

The background of the cover is a photograph of a large esports arena. A massive crowd of spectators is seated in the foreground, looking towards a brightly lit stage. The stage is filled with blue and white light beams crisscrossing the space. On the stage, there are several large monitors displaying game footage, and a central area where players are competing. The overall atmosphere is one of a high-stakes, high-energy event.

# The Little Legal Handbook for Esports Teams

*Second Edition*

By Roger R. Quiles, Esq.



**Quiles** Law

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# **FOREWORD**

Dear Reader,

Welcome to the Little Legal Handbook for Esports Teams. Much has changed in the industry since this book was first published in 2015, and not just changing the capitalization of the “S” in esports. Esports continues to grow worldwide in viewership, engagement, sponsorship, and investment capital. Certainly, starting an esports team has become increasingly difficult as more barriers to entry are established. Fortunately, opportunity still abounds in the industry, as new games are released, new tournaments are created, and innovative platforms change. This means that team owners must be more careful with each step of their esports venture, especially when starting out.

Accordingly, the need for legal assistance has grown drastically. However, many teams still choose to forego seeking legal assistance, unaware of the depth of their needs, the risks they are taking, and how to sufficiently protect their business. This e-book is an introduction to a few of the legal topics that every esports team must address, with or without legal counsel. Each chapter of this e-book has been written to condense some aspects of complex legal issues as they apply to an esports team. Don't worry, this e-book is written for team owners, not lawyers, so there is as little legal terminology as possible.

Please note that the information provided in this e-book is for general information purposes and does not constitute advertising, a solicitation, or legal advice. Although I will strive to keep this e-book's contents as up to date as possible, the information contained in this e-book may not contain the most current market and legal developments and may not address all or relevant legal issues. Nothing about this e-book is intended to create, or constitutes the formation of an attorney-client relationship. You should not rely on the information within this e-book without consulting an attorney first. Importantly, information in this e-book is not promised to be complete or correct, as the law and legal standards are constantly changing.

With that said, I hope you find the contents of this e-book useful. Feel free to share it in its entirety with others that you feel may be interested in its content. Enjoy!

Sincerely,

Roger R. Quiles, Esq.

# **BUSINESS FORMATION**

To own an esports team is to own a business. Unfortunately, that fact is lost on many who obsess over the product that their business puts forth, the gameplay. Like any other business, one of the first, and important, hurdles to overcome will be the choice of business entity.

The basic, and most common business structures include:

- Sole Proprietorships
- Limited Liability Corporations (LLCs)
- C Corporation
- S Corporation

The steps to create these entities vary by State. Each of these business entities has distinct advantages and disadvantages, which will vary based on applicable State law. This chapter will examine each entity structure and discuss the general concepts that each entity entails.

## **What is a sole proprietorship?**

A Sole Proprietorship is the simplest entity to create. A Sole Proprietorship allows an individual to operate a business under their own name or a trade name. These trade names are known as a DBA, an acronym for "Doing Business As." Team owners who choose to operate this kind of business entity would need to utilize a DBA to conduct business under the team name. Each State has its own process to create this entity, and its DBA, though it generally requires little paperwork.

Sole Proprietorships must report all income on the business owner's personal taxes. More importantly, this type of business entity offers no liability protection. Under this entity structure, if someone were to sue the team, the owner would be personally liable. That means that any and all of the owner's personal assets could be jeopardized by such a lawsuit. Make no mistake, this incredibly high level of liability is a substantial drawback to this entity structure.

## **What is an LLC?**

The Limited Liability Company, commonly known as an LLC, structure is a popular choice amongst business and team owners. LLC's are creatures of State law, meaning the creation and the legal requirements they must adhere to are all determined by the State in which the LLC is created. For instance, in New York creating an LLC is a very time consuming and expensive process, whereas in New Jersey an LLC can be created quickly for a much cheaper price.

When creating an LLC, the team owner will have to choose a name to conduct business under. Many States offer the ability to search for existing business names within the State, and such service should be utilized to determine if the desired name is available. Generally, LLC's are not required to be highly structured by States, meaning that an LLC Member (the title given to LLC owners) will have a great deal of freedom in organizing and structuring their business.

Like the Sole Proprietorship, income earned from an LLC must be reported on the Member's personal taxes. If there are multiple Members, then each Member reports their share of the business' profits on their taxes in proportion to their percentage of interest owned in the business. For instance, if John owns 60% of the LLC, then John reports 60% of the LLC's profits on his personal taxes.

The most substantial advantage of the LLC, especially when compared to the Sole Proprietorship, is that Members are entitled to limited liability. This concept means that if the team is sued, the Member's personal assets are generally not at stake. In other words, the team owner's personal property and assets are protected from a lawsuit against the team because only the team's assets are at risk. However, in the event that the LLC is not treated as separate and apart from its owner (like if the formalities of running a business are not adhered to), this limited liability can be removed through a lawsuit, putting the owner's personal property at risk. Such a lawsuit is not easy to achieve except in egregious circumstances, like if the owner commits fraud. Nonetheless, this limited liability, and freedom in organizing the business, makes the LLC a popular choice among all businesses, including those in the esports industry.

## **Do I need an Operating Agreement?**

In order to run an LLC as smoothly as possible, business owners should establish their entity's foundational document, the Operating Agreement. An LLC's operating agreement essentially sets forth terms and conditions for how a business will run and how the members of the LLC will work together. The Operating Agreement typically includes information regarding how the business will operate on a day-to-day basis. This will include a description of who the members are, what roles these members have within the company, and any capital contributions the members have made to the LLC. It will also lay out the percentages of ownership interest, voting rights, and protections for each member in potential transfers/sales

of their equity interests.

While some states do not require LLCs to have a formal operating agreement in place, it is a good idea to do so in order to ensure that the business will be run in a manner of the members choosing. By doing so, members of the LLC can determine their own rules on certain business decisions instead of being forced to follow the state's default language regarding general situations. Additionally, operating agreements will provide a clear guide for dealing with any issues that may arise between members and especially in the event of a termination. A clear and thorough operating agreement provides the members with a guide for any circumstance and should provide the manageable solution to each situation.

## **What is a Corporation?**

The C Corporation and S Corporation are the most structured of the business entities. The specifics as to forming these entities will vary slightly by State, but generally the business owner is required to file a certificate of incorporation with the State. This certificate usually states the directors of the Corporation, the incorporators' shares of stock, the registered agent, classes of stock, the rights to each classes' shareholders and the nature of the business.

