ATHLEX SPORTS JOURNAL

Imagine If FIFA Owned Football- Understanding the Esports IP

By *Kavish Sheth*

Every sports lawyer knows the basic ground rule of the job: nobody owns the game. FIFA runs football, but it does not own football, and if FIFA disappeared tomorrow, people would still be playing it in parks by the weekend. Now imagine a version of football where FIFA did own it. Where FIFA decided which leagues were allowed to exist, which broadcasters could show a match, and could shut the whole thing down by changing one clause in a licence. That sport exists. It is called esports.

1. Introduction

Here is the fact that makes esports its own legal world, not just "sport with a keyboard". No company owns the rules of football or basketball, so anyone can start a competing league tomorrow. A publisher owns the game itself, the code, the graphics, the sounds, the maps, and in most legal systems that ownership lets it control who is allowed to show the game to an audience and profit from it.[1] Every question a sports lawyer normally asks second, who can broadcast this, who can sponsor it, who is allowed to run a rival competition, esports asks first, and the answer is always the same person: whoever owns the intellectual property.

What publishers actually do with that power is where it gets interesting, and where most explanations of esports law go wrong by treating it as one thing. It is not. Some publishers set rules and let independent companies run the tournaments, the way a landlord leases out units. Some sell permanent seats at the table to teams, much closer to the franchise model American sport uses. Some just run the whole show themselves and cut sponsors in directly. Each version spreads commercial rights, money and legal risk in a different place, and a lawyer working on a deal in one model needs to know they are not automatically in another.

This article walks through three real, live examples, one publisher per model, then looks at co-streaming, the one trend every model now shares and the one most likely to land a sponsorship dispute on your desk.

[1] 17 U.S.C. §§ 102(a)(6), 106(4)–(5); *Stern Elecs., Inc. v. Kaufman*, 669 F.2d 852 (2d Cir. 1982).

2. Model One: The Open Circuit (Rent, Don't Own)

Picture a landlord who leases out the arena, sets every rule for what happens inside it, and can evict any tenant without a hearing. That is the open circuit. The publisher does not run events itself. It licenses the right to independent tournament organisers, sets the rules they must follow, and can rewrite those rules whenever it likes.

Counter-Strike is the clearest example. For years, two organisers, ESL and BLAST, ran most of the big events, and ESL's Louvre Agreement gave around fifteen "partner" teams a share of revenue and permanent places in its Pro League.[2] Then, in August 2023, Valve, which owns Counter-Strike, published a short announcement: from 2025, tournament organisers could no longer have "unique business relationships or other conflicts of interest" with the teams that took part in their events.[3] That one announcement ended the partner-team model behind the Louvre Agreement. ESL and BLAST said the same day that they would follow the new rules.[4]

No court ordered this and no vote was held among the teams. One company changed the commercial structure of an entire scene because it owns the game and decides who gets a licence to run tournaments on it. Valve's current rules still work this way: an organiser cannot have a business relationship with a competing team unless Valve approves it and the relationship is made public.[5]

What this means for contracts

In an open circuit, a sponsorship or broadcast deal is only as durable as the publisher's current rulebook. Contracts need a plan for what happens to fees, guaranteed slots and sponsor deliverables if the publisher changes the rules mid-agreement, because history says it will happen.

3. Model Two: The Franchised League (Buy a Seat)

This one is similar to the American franchise model applied by the NFL or NBA. The publisher sells permanent seats. Teams pay an entry fee, get a guaranteed spot every season, and share in the league's revenue, and relegation stops being a threat to a team's place in the league.

Riot Games franchised its North American League of Legends league in 2018. Existing teams paid a flat US$10 million to join, new entrants paid an extra US$3 million, and in exchange

---

[2] *Historic ESL Pro League Partnership Extended Until at Least 2025 by Major CS:GO Teams*, ESL FACEIT Grp., https://eslfaceitgroup.com/press/historic-esl-pro-league-partnership-extended-until-at-least-2025-by-major-csgo-teams/.

[3] Valve Corp., *A Level Playing Field*, Counter-Strike (Aug. 3, 2023), *reproduced at* https://pricempire.com/cs2-updates/a-level-playing-field-35982969;.

[4] Rohan Samal, *ESL and BLAST React to Valve's K.O. for Partnered Counter-Strike Leagues*, esports.gg (Aug. 3, 2023), https://esports.gg/news/cs-go/esl-valve-blast-counter-strike-leagues/.

