

{ Belgium: Sports events and broadcast proceeds



Lawyer Flip Petillion discusses pro league football clubs and disputes over distribution of proceeds from television broadcast deals

Broadcasting sports events generates money, a lot of money in some sport disciplines. Licensees generate revenue through the sale of commercials and advertising in the stadiums, as well as throughout the televised programmes.

In turn, licensees pay a fee to the licensors, usually the organisers of the games. In the football world, the broadcast rights are increasingly managed collectively through the national federations or so-called leagues. They cover either an entire season or a special event.

Over many years, the national football leagues have entered into television broadcast deals. These deals cover a certain period (two to three seasons or even more) and a number of live matches per season.

The largest domestic deal is the English Premier League, which has agreed a deal for 2019 to 2022 of an estimated £5 billion for the three years including 200 live matches per season. It is said to be the highest value deal per game.

Belgium's first division, also called the Belgian Pro League, covers 24 professional clubs. The 16 best clubs form the first division A, and the eight runners up take it up against each other in the first division B.

The Belgian Pro League is currently ranked in Europe's top 10 leagues. The Pro League television broadcast deal covers 240 matches and playoffs.

As was done in previous years, the Pro League has issued a tender for the broadcasting rights for the next years. This approach was imposed by the Belgian competition authority.

In 2017, Telenet and VOO had successfully bid for the broadcasting rights of the Belgian Pro League for three seasons.

The contract was worth €75 million per season, to be shared by the Belgian clubs. Telenet and VOO have broadcasted the league for three seasons in Flanders and Wallonia respectively.

The deal was not exclusive, as Proximus also obtained certain rights. Eleven Sports Network also made a bid for the TV rights – allegedly submitting the highest bid – but some side conditions made their bid to fail.

With a bid slightly exceeding €100 million, it was announced that Eleven Sports Network won the bid for the next five seasons (2020-25).

That is the easy part of the story. The key question is, however, how to share the revenue of the deal among the clubs.

In Belgium, a top share can amount to €8 million or more and a small share not much more than €2 million. Revenue sharing has traditionally been made on the basis of performance of the clubs.

However, in Belgium, all clubs are equal but some are more equal than others. The top five of Belgian clubs (currently Club Brugge, Anderlecht, Standard, Racing Genk and AA Gent) traditionally walked away with the majority of the revenue while smaller clubs shared the balance.

There is one particular smaller club that is looking to implementing a change. The successful and growing former first division B player Antwerp FC (now in the top 5 of the best performing first division A clubs) wants a bigger piece of the cake.

AA Gent first joined Antwerp FC in its endeavours but pulled out after a while. Its long-standing ranking among the top 5 may have been the decisive factor in that decision.

The parties have been negotiating a deal for several weeks. Now, other criteria have been put forward such as viewing figures or the clubs' commercial value.

While a majority decision suffices to agree to grant the deal to Eleven Sports Network, the agreement on the share of the revenues of the deal requires unanimity among all the member clubs of the league.

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(read their respective ranking in which they end in the League). The ratio between the maximum and minimum a club can receive will be 1.8:1.

Applying a similar flexible ratio and an objective application of the criteria that are currently advanced might result in a fair compromise for the Belgian Pro League members.

Revenue sharing could be done on the basis of different blocks of revenues each on the basis of different criteria.

Block 1: an equal base share to all Belgian Pro League clubs

Block 2: a share based on performance by each club

Block 3: a share based on viewing figures

Block 4: a share based on commercial value

Historic long-standing top 5 members could obtain a preferential share of block 1 on the basis of their position in Blocks 3 and 4, even if they do not perform well during a season.

The biggest challenge is determining the commercial value of a Pro League club.

There is a clear need for transparency, objective criteria and observance of financial fair play rules.

Some clubs are in a dreadful financial position and, for one or two, bankruptcy is looming.

Public prosecutors seem to be more and more interested in the football business and not just game results...

While we write this, the Belgian Pro League club representatives are negotiating the distribution behind closed doors.

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So, how will that be solved? Inspiration could be found in the English Premier League.

The Premier League's football teams are said to have agreed a new formula for sharing any future increase in international broadcast revenue from season 2019-20 onwards (in addition to domestic revenue distribution).

The Premier League clubs will distribute all international broadcast revenue equally and will distribute increases on the basis of performance

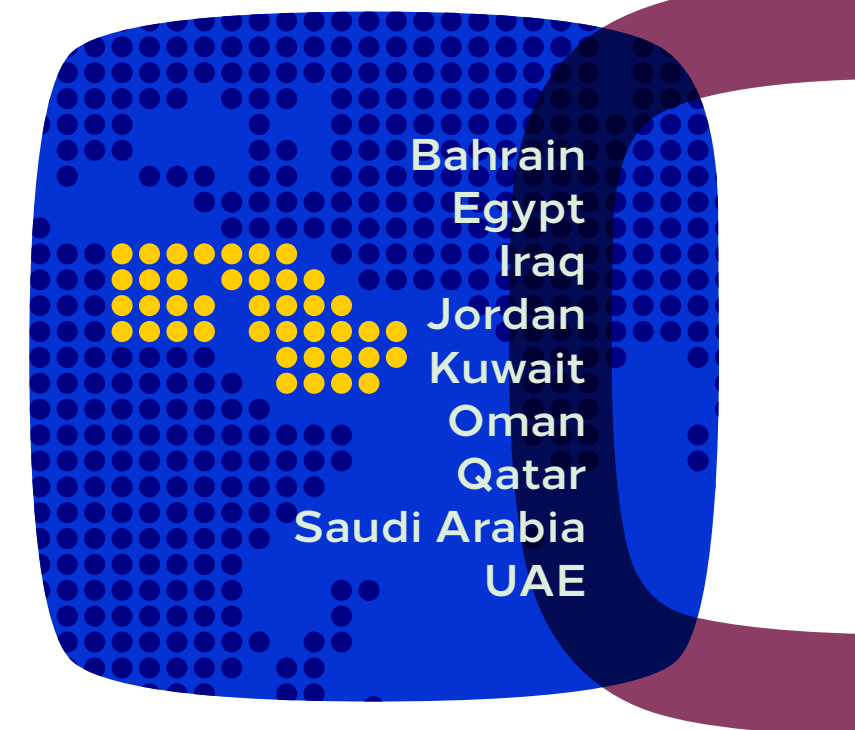
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