Additionally, if forming an S Corporation, an owner must designate S status with the IRS within 75 days of filing the certificate of incorporation. The S Corporation has two key differences from the C Corporation. By design, the S Corporation is a closely held company. That means that the S Corporation cannot have more than 100 shareholders. By contrast, the C Corporation can have as many shareholders as it likes. The C Corporation can also offer different classes of stock, which are needed to create tiers of ownership, whereas the S Corporation can only offer one class of stock to its shareholders. Lastly, the S Corporation's shareholders are limited to US residents, including Corporations, whereas there are no restrictions on who can be a C Corporation shareholder.

The C Corporation structure has several advantages. First, this structure is widely viewed as the optimal business entity to seek investment. This is primarily due to the C Corporation's ease of creating shares and its predictable business structure. Additionally, both the C and S Corporations afford its owners limited liability. In the esports context, that means if someone sues the team, the owner is not personally liable.

The most substantial disadvantage of the C Corporation structure is that profits will likely be taxed twice. A Corporation is a separate entity completely distinct from its owners. Therefore, the Corporation will be taxed on its profits on its own tax returns, and subsequently, the owner will be taxed for any income paid to them by the Corporation. However, the strong advantages of the corporate structure are substantial enough for many business owners to choose the C Corporation.

## **Does a Corporation need bylaws?**

Yes. The bylaws, which are typically established by the owners of the business during the formation of the Corporation, are rules that govern the operation of the Corporation. This document will essentially set out how the Corporation will handle any business situation that may arise during the Corporation's lifespan. The bylaws will consist of a variety of information that includes the titles and responsibilities of officers in the Corporation, the process in which officers will be assigned/elected, how meetings will be conducted, and how often these meetings will be held, etc. It should also set forth the number of directors on board, how these directors will be elected/terminated, and what their responsibilities they will be. With the information that's included in the bylaws, the document should create a clear picture of the business' day-to-day operations, and account for a variety of situations which may occur in the business' lifespan. Oftentimes, Corporations that fail to have sufficient bylaws will end up spending more time trying to figure out what to do when a problem arises and more money in attempting to resolve said problem. By creating guidelines for every conceivable situation that may occur, the business will be able to operate as efficiently and effectively as possible.

## **Does a Corporation need a Shareholders' Agreement?**

No, but it's a good idea to have one. Shareholders' Agreements are important as soon as there are going to be multiple shareholders in the business. For some businesses, this may be earlier than others. At its core, a private company's Shareholders' Agreement will determine who may be a shareholder and how the shareholders will treat others. This agreement will set forth how/when shares will be issued, the number of shares that will be issued, and the type of shares that will issued. It will also describe any rights that shareholders may have in regard to their shares. A Shareholders' Agreement should describe how the shareholders may transfer/sell their shares, buy new shares, and provide information on how shareholders will be paid in the event of a sale of the Corporation. It is very common for a Shareholders' Agreement to also include restrictions regarding the transfer and sale of shares, as most companies will provide itself with an option to buy back any shares which are for sale. In order to accurately follow how the shares have been distributed throughout the Corporation, the Shareholders' Agreement will also include a capitalization table. This table provides a snapshot of the company's percentages of ownership, equity dilution, and value of equity by founders, investors, and other owners. While a Shareholders' Agreement is not mandatory, it is easy to see why this type of agreement would be necessary for any sophisticated business owner who chooses this type of entity structure.

## **What business entity is best for a team?**

The choice of what business entity to select is a trickier subject and would have to be determined on a team by team basis. Unfortunately, there is no "one size fits all" approach.

Some factors that a team should consider in determining its business entity are:

- Does the team plan on distributing equity?
- Will the team have a highly structured business?
- Does the team plan on seeking traditional investment or venture capital? Does the team plan on having a substantial number of investors?
- Are the owners over the age of 18?

It is important for a team owner to consider the above questions, and each entity's advantages and disadvantages, in selecting a business entity for the team.

### **Quick recap**

	Limited liability?	Restrictions on ownership?	Taxes?
Sole Proprietor	No	No	Personal
LLC	Yes	No	Personal
C Corporation	Yes	No	Corporate, Taxed twice
S Corporation	Yes	Yes	Corporate

# **HOW TO DRAFT PLAYER AGREEMENTS**

The most important contracts that a team will enter into are its player contracts. These important agreements set forth the terms and conditions of the player-team relationship. Unlike professional sports, there is no collectively bargained, or otherwise standard, contract. As a result, each team must create their own player contract. Note, there is a franchised league which requires its teams to use a uniform contract which it has drafted, though that is extremely rare in the esports industry.

This chapter will explore some points that every team should consider in drafting their player agreement.

## **Are oral contracts sufficient?**

Unfortunately, there are teams that do not have written contracts for their players. Instead, these teams rely on oral contracts. Teams should not attempt to utilize oral contracts as a means of cheating players out of their agreed upon salaries/benefits/winnings. Make no mistake, oral contracts are enforceable in a court of law. The terms of an oral contract can be shown through an established pattern or practice. For instance, if a team has paid its player 80% of all tournament winnings for several months, then decides to only pay the player 60% of all winnings, a Court can infer that the initial 80% was the contracted percentage. Even if a team has the best of intentions in entering into an oral contract with its players, it should consider adopting a written contract for clarity's sake. No team wants to get dragged into an ugly, public dispute due to a misunderstanding of oral contract terms. A written contract can always serve as a reference for the player and team if any questions arise regarding their obligations to one another.

## **Are players independent contractors or employees?**

Teams may be unaware that classifying players as independent contractors, or labelling the Player Agreement as an Independent Contractor Agreement, is not enough to legally be considered an independent contractor. In fact, many esports player contracts, if challenged in Court, would be found to create an employee/employer relationship and thereby subject teams to substantial liability.

Depending upon how the Player Agreement is drafted, and how that contract is implemented, a player will either be considered an employee of the team or an independent contractor. This distinction is critical in establishing the obligations that a team has to a player and the rights that the player holds. Thus far, many esports teams have attempted to classify players as independent contractors.

