternatively license the rights to run

and broadcast such competitions to third parties. High profile examples of the former include the creation of the Fortnite World Cup by Epic Games, the formation of the League of Legends Championship Series and the League of Legends European Championship (the North American and European leagues, respectively) by Riot Games and the subsequent launch of the Overwatch League by Blizzard. An example of the latter is ESL (formerly the Electronic Sports League), which is the largest organiser of esports competitions worldwide (e.g. ESL One).

- **Team owners/franchises:** for those video games for which leagues have been created, the publishers can also sell “teams” that can participate within those leagues to third parties (similar to the US sports “franchise” model). For example, Activision (Blizzard’s parent company) sold the first twelve teams in the Overwatch League for US\$20 million, and subsequently sold eight further teams for a reported US\$30 to US\$60 million each, with each team based in a major city, and the teams split into a Pacific Division and Atlantic Division, respectively. Activision targeted current owners of major sports teams as prospective team owners, including Kroenke Sports & Entertainment (Los Angeles Gladiators) and the Kraft Group (Boston Uprising), who have experience in generating revenue from local and global fanbases.
- **Teams:** in addition to the “teams” which are sold to third parties, teams exist in the more conventional sense, i.e. a collection of players competing on the same side against other groups of players. Teams often compete across various platforms and video games. The top three highest earning teams to date are “Team Liquid”, “OG” and “Evil Geniuses”, with cumulative prize winnings totaling almost US\$90 million. Team Liquid, which has multiple divisions dedicated to the most popular esports games, is majority owned by aXiomatic, an ownership and management group created by an array of top traditional sports team owners which offers investment services in the esports industry. Teams may seek to

obtain IP rights in relation to their players under the contracts with those players. As with traditional sports athletes (such as elite footballers, golfers and tennis players), esports players have become increasingly attuned to the fact that they are not just professional gamers, but also valuable media assets.

- **Players:** the number of professional esports players has grown rapidly in recent years. They can earn income through sponsorship, prize money and team salaries (for members of a team which pays a guaranteed salary). Substantive player salaries are likely to encourage more gamers to consider pursuing esports as a professional career, which in turn results in higher quality gameplay and increased fan interest. Furthermore, unlike in traditional sports, lifestyle gamers can also earn income through streaming services. The highest profile example is Richard Blevins, better known by his online alias “Ninja”, who earns an estimated US\$500,000 per month from streaming and commenting on gameplay.
- **Online streaming services:** major technology companies including Amazon (Twitch), Google (YouTube) and Tencent (Douyu and Huya) own or have heavily invested in streaming services which can broadcast competitive and lifestyle gameplay. Facebook has recently launched a dedicated Facebook Gaming app in an attempt to challenge these dominant players and establish itself in the gaming and esports world. Twitch is the largest streaming platform, averaging in excess of one million concurrent viewers watching its subscription-based content every second over the course of 2018. Online streaming services contract with publishers (whether on an exclusive or non-exclusive basis) for the rights to stream gameplay. Live streaming platforms have experienced a surge in growth as a result of the Coronavirus pandemic; for example, Twitch exceeded three billion hours watched (in a single quarter) in Q1 2020 for the first time.

- **Traditional broadcasters:** some traditional broadcasters, in addition to online streaming services, have also begun contracting with publishers in order to broadcast gameplay. However, such broadcasters have thus far had a difficult task in converting fans of esports away from streaming services; research conducted by Nielsen found that 61% of esports viewers on Twitch did not watch TV on a weekly basis. Whilst Disney, ESPN and ABC began broadcasting the Overwatch League in 2018/19, it was exclusively licensed to YouTube by Activision Blizzard in early 2020.
- **Traditional sports team and leagues:** professional sports teams and leagues have also started investing in esports, capitalising on their unique IP rights (by licensing them to publishers), brand awareness and experience to find new audiences through esports. For example, NBA and Take Two Interactive (the publisher of the NBA 2K franchise) entered into a joint venture to create an esports league for NBA 2K; 23 of the NBA's 30 teams currently participate in the NBA 2K League. In 2019, all NBA 2K League games and tournaments were livestreamed on the NBA 2K League's Twitch and YouTube channels, with the NBA 2K League Finals rebroadcast in China through Tencent.

