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NBA goes beyond game with e-sports partnership

Video gaming has come a long way since Pac-Man and Donkey Kong. Back then, the term “gaming” didn’t exist outside of computer labs, e-sports wasn’t a category of sports and the only competition was between teenagers vying to get listed on neighborhood arcade machines’ highest scores list.

Fast-forward to today, when e-sports is a multimillion-dollar industry with collegiate and professional teams and leagues, corporate sponsorships and competitions and events with tens and sometimes hundreds of thousands of dollars in prize money.

Colleges and universities across the country are not only putting together e-sports teams, they are recruiting students and offering generous scholarships to e-sports athletes.

The industry is poised for even more mind-boggling growth. The e-sports economy is expected to grow to \$696 million this year — an increase of more than 40 percent over the previous year, according to a recently released e-sports market report by Newzoo, a provider of market intelligence covering the global games and e-sports industries.

Fans of e-sports are expected to spend \$64 million on tickets and merchandise in 2017 alone, said Newzoo. Globally, the audience for e-sports will hit 385 million in 2017, including 191 million e-sports fans and 194 million occasional viewers.

By 2020, Newzoo predicts the global e-sports fan base will increase 50 percent to 286 million. Brand investment in e-sports, including sponsorships, advertising and media rights, will double by 2020 to \$1.5 billion in just the next three years.

Given the stratospheric rise of e-sports, it was really only a matter of time before the virtual juggernaut hits the big leagues — the live sports big leagues, that is. Last month, the National Basketball Association signaled a move into virtual hardwood territory

when it announced that it was teaming up with Take-Two Interactive Software Inc. to sponsor an e-sports league, the first among U.S. professional sports’ Big Four to enter into such a deal.

The new “NBA 2K eLeague,” scheduled to launch in 2018, is built around NBA 2K, a series of basketball-simulation video games designed to emulate the play of NBA teams.

The first game was released in 1999 and a new one is developed and published every year. Originally published by video game innovator Sega under its Sega Sports label, NBA 2K is now published by 2K Sports, a subsidiary of Take-Two, the company behind other well-known video game series, including the “Grand Theft Auto” series, among others.

As of 2017, the NBA 2K series includes 18 main game versions and several spinoffs and can be played on 18 different gaming platforms. Since 1999, the NBA 2K series reportedly has sold more than 68 million units around the world. The most recently released version, NBA 2K17, has sold nearly 7 million units since its release in September 2016, according to Take-Two, the parent company of 2K.

The explosive growth predicted for e-sports in general over the next few years makes sponsoring the e-league a smart move for the NBA, which (like all professional sports) wants to attract the gold standard of fans — millennials.

NBA Commissioner Adam Silver said in a statement that he hopes creating “a brand new league experience” will help expand professional basketball’s international brand.

“NBA 2K eLeague” will start with eight to 12 teams in the inaugural season and eventually expand to include all 30 NBA teams. The franchises reportedly will build and own their e-sports teams — there is no word yet on which teams will play in the first season. The e-league will follow the NBA’s format by presenting

SPORTS MARKETING PLAYBOOK



**DOUGLAS N. MASTERS
AND SETH A. ROSE**

Douglas N. Masters is a partner at Loeb & Loeb LLP, where he litigates and counsels clients primarily in intellectual property, advertising and unfair competition. He is co-chair of the firm’s intellectual property protection group and he can be reached at dmasters@loeb.com. Seth A. Rose is a partner at the firm, where he counsels clients on programs and initiatives in advertising, marketing, promotions, media, sponsorships, entertainment, branded and integrated marketing, and social media. He can be reached at rose@loeb.com.

an 82-game regular season, a bracketed playoff system and a championship matchup at an NBA venue, according to Silver.

Each team will comprise five professional e-sports gamers who will play the game as avatars. Take-Two and the NBA franchises will recruit gamers through a virtual draft, which will be televised or streamed online.

Silver told The Associated Press he will even have his own avatar that will present the championship trophy to the winning player, which will also receive a cash prize.

While the NBA’s move signals the first sponsorship arrangement at the league level, individual NBA teams have been involved in e-sports for a number of years. Several teams have bought interests in e-sports teams that field teams of players that compete in games like “League of Legends,” “Heroes of the Storm” and “Super Smash Bros.,” among others.

The Philadelphia 76ers acquired controlling stakes in Team Dignitas and Team Apex in September 2016, and then combined the two e-sports franchises under the Team Dignitas gaming brand. In the process, the Sixers became the first North American professional sports organization to own an e-sports team.

The Miami Heat followed the

Sixers’ lead with the purchase of a stake in its own e-sports franchise, called Misfits, which just last month acquired Vainglory team Fates Zero — a pro squad of players that reportedly has a coveted spot in one of the biggest upcoming gaming competitions.

And earlier this year, Milwaukee Bucks co-owner Wesley Edens, along with Fortress Investments, launched the e-sports brand FlyQuest with a team to play “League of Legends,” and they are reportedly considering other e-sports investments.

In the front office, the Houston Rockets in December 2016 created the position of director of e-sports development, a first for an NBA team. The Rockets hired Sebastian Park to look into buying e-sports teams and to get more involved in gaming, according to Sports Illustrated.

Individuals in the NBA are seeing the light as well. Investors in NRG eSports, an e-sports organization founded in 2015 by co-owners of the Sacramento Kings, include retired hoops superstar Shaquille O’Neal as well as baseball luminaries Alex Rodriguez and Jimmy Rollins.

Outside the NBA, other teams are expected to follow suit. Ad Age reported in January that the Dallas Cowboys organization is thinking about getting into e-sports. As potentially the first National Football League team to take the e-sports plunge, the

move could be a game-changer for the NFL.

There's no doubt that e-sports presents some exciting opportunities for traditional professional sports leagues. Anyone who's skeptical of the popularity of e-sports in general or wonders how many people are actually watching other people play the games, consider the stats for the 2016 League of Legends Championship compiled by LOL ESports: The 15 days of competition included 49 hours of game time, drew a total of 396 million "cumulative daily unique

impressions" — the number of unique viewers that tuned in online and via television — and was broadcast in 18 languages.

Apparently, 300 dragons were also slain during the 2016 championship — which raises the question: Can a basketball simulation game like "NBA 2K" approach even a measure of the popularity achieved by fantasy-based games?

Clearly, the NBA believes it can.

Along with the new league comes a variety of legal issues, including copyright, intellectual

property and contracts, to name a few. As e-sports law practitioners point out, most gamers are young and may not understand the ins and outs of contracts.

Gamers' publicity rights to their names, faces, avatars and commentary could also become an issue. Also potentially at issue is the intellectual property rights to the streamed games, which include images, sounds, design and code.

Games are also streamed in multiple countries around the world, which brings laws from different countries into play. The

"NBA 2K eLeague" may also face competition from sport-themed partnerships with other established gaming organizations.

For example, earlier this year, ESPN teamed up with Electronic Arts to broadcast its "FIFA eSports" virtual soccer tournaments across its network, including the FIFA Ultimate Team Championship Series.

Even with these hurdles, the NBA has the right partner and a sizeable potential audience of fans to make the "NBA 2K eLeague" a success. And no dragons will be harmed in the process.