Teams, like many businesses, would prefer to employ independent

contractors instead of employees for several reasons, including:

- **Independent contractors cost less-** save money by utilizing independent contractors because they don't have to pay for benefits, Social Security and Medicare taxes, unemployment compensation insurance, or worker's compensation insurance.
- **Hiring and firing-** contractors can be hired for specific events, as well as for a specific duration of time. This allows a team to staff itself on an as-needed basis and allows for flexibility. Additionally, independent contractors do not receive many of the same protections as employees from Federal and State law, particularly as they apply to termination. Effectively, it is much easier to fire an independent contractor as opposed to an employee.
- **Decreased liability from lawsuits-** In certain circumstances, businesses can be found liable for the actions of their employees. However, as independent contractors are not employees, a business is more protected from being sued for the contractor's actions. Also, independent contractors are not protected by the totality of employee protection laws, thus protecting the business from getting sued by the contractor themselves.

Due to the overwhelming benefits to a business using independent contractors, Courts have scrutinized independent contractor agreements by using two tests to determine whether such a relationship is sufficiently established, or if the agreement instead creates an employee/employer relationship.

For reference, here are the two tests that New York courts use, the first being the Economic Realities Test, which is as follows:

- The degree of control exercised by the employer over the workers
- The workers' opportunity for profit or loss and their investment in the business
- The degree of skill and independent initiative that is required to perform the work
- The permanence or duration of the working relationship
- The extent to which the work is an integral part of the employer's business



The second test is the Common Law Test, which is as follows:

- Whether the worker works at his/her convenience
- Whether the worker was free to engage in other employment
- Whether the worker received fringe benefits
- Whether the worker was on the employer's payroll
- Whether the worker was on a fixed schedule

In both of these tests, the Courts examine the entirety of the answers to determine how to classify the parties' working relationship. It is worth noting that the Courts may also impose additional factors at their discretion. An example of an additional factor in the esports context could be whether the player is required to wear a uniform or required to live in a team house.

Both of these tests hinge upon how much control a team has over its players. The greater the control, the greater the likelihood that an independent contractor relationship does not exist, but an employee-employer relationship does. As the liability from an employee-employer relationship can be substantial for a team, especially if this liability is not anticipated or desired, the Player Agreement must be carefully drafted to avoid such a relationship.

## **What sections are included in a player agreement?**

The rest of this chapter will address the bulk of the sections that are typically found in effective Player Agreements. Please keep in mind that how each particular section is phrased can have an impact in determining whether an independent contractor relationship exists or an employee/employer relationship.

### **1. Services to be rendered**

It is essential to actually state what the player's duties are under this contract. This section should clearly identify the player's responsibilities so there can be no confusion as to the player's obligations. Generally, these responsibilities include participating in team matches, practices, exhibition games, other team activities, and streaming content. Some team owners like to require a minimum number of hours of streamed content as well.

Importantly, the term, or the length, of the contract should also be included. The term can be established by length of time, or for the duration

of a particular event.

## **2. Payment**

Some of the most important provisions of any Player Agreement are the clauses related to payment. This section should be crystal clear and will specify how much players are to be paid, how frequently, and importantly, when said payments are to begin. It is also worthwhile to include in this section how payment will be handled in the event that the player is only on the team for part of a pay period. Additionally, this section should specify the percentages of any winnings and/or streaming income that the player and team are entitled to.

Streaming income could be defined in this section broadly or tightly. For instance, is a player's subscription revenue considered a part of overall streaming income, which must be shared with the team? Also, does streaming income include donations to the player? How "streaming income" is defined would play a substantial role in determining who is owed what amount of money.

## **3. Player ability and condition**

This section describes, in general terms, the exceptional and unique nature of the Player's ability. Although this seems odd, there is sound legal reasoning behind this. By establishing the unique and exceptional abilities of a player in their contract, should the player attempt to breach the contract (for example, by playing for another team while under contract) then the team could get a court order holding the player to the contract. The reasoning behind this is that the team would suffer irreparable injury should it have to replace the player with an individual of normal ability.

## **4. Accommodations**

As travel for esports teams is necessary, a section should be included that discusses the costs of travel. This will describe what, if any, accommodations will be provided to the player, and if the player is required to cover any of the costs associated with these accommodations. If costs are to be reimbursed, the specifics regarding the reimbursement must also be discussed. Additionally, this section can also include whether the Player is able, or required, to live in a team house, and any associated costs.

## **5. Equipment**

This section describes whether the team will provide any equipment to the player, and possibly even the specific equipment provided. Further, this section should specify whether such equipment will remain the property of the team in the event the player leaves, or whether the player is allowed to keep said items.

Although this point may seem minor, how equipment is handled can reinforce an independent contractor or employee-employer relationship. If players are given equipment outright, and are able to retain said equipment permanently, then a Court may be more likely to infer an employee-employer relationship. However, if a team were to retain said equipment and only allow the equipment to be loaned to a player, a Court may be more likely to find that an independent contractor relationship exists.

## **6. Loyalty**

Players must follow all team and league rules, and this section effectively states that. Also, importantly, this section requires the player to abide by certain standards of conduct. This section is key to protect the team should a player violate the rules. For instance, if a player cheats or throws a match, this section would allow the team to take punitive action against the player, or perhaps be sufficient cause for termination. Of course, this section assumes that the team has its own rules in place, which it should. Teams may also wish to consider annexing these rules to the contract so that the player is fully aware of their expectations for conduct.

## **7. Discipline**

This section goes hand in hand with Loyalty and describes how the team will discipline its players for league and team rules violations. Clarity is key here. Team owners should strive to achieve consistency in discipline. By no means do owners have to establish rigid penalties but giving a range of penalties is acceptable (as long as it is not so broad as to be arbitrary). By tying the penalties to the individual rules being broken, it can be clearly understood by players that actions will have specified consequences. Players understand that some rules are more important than others, and discipline should reflect that.

The easiest, and yet still effective, way to set out discipline is to group rules together into categories by importance. For instance, let's say a team establishes three levels of importance for team rules: not very important, important, and very important. By grouping these rules together, the team can effectively group any discipline associated with those rule violations together. Of course, teams may want to specify that each rule violation, whether or not in the same category, will be treated as separate cause for discipline.

## **8. Team promotion**

If the team desires to require the player to help promote the team, then this section is essential. This section outlines the obligations (if any) that the player will have to promote the team. Some examples include interviews (for the team, tournament providers, etc.), photo opportunities, and fan meet and greets. Of course, not all promotional events are going to

be known at the time the player enters into the contract. Therefore, teams want to keep this clause broad. Please note that teams should highlight that the promotional requests shall be reasonable. Players should not be required to engage in death-defying activities for the sake of any team.