Monetising esports – revenue streams

In 2019, the total annual revenue for the esports industry was projected to reach about US\$1.1 billion; 42% from sponsorship, 23% from media rights, 17% from advertising, 9% from merchandise and tickets and 9% from publisher fees, representing year-on-year growth of 34%, 42%, 15%, 22% and -3.0%, respectively. The fastest growing esports revenue stream is expected to be media rights, with a compound annual growth rate (2017–2022) of +39.6%, compared with sponsorship's +28.4%. Esports' revenue generation therefore differs from traditional sports' widely recognised 40:40:20 revenue split model (covering media rights, sponsorship and

gameday income, respectively), with the expectation that in the coming years esports will be far more reliant on media rights, and far less reliant on gameday income, than traditional sports.

Media rights

As the popularity of esports increases, the number of streaming services and traditional broadcasters seeking to secure distribution deals to broadcast esports competitions and leagues, and the value of those distribution deals, is expected to increase.

Distribution deals have already been signed for significant sums. In early 2018, Twitch secured exclusive rights to broadcast the first two years of the Overwatch League worldwide (bar China) for US\$90 million, representing a higher annual figure than the US\$300 million paid by BamTECH (Major League Baseball's video streaming company) to Riot Games in late 2016 for the streaming rights to League of Legends until the end of 2023. Facebook has also entered the fray, securing an agreement with ESL for exclusive broadcast rights for ESL's Counter Strike: Global Offensive Pro League.

One advantage that streaming services and traditional broadcasters currently have over publishers in negotiating distribution deals is that the esports industry is fragmented, with the IP for each video-game belonging to the relevant publisher. Thus, a traditional sports league such as the Premier League or the NFL can collectively bargain on behalf of all teams within their league, in a way that is not applicable in the gaming industry.

However, streaming services and broadcasters have had to adapt to address the challenge of seeking to monetise an industry which has always operated on a freemium model – i.e. esports have always been free to air. Implementing subscription models risks losing audience members – which has knock-on implications for sponsorship. Striking the correct balance is a complex commercial path to navigate.

Sponsorship

Sponsorship is the primary revenue source for many key stakeholders and lends credence to the suggestion that esports is currently over-reliant on sponsorship as a revenue stream, although this is expected to change as revenue from media rights increases. Sponsorship deals may be struck with individual players, teams, competition organisers and/or video game publishers.

Until relatively recently, the vast majority of sponsorship came from endemic brands (i.e. brands that create products required to produce or used to play esports), such as software manufacturers and consumer electronics brands. In 2017, approximately 65% of event sponsorship deals and 88% of team sponsorship deals were signed with endemic brands. In 2019, Intel extended its partnership with ESL through to 2021, with the two parties intending to invest over US\$100 million over a three-year period.

However, as the popularity of esports has increased and the infrastructure of the competitions/leagues has become more established, sponsorship has come from a broader range of sources including mainstream brands. “The fact that esports audience members are a coveted demographic – with approximately 79% aged under 35 – has undoubtedly played a role in this increased interest, particularly given that this demographic is one of the hardest to reach through traditional media”.

Mastercard became the first global sponsor of League of Legends (a game already sponsored by Coca-Cola), T-Mobile and Toyota sponsor the Overwatch League and Paypal partners with Rainbow Six Siege. Esports teams Cloud9 and Ninjas in Pyjamas are sponsored by Puma and Betway respectively (with the company's logos emblazoned on the teams' kit), whilst Jian “Uzi” Ziaho (a League of Legends player) has signed an endorsement deal with Nike.

Advertising

Esports currently offers a range of advertising opportunities. Streaming services such as Twitch and YouTube

Gaming generate substantial revenues through advertising, with streamers also able to monetise their activity, whether by charging flat fees or entering into partnerships with streaming services.

There is also a prospective line of monetisation for publishers: in-game advertising. This would require the video-game publishers to code adverts, or even team sponsorship, into the games themselves. This could be done generically or specifically for esports competitions.

At the end of May 2020, Riot Games announced that they would display in-game digital sponsorship banners (the “Summoner's Rift Arena Banners”) during League of Legends esports broadcasts, with MasterCard and Alienware among the first brands that will feature. The sponsorship banner will appear in multiple locations across the in-game map and can change appearance throughout a match. Moreover, Riot Games has given each of its twelve regional leagues the ability to have different in-game sponsors. Riot worked with Nielsen to evaluate its approach to in-game sponsorship, with the data allegedly indicating that “It will become one of its most valuable deliverable assets.”