[5] *Valve Requires Public Disclosure of Conflict of Interest in the CS2 Scene*, Dust2.us (Mar. 2025), https://www.dust2.us/news/59299/valve-requires-public-disclosure-of-conflict-of-interest-in-the-cs2-scene (quoting the amended "Entanglement" clause, effective Mar. 20, 2025).

they no longer had to fight relegation battles every season.[6] The stability showed up in the numbers: Norton Rose Fulbright noted that player salaries more than doubled after franchising, to an average of about US$320,000.[7] It also meant a permanent seat became a tradeable asset in its own right. Seats bought in Europe for €8 million to €10.5 million have since been sold for around €26 million, including Schalke 04's seat in 2021 and Astralis's in 2023.[8]

Blizzard's Overwatch League tried the same model on a bigger scale, with teams reportedly paying around US$20 million each to join in 2018.[9] It did not last. In 2023, with viewership declining, Blizzard offered its team owners a US$6 million termination fee if they did not vote to continue. Enough teams chose to leave that the league ended, and an open circuit run by ESL FACEIT Group, the Overwatch Champions Series, took its place.[10]

What this means for contracts

A franchise seat looks like a durable asset, but it is really a licence the publisher granted and can choose not to renew. Sponsorship and investment agreements tied to a franchised league should say plainly what happens to the value of that seat, and to any sponsor commitments running through it, if the league is restructured or wound down.

4. Model Three: The Publisher-Run Event (Cut Out the Middleman)

The simplest model of all: no landlord, no tenants, just the publisher running the show itself and signing every sponsor directly. This is common in mobile esports, and it is worth a closer look here, since it is the model behind one of the biggest esports competitions most Western sports lawyers have still never heard of: the Free Fire World Series, organised directly by the game's publisher, Garena. Its 2021 Singapore

[6] *Riot Releases Details on NA LCS Franchising with $10M Flat-Fee Buy-In*, ESPN (June 2017), https://www.espn.com/gaming/story/_/id/19511222/riot-releases-details-franchising-including-application-process-player-association.

[7] *League of Legends – Poster Boy for Esports Franchising*, Norton Rose Fulbright: Inside Sports L. (Oct. 2, 2019), https://nortonrosefulbright.com/en/inside-sports-law/blog/2019/10/league-of-legends-poster-boy-for-esports-franchising.

[8] *European League Championship Series Changes to Include Salary Increase, Franchising and Rev Share*, ESPN (2018), https://www.espn.com/esports/story/_/id/22933422/european-league-championship-series-changes-include-salary-increase-franchising-rev-share; *Royal Blues to Earn €26.5 Million from Sale of LEC Slot*, FC Schalke 04 (2021), https://schalke04.de/en/inside-en/royal-blues-earn-e26-5-million-sale-lec-slot/; *Why Selling Franchise Spots Was Riot Games' Biggest Mistake in European League of Legends*, Sheep Esports (Feb. 6, 2026), https://www.sheepesports.com/kr/articles/franchising-was-riot-games-biggest-mistake/en.

[9] Leonid Shmatenko, *The Demise of the Overwatch League: A Legal and Business Perspective*, EsportsLegal.news (Nov. 15, 2023), https://esportslegal.news/2023/11/15/the-demise-of-the-overwatch-league-a-legal-and-business-perspective/.

[10] Field Level Media, *Overwatch League Shuts Down After Six Seasons*, Sportsnaut (Nov. 2023), https://sportsnaut.com/overwatch-league-shuts-down-after-six-seasons; Shmatenko, *supra* note 9; *How the World's Most Ambitious Esports League Shrank to Nothing: An Oral History of the Overwatch League*, Digiday, https://digiday.com/media/how-the-worlds-most-ambitious-esports-league-shrank-to-nothing-an-oral-history-of-the-overwatch-league/.

edition reportedly peaked at over five million viewers.[11]

Because Garena runs the event itself, it also signs the sponsors itself. In 2024, it partnered directly with Samsung, whose phones were supplied to the finalists of two Southeast Asia seasons.[12] It has also signed deals with sports bodies, including a two-year partnership announced in 2021 with the Brazilian Football Confederation (CBF) that put Free Fire branding on signage at training camps and on interview backdrops, and put the national team's jerseys into the game as skins.[13]

What this means for contracts

Here there is no independent organiser standing between the publisher and the sponsor, so the publisher's own commercial team is negotiating the deal directly. That can actually make category exclusivity easier to police, since there is only one rights holder controlling the broadcast, but it also means every downstream relationship, players, co-streamers, regional partners, has to be built around whatever the publisher decides the sponsor deserves.