## **9. Player's likeness**

This section goes hand in hand with Team Promotion. In order to promote the team, the player would need to allow the team to use his likeness. This section accomplishes that goal. It should be noted how the player's likeness will be used (name, pictures, voice, video, etc.). Additionally, ownership of the use of the player's likeness (in those limited circumstances) should be discussed. Importantly, this does not give teams the right to control the player's likeness in all circumstances. This is effectively a likeness release that only allows the team to use the player's likeness in limited, specified, circumstances.

## **10. Exclusivity**

Easily the most logical section of this contract, Exclusivity requires players to play for one team throughout the duration of the contract.

## **11. Dangerous activities**

This section, should a team choose to utilize it, exists to protect the team's investment in the player by essentially restricting the player from undertaking activities involving a significant risk of injury without the consent of the team.



**Tip:** Bear in mind that restricting a player's activities may be evidence of control, which could assist a Court in finding that an employee/employer relationship exists between the player and team.

## **12. Assignment**

Assignment is the legal term used to transfer the obligations of a contract. In the context of the Player Agreement, this section gives the team the authority to trade a player to another team. Additionally, if desired by both parties, a "no-trade clause" can be inserted here, which would limit the team's right to trade a player. Although it may seem illogical for a team to grant a no-trade clause, it can be an effective bargaining chip to acquire a highly desired free agent player.

### **13. Medical information**

Teams may wish to be informed of any medical issues that arise for the player. This section is generally used to require the player to disclose any medical information that is relevant to the player being able to perform. The reasoning behind this is so that the team is made aware of any potential performance issues before the knowledge becomes public, and so it can plan accordingly. However, requiring the disclosure of such personal information may weigh in favor of an employee/employer relationship between the player and team if the contract is challenged in Court.

### **14. Obligations of assignor and assignee teams**

Yes, there are some legal terms here, but the section is quite simple. As described earlier, Assignment deals with trading a player. The Assignor is the team that is trading the player, while the Assignee is the team that will be receiving the player. This section is essentially about which team is liable to pay the player being traded. Legally, the team trading the player will be liable for all debts incurred prior to the trade and the team receiving the player will be liable for any debts incurred after the trade.

### **15. Termination**

This is the largest, and perhaps most important section of the contract as it describes the situations where the player and the team can terminate the contract. Be prepared to spend a great deal of time drafting this section, and perhaps even negotiating this section with the player.

One of the most frequently used clauses in this section is the buyout clause. This clause allows the player to pay the team a specified sum of money and submit to the team written notice that the player would like to be released from the contract. Thereafter, the player would obtain their immediate release.

A clause should also be included that would allow the player to terminate the contract if the team fails to meet its obligations under the contract, including payment. Of course, any team would want the opportunity to fix its mistakes, so teams can build in a brief but reasonable time period to fulfill its obligations. Given the public struggles of many teams failing to pay their players, this clause can be used to show a commitment to making good on all contracted promises.

Teams generally have much more freedom when it comes to terminating a player's contract. Some examples of termination clauses for the team include where the player fails to showcase sufficient skill (at the team's discretion), excessive violation of team and/or league rules, and where the player does not meet his contractual obligations.

Another clause a team may wish to consider is the termination of the contract for the team's failure to maintain a spot in a particular league. Such a clause benefits both the player and the team, as the team will likely want to reassess its roster and not be held to preexisting obligations, and the player would want to try and find a team in that pro league who will take them.

In addition to the clauses allowing for termination, this section will also describe the procedure of termination. For instance, it should be described how players will be paid and how the amount to be paid will be determined if the player has not completed a normal pay cycle. Further, teams should address how long a player is allowed to remain in the team house following termination. Certainly, it is impractical to expect a player to immediately vacate the team house without having had the opportunity to arrange for other housing. Running a team is a business, but nobody likes business owners that are ruthless to the individuals that work for them.

## **16. Disputes**

In the Disputes section, a team explains to the player the procedure that it will follow for any dispute with that player. Of course, a team will attempt to settle any dispute without the need of intervention by a third party, but sometimes, including when questions of this contract are concerned, a third party becomes necessary. As the court system is extraordinarily slow to solve anything, including these kinds of disputes, arbitration may be a worthwhile option for its speed and accessibility. However, if a team did elect for arbitration as its method of dispute resolution, then the team may also wish to include in this section where the arbitration is to be held, what arbitration rules are to be used, what kind of damages are available, and how the costs of said arbitration will be shared.

## **17. Renewal**

This section describes how this contract is to be renewed. The substance of this section is very team specific. Some teams allow for their contracts to auto renew upon expiration for a specified period of time. Some others require renegotiation of the contract upon expiration. Realistically, renegotiation may make the most sense as either party's negotiating power may have shifted during the initial contract.

## **Conclusion**

The most important contract that a team will enter into is the contract with its players. Many esports teams like to classify their players as independent contractors, yet unknowingly create employee/employer relationships which can expose the team to substantial liability. Although player-team contracts can be complex as seen by the sections above, it is incredibly important that the contract be drafted very carefully.

# **CONSIDERATIONS WHEN ENTERING A SPONSORSHIP AGREEMENT**

Sponsorships are the lifeblood of the successful esports organization. Sponsors can provide much needed funding and products to a team in exchange for brand promotion. Once a willing sponsor is located, which may be difficult for some teams, a sponsorship agreement must be carefully negotiated that identifies all rights and responsibilities of both the team and the sponsor. This can be tricky if the team has never negotiated and entered into such an agreement before.

## **What should be kept in mind?**

The following are important concepts that must be considered in the vast majority of esports sponsorship agreements. Much like this book, this list is not meant to be all inclusive, but is an introduction to the bulk of the main sections which should be included in a sponsorship agreement.

### **1. Term**

This section describes how long the sponsorship will last. If the sponsorship is for the duration of a tournament or pro league, a team would want to make sure that the term of the agreement lasts through the expected duration of the tournament or league. The easiest, and clearest, term of a sponsorship agreement is established by a length of time or is tied to specified events.