In-game advertising is not currently covered by any specific broadcasting or advertising code, but issues remain that could affect this potential revenue stream for publishers, including:

- The extent to which publishers are reticent to change the aesthetic look and feel of their games by allowing in-game advertising.
- The potential backlash from gamers in response to in-game advertising.
- Limitations on the types of advertising allowed due to the advertising laws in certain countries (e.g. restrictions on advertising alcohol, gambling, tobacco, etc) and the demographic of video-gamer users (i.e. minors).
- The hesitance of brands to advertise within certain types of games, such as violence-based video games.

Riot Games' approach indicates it is particularly attuned to the first two issues referenced above. Whilst the sponsorship

banners will be visible to those watching the esports broadcast, it will not affect the professional gamers themselves. In addition, David Higdon, Riot Games' global head of communications and esports, noted in response to fan concerns about the level of in-game sponsorship integration that: "We'll be very careful on how we innovate around it... Let us know what you think when you watch it this summer. We'll adjust as needed."

If in-game advertising grows as publishers seek to monetise further by leveraging in-game "real estate", this will create a host of issues surrounding advertising standards and the enforcement of IP rights.

Merchandise and tickets

Whilst a smaller portion of the annual revenue of the esports industry comes from merchandise and ticket sales, this is nonetheless a revenue stream that has seen strong growth. In 2018, the Overwatch League entered into a multi-year deal with sports merchandise company Fanatics, whilst for esports team 100 Thieves its apparel business line is one of its three primary revenue sources alongside competitive gaming and entertainment and media.

Monetising esports – the importance of IP rights and their enforcement

Esports has an advantage over traditional sports in respect of monetisation; the video games underpinning the esports benefit from significant copyright protection. The Court of Justice of the European Union has held that the act of performing a sport cannot be a copyright work in and of itself as it does not satisfy the requirement of "originality." This has historically created major issues for traditional sports broadcasters in dealing with online piracy for unauthorised live streaming of fixtures. Broadcasters of traditional sports rely on the fact that the broadcasts of footage of sports events are protectable as copyright work. Broadcasters also bolster their protection

through the inclusion in the footage of opening clips, anthems and trade marks to demonstrate a breach of IP rights.

In contrast, in the world of esports, the "sport" (i.e. the video game) typically consists of a number of separate copyright works, each of which can be controlled by the owner and/or its licensee(s). For instance, under English law, these may include: source code in the game or parts thereof; in-game text; in-game images; in-game films; characters; musical score; and music recording.

In addition, logos and brands used to distinguish the video-games may be protected as trade marks (whether registered or unregistered).

Esports stakeholders are therefore afforded multiple layers of protection that can be used as part of an enforcement campaign to protect commercial interests. However, the competing interests of the different stakeholders (as highlighted below) is a major factor to take into account in relation to enforcement, and which may have a concomitant impact on the monetisation of the esports industry.

Further complexity is introduced where the video-games feature real players, who themselves may have rights in their likeness. In addition to rights under licences with publishers, esports leagues, competition organisers and broadcasters will also have their own distinct IP rights – for example, esports broadcasters typically film game screens and the players themselves, meaning they own copyright in that footage and broadcast (which in turn is dependent on the broadcaster having the rights to feature the game in that footage). There are therefore a broad variety of rights that may be infringed upon.

When you consider that the fastest growing esports revenue stream is expected to be media rights, the importance of stakeholders being able to adequately enforce their IP rights when infringed is underlined. However, given the myriad of rights and competing

interests involved, it is critical that esports stakeholders have a clear understanding of and properly negotiate:

- The extent of (and limitations to) their IP rights.
- Their ability to take enforcement action when IP rights are infringed.
- Their responsibility to take enforcement action when IP rights are infringed.
- The implications of taking, or failing to take, enforcement action.

Streaming

Streaming serves as a useful illustration in this respect. Unlike traditional sports, which have generally taken an assertive approach in enforcing their IP rights, enforcement activities in esports and videogaming have often been more restrained.

Publishers have been historically reluctant to stop what are known as “let’s play” videos; videos distributed online where gamers commentate on themselves playing a particular game. For publishers, this constitutes free promotion and advertising and can boost the popularity of their games, which can in turn increase revenues by: (a) facilitating sales of the games; and/or (b) increasing the number of in-game microtransactions. Furthermore, assuming in-game advertising becomes a more widespread phenomenon, “let’s play” videos will increase exposure to such advertising, which may lead publishers to try and leverage such exposure in contract negotiations with advertisers.