5. The Layer That Sits on Top: Co-Streaming

Whichever of the three models a game uses, most now share the same growth strategy: letting independent creators re-broadcast the official feed with their own commentary. Riot let the streamers Ninja and Myth co-stream a VALORANT final in 2020. At points their streams overtook Riot's own, and the final peaked at around 320,000 viewers across Twitch and YouTube.[14] Riot has since scaled the idea up. It first let guest streamers co-stream the League of Legends Worlds final in 2022, with five streamers in four languages, and Worlds 2024 had more than 50 per cent more co-streamers than the year before, which one outlet counted at 82.[15] For its 2025 First Stand event, Riot granted broadcast rights to around sixty streamers, in seventeen languages.[16]

---

[11] *Garena Partners Samsung Electronics for the Next Two Seasons of Free Fire World Series Southeast Asia*, Samsung Newsroom Malaysia (Aug. 14, 2024), https://news.samsung.com/my/garena-partners-samsung-electronics-for-the-next-two-seasons-of-free-fire-world-series-southeast-asia; *Samsung Partners with Garena for Free Fire World Series (FFWS) SEA*, Esports.net (2024), https://www.esports.net/news/mobile-games/samsung-garena-ffws-sea.

[12] *Garena Partners Samsung Electronics*, *supra* note 11.

[13] *Free Fire Enters Two-Year Partnership with Brazil National Football Team*, AFK Gaming (Aug. 2021), https://afkgaming.com/esports/news/free-fire-enters-two-year-partnership-with-brazil-national-football-team; *Free Fire Assina Contrato com CBF*, Meio & Mensagem (Aug. 5, 2021), https://www.meioemensagem.com.br/marketing/free-fire-assina-contrato-com-cbf.

[14] *The Future of Competitive VALORANT*, GGRecon (2020), https://www.ggrecon.com/articles/the-future-of-competitive-valorant; *Expect to See Even More Co-Streaming in Esports*, Abios (June 2, 2022), https://abiosgaming.com/press/co-streaming-esports/.

[15] *League of Legends Community Left Divided over Worlds 2022 Finals Co-Stream Picks*, AFK Gaming (Nov. 2022), https://afkgaming.com/esports/news/league-of-legends-community-left-divided-over-worlds-2022-finals-co-stream-picks; *Worlds 2024 Virtual Co-Streamers*, LoL Esports (2024), https://lolesports.com/en-US/news/worlds-2024-virtual-co-streamers.

[16] *LoL: Riot Games Announces the List of Co-Streamers for the MSI*, Sheep Esports (June 24, 2025), https://www.sheepesports.com/us/articles/lol-riot-games-announces-the-list-of-co-streamers-for-the-msi/en (noting around 60 streamers and 17 languages at First Stand 2025).

Co-streaming brings real reach, but it also brings a second set of sponsors onto the same screen as the tournament's own sponsors, and that is where most of the disputes in this article's final section come from.

6. Where Sponsors Collide

A co-stream carries the tournament's own sponsor logos and banners automatically. The creator then adds their own overlay on top, sometimes including their own, different sponsor.

Take a simple example. A tournament sells "official soft drink" exclusivity to Brand A. A popular co-streamer has a personal deal with rival Brand B and displays Brand B's logo during the broadcast. The organiser may now be in breach of its promise to Brand A and could owe a refund or damages. The co-streamer may lose their licence. Nobody comes out of it well.[17]

Publishers manage this with sponsor category rules. Riot's co-streaming policy for the LCS, published in 2020 and 2021, allowed a creator's own sponsors only if they did not conflict with the league's sponsors and were not on a restricted list covering drugs, liquor, pornography and gambling. It also barred co-streamers from altering or covering the league's own sponsor segments.[18]

There is a disclosure layer too. If a streamer is paid to promote something live, regulators expect that to be obvious. US guidance for influencers says a live-stream disclosure should be repeated periodically, so viewers who join partway through still see it.19 EU consumer law similarly bans paid promotion that is not made clear to the audience.[20] Many other jurisdictions have comparable disclosure rules, so check the local requirements before drafting.

The same tension exists between a team and its own players, not just with outside co-streamers. In 2019, the Fortnite player Turner "Tfue" Tenney sued his team, FaZe Clan, claiming his contract limited him to sponsorship deals the team arranged, that FaZe could take up to 80 per cent of the revenue from them, and that FaZe had acted as an unlicensed talent agent in breach of California's Talent Agencies Act.[21] In

[17] *See Esports Streaming: How It Has Evolved and How It Can Be Improved in the Future*, Abios, https://abiosgaming.com/press/esports-streaming/.

[18] *Introducing the LCS Watch Party Program*, LoL Esports (May 24, 2021), https://lolesports.com/en-US/news/introducing-the-lcs-watch-party-program; *Co-Streaming Returns for the 2020 LCS Summer Split*, LoL Esports (2020), https://lolesports.com/en-US/news/co-streaming-returns-for-the-2020-lcs-summer-split. These are historic LCS rules; the current policy should be checked.