### **2. Defining the team's obligations**

The foundation for any sponsorship agreement is built on the fulfillment of the sponsors expectations. While this may seem obvious, many sponsorship agreements fail to adequately reflect with specificity what the sponsor expects of the team in the sponsorship, which often leads to further problems between the parties. Without specificity, it is impossible to appropriately assess the totality of the obligations involved. This potentially leads to confusion regarding expectations or obligations, and often leads to bigger issues between the parties. For example, if a company wants to sponsor to a team and its players, requiring the players wear clothing with the company logo prominently displayed, it is imperative to specify when the company wants the team, and its players, to do this. With teams constantly pushing out content on various social media platforms and players doing the same on their individual accounts, a sponsor may expect to see its logo on team gear at all times. This may be broader than the team anticipated, who solely wanted the items' usage to be while the players are streaming. Additionally, it also important to specify whether the sponsorship will apply to the whole organization or only a specific team within the organization. Given some sponsors attraction towards specific

games, and their distaste of others, this kind of sponsorship is becoming increasingly popular.

In order to eliminate any confusion between the parties, the sponsorship agreement should include a clearly defined section that describes exactly how the sponsorship will be executed. Teams should strive towards including this specificity in their sponsorship agreements, even if the sponsor has not initially included such. This clarity will eliminate any confusion amongst the parties and provide a solid foundation for the sponsorship by eliminating any unknown intentions. Ensuring that each party is on the same page regarding the team's sponsorship obligations will hopefully help play a role in the parties developing a long-standing business relationship.



**Tip:** A team would want this clause to be as broad as possible, allowing it greater access to products (in terms of amount or frequency). However, the sponsor would want this clause to be narrow and tightly defined in order to limit its obligations to the team.

### **3. Defining the sponsor's obligations**

This is where sponsorship agreements begin to get tricky. In this section, teams want to clearly define what the sponsor's responsibilities are. If the sponsor is providing money, then specify how much, and the dates by which payment must be made.

If the sponsor is providing products, defining the sponsor's responsibilities can be difficult. Such a clause would have to be drafted which specifies how and when a team will have access to the sponsored products, in addition to how many products the sponsor would be providing, and if there are any limitations.

Time frames should also be established when the products are to be provided (for example, on every X day of the month, or within X days of notice). If the sponsorship is for a period of time where it would be expected that multiple rounds of products would be provided to the team, then it should also be defined how additional product requests will be made and handled. Generally, this entails some sort of notice requirement, which then necessitates that the accepted methods of notice must be defined somewhere in the Agreement. Negotiating the sponsor responsibilities section can be contentious, but agreeable language must be reached for the sponsorship to ever be realized.

## **4. Exclusivity**

This section is especially important, as it defines the exclusivity, or lack thereof, of a sponsor. Teams obviously want to have more than one sponsor, so exclusivity sections must be carefully drafted. Teams seek to categorize sponsorships narrowly, that way they can offer exclusive sponsorships in many categories. However, sponsors may seek to broaden any category they feel is too narrow. For example, a team would want to categorize a prospective soda sponsorship as an exclusive soft drink sponsorship, specifically excluding energy drinks (as there are some soda alternatives to energy drinks). This would allow the team to offer exclusive sponsorships for soft drinks and energy drinks, respectively, thus potentially increasing its sponsorship dollars.

The savvy team of course negotiates with the sponsor for increased benefits (pay, product, etc.) in exchange for broader category coverage. However, newer organizations, players, or influencers, may find it difficult to negotiate the scope of the rights to their advantage. Nonetheless, teams should at least make sure the categories and exclusivity are thoroughly defined to curb potential sponsor overreach. A sponsor may believe its deal as a team's "exclusive camera" would prevent a team from entering into another deal with a company like Panasonic, who sells a variety of products including cameras, headphones, and televisions. A team should insist that any obligation it has to not enter into a deal with a competing sponsor (exclusivity) is limited to the category that the sponsorship is in.

Unfortunately for sponsors, a team would still be able to enter into a deal with Panasonic as long as it only agreed to endorse a Panasonic product that did not fall under a protected category. While this may not be ideal for the current camera sponsor, an explicitly defined product category would inform sponsors of any limitations and hopefully clear up any potential confusion or issues that may arise down the line when partnering with multiple sponsors.

## **5. Reserved Categories**

The parties to a sponsorship should also be aware of any restrictions that are imposed by third parties. Frequently in esports, leagues will prevent teams, and teams will prevent players, from entering into sponsorship agreements within its own defined "Reserved Categories." A Reserved Category operates as a sponsorship category in which the restricted party is contractually required to not obtain sponsors in.

For example, if a league has an exclusive sponsorship with Alienware and it has specified in its league participation agreement that the PC category was protected or reserved from teams, then a team could not enter into a sponsorship which would include PCs. This can also occur between teams and players in their player contracts, with players having certain sponsorship categories closed off to them. Importantly, it is in everyone's best interest that these Reserved Categories are well defined, so as to avoid any possible confusion and disputes.

## **6. Intellectual property**

Intellectual property rights are at the core of a sponsorship agreement and are essential to its successful activation. The very nature of sponsorship centers around the usage of another brand for promotional purpose, which makes it necessary to include language stating that the team can use such intellectual property to further the goals of the sponsorship agreement. Without do so, these rights can easily become convoluted.

A typical sponsorship will grant the team the right to use the sponsor's name and logo in a specified manner (like a patch on a team jersey) and for a defined period of time. Although the concept may sound simple, concerns relating to control and ownership of the sponsor's name and logo must be considered when entering into a sponsorship agreement.

In any sponsorship agreement, a sponsor will typically want: (1) control over the message being expressed in specific sponsorship activations, and (2) ownership of any content created as a result of an activation.

Control over the message being expressed in an activation is important to sponsors because it gives the sponsor the ability to determine whether any specific content being utilized for the activation is appropriate or in line with the brand image that the sponsor wishes to convey. An involved sponsor may negotiate for approval rights before any sponsored content is posted to ensure that the appropriate message is being delivered in conjunction with its branding. An established sponsor may not want to risk receiving any potential backlash from an inexperienced team who posts controversial content. However, there are also many sponsors who don't have the time to vet and approve potential sponsor content, so this may not be of concern to them. Instead, they'll simply hold the team accountable after any problematic content has been posted.

A sponsor may also want to own all IP rights associated with the content created during the activation of the sponsorship. This is particularly evident in deals that center around streaming content. Sponsors will want to own the content in which its IP or product is being used so that it can potentially utilize the video for promotional purposes at a later date. For an ongoing, "use on stream" deal, this equates to essentially owning the content of someone's stream for the duration of the sponsorship agreement. Teams should be aware that granting this type of control to a sponsor would be problematic because it would effectively eliminate many of the rights the streamer, and team, had in the content of their stream, and their potential monetization of the stream. Instead, these rights should be limited to a license to utilize the sponsored content for specified purposes.