However, even for publishers, there have been limits to their tolerance for such videos. “Let’s play” videos are typically governed by the terms of the relevant End User Licence Agreement, which often set out an exception for “non-commercial” use. In 2013, Nintendo began claiming all advertisement revenue on user-generated “let’s play” videos uploaded to YouTube that featured Nintendo’s content. Nintendo publicly positioned this as a reasonable balancing exercise; allowing fans to continue enjoying Nintendo content on streaming platforms (i.e. not blocking gamers in totality from using Nintendo’s IP), whilst

simultaneously asserting its right to monetise its IP. The gaming community disagreed. Following an outcry, Nintendo set up the “Creators Program,” which offered video creators between 60% and 70% of the advertisement revenue (depending on whether the creator registered and posted the video to Nintendo-specific channels) generated from the video. In 2018, Nintendo pulled back even further from its position, announcing that it was halting the Creators Program in its entirety and that – provided video creators followed a new set of “basic rules” – they could retain 100% of any advertisement revenue generated. In the associated press release, Nintendo seemed to acknowledge the role played by such video creators, stating: “We appreciate and encourage the continued support of content creators, and thank them for their dedication to helping us create smiles”. Nintendo came to understand that the reputational damage of taking enforcement action outweighed the advertising revenue claimed.

By contrast, competitions and broadcasters may take a very different approach to enforcement than video game publishers, which is reflective of their differing commercial interests. Esports broadcasters typically film both game screens and the players themselves; they therefore own copyright in the filming and broadcast itself and are able to use the content of the game under licence from the publisher.

In January 2018, esports competition organiser ESL had an exclusive deal with Facebook to stream ESL’s Dota 2 competition. When gamers began streaming gameplay from the tournament (overlaid with their own commentary) on rival streaming platform Twitch, ESL elected to issue “takedown notices” pursuant to the US Digital Millennium Copyright Act (DMCA), informing Twitch that it was hosting copyright-infringing material. In order to shield itself from liability, Twitch removed the offending streams. However, Valve (the publisher of Dota 2) responded by announcing that only they were able to issue such takedown notices in relation to the “infringing” streams.

This confusion stemmed from the fact that whilst both ESL (the competition organiser) and Valve (the publisher) held IP rights in elements of the broadcast of the competition, the ability to issue a takedown notice was dependent upon the specific nature of the material being “infringed”, as well as the terms of the licence provided by Valve to ESL. ESL held an array of copyrights in various elements of the broadcast of the competition, but the gamers were not violating these rights through their streams. Whilst the gamers were streaming the same gameplay that ESL was broadcasting (with its own commentary overlaid), they were not streaming the ESL broadcast (or elements of the broadcast) itself. Thus, absent the terms of a licence granted by Valve specifying that ESL had rights vis-à-vis the actual gameplay, ESL did not have the ability to issue takedown notices in relation to the streams.

This incident demonstrates the importance of esports stakeholders having a comprehensive understanding of IP rights and being aligned on the approach to enforcement. It stressed the importance of clear contractual and practical mechanisms to ensure the smooth exploitation and enforcement of the broadcast. It also highlights the attendant implications for the growth of media rights revenue in the esports industry:

- **Competition organisers:** if competition organisers (ESL) cannot enforce their IP rights, there is little commercial sense in broadcasters (Facebook) paying substantial sums for exclusive streaming rights. This will affect the monetisation of such competitions. Competition organisers therefore need to carefully assess their IP rights to ensure their commercial interests are adequately protected, as well as obtaining appropriate permissions from other rights holders to address any lacunae in such protection.
- **Video game publishers:** if video game publishers (Valve) are unwilling to enforce their IP rights to protect the interests of competition organisers, or alternatively to grant competition organisers rights under the relevant

licence that affords adequate protection to their broadcasts, the value of such licences substantially diminishes. At the same time, video game publishers must also be careful not to alienate the gamers upon whom they rely to promote their content and who may encourage criticism of the publisher within the gaming community. If publishers are unwilling to engage with this issue by formulating a clear policy on the permissible content of streams of competition gameplay, and continue to take a back seat approach to enforcement, their interests will come into direct conflict with those of other stakeholders. This potential conflict is particularly pertinent in circumstances where the video-game publisher is also the competition organiser, and therefore has a direct relationship with the broadcaster.