[19] Fed. Trade Comm'n, *Disclosures 101 for Social Media Influencers* (Nov. 2019), https://www.ftc.gov/influencers; 16 C.F.R. pt. 255 (2025); *see also FTC Releases New Resources for Influencers*, Mondaq (Dec. 2, 2019), https://www.mondaq.com/unitedstates/social-media/870294/ftc-releases-new-resources-for-influencers.

[20] Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 Concerning Unfair Business-to-Consumer Commercial Practices in the Internal Market, annex I, pt. 11, 2005 O.J. (L 149) 22 (EC), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32005L0029.

[21] *Pro 'Fortnite' Player Sues FaZe Clan over 'Oppressive' Team Contract*, Engadget (May 20, 2019), https://www.engadget.com/2019-05-20-tfue-sues-faze-clan-over-contract.html; *Tfue v. FaZe Clan Esports Lawsuit Raises Many California Employment Legal*

December 2019, a California judge enforced the contract's New York forum clause by staying the California case, but held that Tenney's rights under the Act could not be waived, and FaZe had to accept that California law would decide them in New York.[22] The case settled in August 2020, so there is no final ruling on whether the contract terms were lawful, but it remains a live warning about who controls a player's own sponsorship rights.[23]

7. Five Practical Points

Whichever model you are working in, these five points come up again and again.

a. **Identify the model first-** An open circuit, a franchise, and a publisher-run event carry very different risks. Know which one you are drafting for before anything else.
b. **Plan for the publisher changing its mind-** Every model above has been rewritten by its publisher at least once. Contracts should say what happens to fees, slots and sponsor commitments if that happens again.
c. **Define sponsor categories narrowly-** "Drinks" is too broad; "carbonated soft drinks" is workable. Say exactly what counts as a conflict and when it applies on screen.
d. **Give organisers a fast way to act-** Co-streaming licences should allow quick removal of a stream that breaks the sponsor rules, and should say clearly who pays if a sponsor complains.
e. **Choose a forum built for the industry-** Ordinary courts can be slow for disputes that need resolving before the next tournament. Riot announced an independent arbitration court for player, coach and team disputes in its EMEA League of Legends and VALORANT leagues in late 2024, and in January 2025 ESIC and WIPO's Arbitration and Mediation Center launched the International Games and Esports Tribunal specifically for this sector.[24]

Issues, Cal. Emp. L. Rep. (May 2019), https://www.californiaemploymentlawreport.com/2019/05/tfue-v-faze-clan-esports-lawsuit-raises-many-california-employment-legal-issues/; Cal. Lab. Code §§ 1700–1700.47.

[22]Foley & Lardner LLP, *Tfue v. FaZe Clan: Three-Ring Litigation Circus to Continue in 2020* (Jan. 2020), https://www.foley.com/insights/publications/2020/01/tfue-v-faze-clan/ (describing the Dec. 2019 ruling of Judge Patricia Nieto, L.A. Cnty. Super. Ct.); *Checking in with the Tfue v. FaZe Clan Esports Lawsuit: A Suspension?*, Gordon L. Grp., https://gordonlaw.com/learn/tfue-v-faze-clan-esports-lawsuit-jurisdiction/.

[23]*Tfue and FaZe Clan Have Settled Their Lawsuits*, Tubefilter (Aug. 26, 2020), https://www.tubefilter.com/2020/08/26/tfue-and-faze-clan-have-settled-their-lawsuits/; Craig Clough, *Esports Gamer, FaZe Clan Declare 'Game Over' in Legal Fight*, Law360 (Aug. 26, 2020), https://www.law360.co.uk/articles/1304804.

[24]*Riot Games' International Arbitration Court: A New Dawn for Esports Dispute Resolution*, Linklaters: Sporting Links (Dec. 2024), https://www.linklaters.com/insights/blogs/sportinglinks/2024/december/riot-games-international-arbitration-court-a-new-dawn-for-esports-dispute-resolution; *Riot Games Unveils Independent Arbitration Court in New EMEA Dispute Resolution Program*, Sheep Esports, https://www.sheepesports.com/articles/riot-games-unveils-independent-arbitration-court-in-new-emea-dispute-resolution-program/en; *ESIC and WIPO Unveil IGET: A Landmark Dispute Resolution Body for the Global Video Games and Esports Industries*, WIPO Arb. & Mediation Ctr. (Jan. 2025),

Go back to the opening image: a version of football where FIFA owns the game outright. That is not a thought experiment in esports, it is Tuesday. The one constant across every model above is that the publisher holds the pen. It can open a circuit up, franchise it, run it directly, or tear the whole structure down and rebuild it, often with a single announcement and no vote. Good esports contracts are not written around today's structure. They are written around the certainty that the structure will move, because in this sport, the rulebook has an owner, and the owner is allowed to change their mind.

https://www.wipo.int/amc/en/news/2025/news_0003.html.