Conversely, teams must allow for their name and logo to be used by the sponsor for their promotion. This is accomplished through a license, whereby the team maintains ownership of their intellectual property. Teams

may have similar concerns to how their intellectual property is utilized and may seek to limit the means by which the name/logo is used and for what purposes.

## **7. Termination**

This section is extremely important, as it defines when the sponsor and team may cancel the agreement. The language used is very context dependent, and as a result, will vary from contract to contract. One such example would be the cancellation of a sponsorship if the organization no longer participates in a pro league.

### **(a) The Morals Clause**

The sponsor may wish to include a Morals Clause in this section. This clause allows for a sponsor to cancel an existing sponsorship agreement if the team damages its brand substantially. The thought behind this clause is that it gives a sponsor a means of dissociating itself from a team which damaged its brand, so that the brand damage is not also associated with the sponsor.

Some examples where morals clauses were utilized to cancel sponsorships include the Los Angeles Clippers' loss of nearly every major sponsorship due to its owner's racist remarks, Tiger Woods' loss of several major sponsorships in the midst of his public infidelity scandal, and Lance Armstrong's loss of his sponsorships due to his performance enhancing drug ("PED") use. These examples show the broad nature of conduct that can violate a morals clause. The only commonality between said examples is the fact that all of the morals clauses were utilized in scenarios where significant brand damage occurred.

Esports teams should be particularly wary of the Lance Armstrong example. PED use had long been an issue whispered about within the gaming community. However, in 2015, a pro Counter-Strike player admitted that his entire team used PEDs during a major tournament. These PEDs are not steroids and human growth hormone as we know from other sports but are instead prescription drugs known as psychostimulants or neuroenhancers. kinds of drugs (Adderall, Ritalin, beta blockers, etc.) can be abused by players as a means of attempting to enhance focus, calmness, or to otherwise act as a stimulant. Although drug testing has begun to be implemented by tournament providers through the Esports Integrity Coalition (ESIC), teams should be aware of the legal consequences of drug use.

The use of PEDs in esports can trigger a contract's morals clause in many ways, including:

- The player does not have a prescription for said neuroenhancer, which is likely a criminal offense
- The player illegally obtains a prescription, which is criminal
- The player legally obtains a prescription which the athlete uses illicitly
- The player legally obtains a prescription and distributes the PEDs to others, which is criminal
- A team provides its players with PEDs, which is criminal
- A team has knowledge that its players are using PEDs and takes no/little action

There is no question that if it is determined that the team is involved in providing the PEDs to its players that the team can be in violation of a morals clause. Similarly, if the team has knowledge that its players are taking PEDs and does not take decisive disciplinary action, it may still be violating a morals clause.

A team could also face legal backlash over its players' PED use even if it was unaware said activity. Depending on how the morals clause is drafted in the team's sponsorship agreements, the actions of all players (or even a single player) may be sufficient to trigger the morals clause and permit the sponsor to cancel the sponsorship agreement.

Sponsors like this clause to be drafted as broad, and vague, as possible, giving them a stronger position from which to cancel the sponsorship. However, a team would want this clause to be drafted as narrowly as possible, specifying particular situations when the agreement can be cancelled. Negotiating a morals clause can be quite contentious, as both parties have strongly opposing positions on this clause.

Conversely, a team can request that a Reverse Morals Clause be placed in the agreement, which allows the team to cancel a sponsorship agreement should the sponsor engage in conduct that causes itself serious brand damage. These clauses are much more difficult to obtain, but are worth consideration, especially when entering into an agreement with unestablished sponsors. Teams would want this clause to be drafted broadly, so as to offer more control in ending the sponsorship, whereas the sponsor would want this to be drafted as specifically as possible.

## **8. Miscellaneous**

Several miscellaneous provisions should be added to the end of the contract, including, but not limited to, choice of law, arbitration, indemnity, waivers of liability, warranties, notice, and severability. These provisions are small but dictate the interpretation of the agreement and add protections for both parties.

## **Conclusion**

Negotiating sponsorship agreements is no easy task, but this chapter should serve as a basic intro guide to many of the clauses that are typically involved in these agreements. It is important to remember that the strength of any contractual relationship is equal to the strength of the contract itself, so before any team signs a sponsorship agreement, it should ensure that it is entirely comfortable with its contents.

# **HOW TO PROTECT INTELLECTUAL PROPERTY**

Intellectual property is incredibly important to any business, especially an esports team. Two of the most basic forms of intellectual property are copyrights and trademarks. Although often confused by many, copyrights and trademarks protect esports teams in different ways.

## **What is a copyright?**

Copyright protection exists at both the Federal and State level. At the Federal level, a copyright is defined as a "form of protection grounded in the U.S. Constitution and granted by law for original works of authorship fixed in a tangible medium of expression. Copyright covers both published and unpublished works."

This means that a work must be:

- independently created
- with some level of creativity
- that is embodied in some form of permanent medium that allows the work to be perceived (like on paper, recordings, cd, etc.)
- of a copyrightable subject matter, which includes but is not limited to, literary works, dramatic works, musical works, artistic works, computer software, and architecture



**Tip:** Copyright law does not protect facts, ideas, systems, or methods of operation. However, copyright may protect how facts, ideas, systems and methods of operation are expressed.

## **How do copyrights protect esports teams?**

As copyrights are so tied to creative works, it is easy to see how they can apply to esports. Teams can copyright their logo and other substantial graphic design work, assuming the team owns said rights. Ownership of a copyright can be tricky. Generally, the person who created the work is deemed the owner of the work. However, if the work is "made for hire," or there is a contract in place that allows the team to obtain all rights to the work, then ownership is transferred from the creator to the team.

In the case of an esports team, if the owner of the team or its graphic designer creates the logo, then there isn't any ownership issue. However, if a team employee creates the logo outside the scope of his normal duties (like if the employee is not the team's graphic designer) and the team has



not entered into an aforementioned contract with the employee, then the employee is likely the copyright owner. That means the employee, if they left the team, could be able to dictate how the logo is to be used and charge the team a fee to use said logo. However, a team can enter into an agreement with the employee after the logo is created to transfer ownership of the logo's rights, or otherwise rebrand their logo. To avoid such situations, many businesses put a clause in employment, and contractor, agreements that any intellectual property created by the employee or contractor during the course of their work is the property of the business itself.