- **Streaming platforms hosting “infringing material”:** streaming platforms (Twitch) should continue to comply with takedown notices when presented, as they are reliant upon the safe harbour afforded by the DMCA (and equivalent legislation elsewhere) to shield themselves from liability. There is simply too much content on streaming platforms to proactively identify all infringing content. Streaming platforms should also comply with any counter takedown notices properly filed by streamers. As an industry, stakeholders should cooperate to develop fast and effective mechanisms to identify illicit streams, building on work such as digital watermarking which has been undertaken in the context of traditional sports broadcasting. This is particularly relevant in the context of Article 13 of the EU Directive on Copyright in the Digital Single Market, which will require service providers (i.e. streaming platforms) to implement measures to protect content and ensure effective content recognition technologies.
- **Streamers:** streamers should look to policies issued by publishers to understand the limitations on the content that their streams can contain. If a streamer believes their content has been improperly removed through a takedown notice, they should file a counter takedown notice.

What next for esports?

There is no sign of esports' rapid expansion slowing. A recent report by Goldman Sachs highlights that the industry remains heavily under-monetised relative to its audience potential. According to the report, the total online population is over 3.65 billion globally, 2.2 billion of whom are gamers; esports viewers currently represent only a fraction of the online population (c. 5%), suggesting there is plenty of scope for audience growth.

As revenues increase, fuelled by larger audiences and audience engagement, we expect to see the industry mature, with further investment driving the implementation of greater organisation and more sophisticated infrastructure, the entrance of further major brands into the arena and larger prize pools. Activision (through Blizzard) and Tencent (through Riot Games) have led the way, targeting the investment of current owners of traditional sports teams, in order to use their knowledge of how to generate increasing financial returns, including revenues from those teams' regional support bases. As the professionalisation of the industry continues, increased monetisation will follow. Global betting on major esports titles, already estimated at US\$5.5 billion in 2016, is now projected to approach US\$13 billion this year.

According to PwC's Sports Survey 2018, the traditional sports industry is keeping a keen eye on the esports industry; over 70% of participants from the global sports industry say that they would develop a strategy to enter esports, with the main reason for hesitation being a lack of understanding of the business model. Moreover, esports was identified

by participants as the sport with the highest potential to grow revenues globally, beating both football and basketball into second and third place, respectively. When you consider the audience demographic for esports, in conjunction with the fact that more than 70% of participants believe the biggest threat to the traditional sports industry is the shift in the consumer behaviour of younger people, it is unsurprising that esports has become too commercially relevant to be ignored.

The International Olympic Committee has recognised esports as a "sporting activity" and is exploring the possibility of including esports in future Olympic Games. Esports may be a demonstration sport at the Paris 2024 Olympic Games and it will be a medal event at the 2022 Asian Games. And in May 2020, the Commonwealth Games Federation agreed an exploratory partnership with the Global Esports Federation to develop a Commonwealth Esports strategy.

The esports industry is an attractive and exciting market that transcends both sport and technology. However, the industry remains an emerging one. At this stage of its development, it is absolutely critical that adequate consideration is given to the legal and commercial issues raised by the interrelationship between, and enforcement of, various industry stakeholders' different IP rights. The industry will need to wrestle with these complex issues as it continues its rapid expansion.

CONTACTS



Chris Yates
Partner
London

T: +44 20 7006 2453
E: chris.yates@cliffordchance.com



Yves Wehrli
Partner
Paris

T: +33 1 4405 5405
E: yves.wehrli@cliffordchance.com



Jennifer Mbaluto
Partner
London

T: +44 207006 2932
E: jennifer.mbaluto@cliffordchance.com



Leigh Smith
Senior Associate
London

T: +44 20 7006 6235
E: leigh.smith@cliffordchance.com



Rory Scott
Lawyer
London

T: +44 20 7006 2303
E: rory.scott@cliffordchance.com



Jonathan Coote
Trainee Solicitor
London

T: +44 20 7006 1910
E: jonathan.coote@cliffordchance.com



Aliona Potapova
Senior Client & Market
Development Executive
London

T: +44 207006 4494
E: aliona.potapova@cliffordchance.com



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