Other created content, such as YouTube videos, can also be copyrighted, albeit in limited circumstances. Such videos likely cannot show gameplay as the game's developer retains all copyright over the game's content and gameplay. However, any videos containing solely original content are subject to copyright. Although YouTube videos are able to be registered, the question arises as to whether they should be registered at all. If the team fears that said videos will be used in a manner that damages its brand, then registration may be a good idea. However, each team will have to determine if registration is appropriate on a case by case basis.

### **How do teams register a copyright?**

In order to gain Federal copyright protection, the Copyright must be registered with the U.S. Copyright Office. The application process for obtaining a copyright is extremely straightforward and can be [completed online](#). The application asks questions regarding the creation and ownership of the work that is seeking copyright protection. In addition to completing the application, a copy of the work itself must be submitted and the application fee must be paid. Importantly, copyright does allow for multiple works to be submitted on the same application (and for a single fee), as long as certain criteria are met. Currently, a copyright application is processed within three to ten months, depending on what is being copyrighted.

### **What benefits does copyright registration provide?**

There are several benefits to obtaining Federal copyright registration which are realized if a copyright is infringed upon (used without consent). First, no team can sue for copyright infringement in Federal Court unless the copyright is registered with the U.S. Copyright Office. Additionally, if someone infringes upon a registered copyright, the copyright owner is entitled to statutory damages, meaning the owner does not have to prove (s)he suffered a financial loss as a direct result of the infringement. This is incredibly important as damages can then be recovered (if successful in the lawsuit) between \$750 and \$30,000, as the Court deems reasonable, despite possibly sustaining little actual damage as a result of the infringement. Also, Federal copyright registration allows a copyright owner to recover their attorney's fees if successful in litigation against the infringer.

## **What is a Trademark?**

A trademark is a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and distinguishes the source of the goods of one party from another. A service mark is the same thing, except it is used to distinguish the source of services instead of goods. Commonly, the term trademark is used for both goods and services, which is how it will be used here. Essentially, trademark exists to protect the goodwill that a brand creates with its consumers. Importantly, a trademark is not limited to words, but logos as well.

Although trademark is broadly defined, there are some limitations as to what cannot be trademarked:

- Generic terms
- Descriptive terms
- Your name
- Misleading terms
- Location terms
- Name of the goods in another language

However, any of the above restrictions can be overcome to acquire a trademark if it can be shown that the mark has obtained secondary meaning, which is difficult. Essentially, that would mean that despite the mark's legal deficiencies, that the product/service is so well known that it can only be associated with one producer/provider. An example of this would be a celebrity trademarking their name, like Taylor Swift has.

## **How do trademarks protect esports teams?**

If we think of trademarks as indicating the source of goods/services in the esports industry, then for teams this means their name and logo. Importantly, a name and logo are two separate trademarks, even if the logo has the team name in it. Unfortunately, there are teams that have similar names and/or logos in the esports industry, which is problematic from a trademark perspective. Whichever team was second to use the mark may be infringing upon the senior mark. Therefore, it should be determined who used the mark first, if possible. No team wants to go through the lengthy trademark process only to be sued for trademark infringement, and ultimately lose their trademark because they disregarded a preexisting mark for similar goods/services.

Another issue that has been occurring is non-esports businesses infringing upon esports logos. An example of this was a restaurant using a Counter-Strike player's exact in-game name and logo, and only altering the coloring. Whether such actions are intentional or not, as many businesses hire a third party to create their logo, it may be grounds for a trademark infringement lawsuit. Although it bolsters the case against infringement if the business is not involved in providing similar services, an exact use of the logo (colors notwithstanding) weighs in favor of infringement.

## **How do teams register a trademark?**

Unlike copyrights, applying for federal trademark registration can be a difficult process. First, a thorough search for any prior or ongoing use of the trademark, or similar marks, must be conducted. Once satisfied that there is no conflicting use of the mark or a similar mark, the application on the [Trademark Electronic Application System](#) must be completed. This application requests a variety of information about the mark's ownership, whether the mark is a character, design, or audio mark (words, graphics, or sound, respectively), whether the mark is being used in commerce, and to identify the goods and services that the mark will apply to. Lastly, samples of how the mark is used in commerce must be provided, and the application fee must be paid.

Conducting a thorough trademark search is the most difficult part of the application. It is important to know who, if at all, is using a similar mark, and in what context, so as to avoid infringement. Searching for similar trademarks is a lengthy process, as it extends far beyond a single google search or a search of the Federal Register (where registered trademarks are listed). The difficulty of conducting a trademark search is one of the main reasons why attorneys are used to complete trademark applications.

Identifying the goods and services that the mark will apply to can also be difficult, as the list of goods and services that the trademark office has is extensive. It is important to select all goods and services that apply, so that trademark protection can be as broad as possible. However, selecting multiple classes of goods/services will increase the fees associated with the application.

Importantly, the application is only the beginning of the trademark registration process, which may take twelve to fourteen months to complete.

Trademarks can also be registered with the State. Although the specific requirements for applications will vary by State, the registration process is generally much faster than Federal registration.

## **What benefits does trademark registration provide?**

Registering a trademark at the Federal and State level provides a number of benefits for the trademark owner.

Federal registration provides the following benefits:

- The right to file a Federal trademark lawsuit and receive enhanced damages
- It acts as a bar to registration for confusingly similar marks
- Presumptions of ownership, that the mark is valid, and the exclusive right to use the mark
- Establishes nationwide priority on the use of the mark in commerce
- The registration becomes incontestable after 5 years

At the State level, trademark protection can vary slightly as each State has its own registration system and associated law. State registration may also entitle to the trademark owner to benefits if bringing a lawsuit against an infringer on State law grounds. Some of these benefits will allow a trademark owner to bring additional causes of action in an infringement lawsuit or establish presumptions in their lawsuit (elements of the case they don't have to prove). Importantly, at the State level, trademarks do not need to be registered for protection to exist. Despite a lack of registration, once a work is used as a trademark, or otherwise meets some State specific criteria, it can be entitled to protection. These protections may not be as broad as those granted by registration, but are still protections nonetheless.

## **Conclusion**

Importantly, in some instances it is possible to copyright and trademark the same work, like a team's logo. Doing so is extremely beneficial should someone inappropriately use the logo, as the team would have causes of action on both trademark and copyright grounds. Make no mistake, it is important for a team to utilize the protective measures granted by the copyright and trademark system to protect its works and brand. By failing to protect copyrighted works, the owner is diminishing their ability to profit from the work. Additionally, failing to protect a trademark not only damages the brand, but dilutes the trademark itself. Effectively, that means that by not enforcing the trademark rights, its distinctiveness and strength can be lessened. Intellectual property, although not tangible, is an important asset to esports teams of all levels.

# **HOW TO SELL OR ACQUIRE ASSETS**

Selling or acquiring an asset is a fairly straightforward procedure utilizing complex documents. However, the assets themselves are simple. For an esports organization, assets include player contracts, intellectual property, social media accounts, websites, tangible items (PCs, furniture, etc.), real property (houses, apartments, etc.), and virtual items (skins, keycodes, etc.). In order to transfer these assets, the parties to the sale will generally enter into a Letter of Intent ("LOI") and/or an Asset Purchase Agreement ("APA").

## **Letter of Intent**

The LOI is a preliminary agreement that outlines the basic terms of a deal. This letter, sometimes referred to as a memorandum of understanding, will typically include a description of the asset that will be included in the transaction, a purchase price, any additional requirements like exclusivity, a due diligence period, and any non-disclosure terms surrounding the negotiations. Importantly, LOIs can be binding or non-binding, and the distinction is not determined by whether the word "binding" is in the title of the document. Instead, a binding LOI is determined by whether the terms of the document itself are sufficient to legally create a contract. If the terms are sufficient to create a legally binding contract, then any disclaimer within the LOI stating that the terms are not binding shall be insufficient. As a result, you want to be very careful when entering into LOIs. Whether binding or non-binding, many LOIs also contain a clause that the LOI itself will be replaced with a more complete document memorializing the terms mentioned therein.

## **Asset Purchase Agreement**

An LOI is generally replaced by an APA to flesh out the agreed upon terms. However, entering into an APA does not require previously entering into an LOI. The APA will describe in detail the assets being sold, the purchase price, any payment terms, and any additional requirements like exclusivity, establishing due diligence periods to examine the assets further, and any requirements to complete or close the transaction.

Added restrictions in APAs are especially important. Oftentimes, significant APAs, like the sale of many assets simultaneously, require restrictive covenants to protect the purchaser. For instance, in purchasing all of an organization's assets, the purchaser would want a non-compete clause for a specified period of time so that he's not immediately funding a competitor to potentially amass and build assets much like the ones just sold. Other types of restrictive clauses include non-solicitation (where the party will not solicit your employees to leave your organization or your clients to no longer utilize your services) and confidentiality (where the terms of this agreement and negotiations cannot be discussed with others).

Depending on the specific assets being transferred, the terms of an

APA will vary drastically. Smaller, less expensive, assets generally require less complicated terms as the transactions are simpler. For example, in purchasing a social media account, there's no need for a complex due diligence period and to set a closing date well beyond the date of signing the APA because verifying the legitimacy of an account and transferring the rights to it (the log-in credentials) is simple. By contrast, selling all of an organization's assets to a single purchaser is much more complex, necessitating more extensive due diligence to validate the assets and determine potential liabilities, and also may need a tightly defined payment schedule if the purchase price is high. Importantly, APAs are incredibly nuanced agreements that require careful planning, protection, and consideration.

### **Using an APA to acquire a business**

Prospective purchasers also utilize APAs to acquire a business. Importantly, in such a situation, the purchaser would be acquiring all of the assets of the seller's business entity, but not the business entity itself. The benefit to this is that by acquiring all of the seller's assets, you can replicate the manner in which seller was operating its business, or make tweaks as you see fit, without incurring the liability of the seller's business entity. When a business entity is purchased, the purchaser is also acquiring all of the debts and liabilities of the business entity, which creates more liability. Generally, when purchasing a business an asset sale is preferred to avoid that liability. However, if the potential liabilities are minimal and you've done sufficient due diligence to confirm that, purchasing the entity itself may be a simpler process.

### **Conclusion**

APAs are incredibly important to the successful esports team because, at some point, you will find yourself on the buying or selling end of an asset transaction. Given the various forms that these documents can take, and how sensitive its contents can be, the utmost care must be taken when dealing with LOIs and APAs. Unfortunately, it is easy to create unintended consequences in these documents which can derail a transaction.

## **MORE!**

The law as it applies to esports teams does not end here! Teams face the same issues as any other traditional sports/ entertainment business, with a twist. Some of the other legal issues that apply to esports teams are:

- Partnership agreements between owners of a team
- Employee/independent contractor agreements for staff
- Securing real estate for a team house
- Drafting team policies (rules, discipline, training, etc.)
- The creation and negotiation of intellectual property licensing
- Counseling regarding employment, intellectual property, and business matters
- Associated litigation

Some of the other esports specific legal issues that teams face are:

- Negotiating appearance contracts
- Creating and negotiating streamer contracts
- Resolving team/player bans
- Reviewing/negotiating league specific contracts
- Obtaining athlete visas for foreign players
- Counseling on common player issues (intra-team disputes, releasing players, and disciplinary matters)

## **Game over**

This e-book only presents a brief discussion of what are extensive legal topics, each deserving of a book in their own right. Importantly, these topics are constantly evolving through changes in the law and the maturation of the esports industry. However, one thing is clear; as the esports industry has evolved, the legal matters that teams face are growing increasingly complex.

## **About the Author**



Roger R. Quiles is the founding partner of Quiles Law, a boutique law firm servicing the esports industry. Having focused his work on the esports industry for the past four years, Roger represents a global clientele of players, teams, content creators, investors, and the many kinds of businesses that support the industry. Roger is one of the few attorneys experienced in representing both an esports and traditional sports clientele, having also represented professional and amateur athletes. Given the nature of esports, Roger's practice is interdisciplinary, regularly counseling on business, entertainment, intellectual property, corporate, m & a, and igaming matters.

As one of the world's first esports attorneys, Roger is invited to speak about esports and the law at conferences across the globe. Roger's work has been featured in publications such as ESPN, Dot Esports, Law 360, and more.

Roger is also the co-founder of FTW Talent, an esports player and talent representation agency.

Roger still believes that most of life's problems can be solved with up, up, down, down, left, right, left, right, B, A, Start.

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