



The Shifting Landscape of Esports Leagues

Client Advisories

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Compared to traditional sports, esports are in a constant state of flux at almost every level. New games enter the competitive scene as they are released or gain popularity, and the games themselves experience updates and balance changes throughout the year, from minor tweaks to new playable characters or maps. These changes are almost entirely decided by the games' developers, who control not just the content of the games, but also have substantial influence over the competitions involving them, creating a tournament landscape that can be difficult to navigate for newcomers and professionals alike.

League Format Changes

Some developers take a direct approach by creating their own franchised leagues, such as Riot Games running the League Championship Series in North America for its game, League of Legends. Participation in these franchised leagues is usually dependent on limited, and often costly, franchise slots, but in turn come with a level of stability and security for teams. Other developers, like Valve, the developer of the Counter-Strike series, take a more hands-off approach by working with third-parties for their top-level competitions, but nonetheless maintain numerous rules for prospective tournament organizers.

Like the rest of esports, these league formats are subject to change. In November 2023, Blizzard Entertainment, the developers of Overwatch 2, shut down its franchise league, the Overwatch League, following a vote from the majority of the teams. The Overwatch League consisted of various franchised teams that, unlike many other esports leagues, were also associated with actual cities and regions, such as the Philadelphia Fusion. In late January 2024, Blizzard announced the creation of the Overwatch Champions Series, which eschewed the franchise format in favor of an open but still regionally focused competition. By removing the limited slots and cost of entry, Blizzard welcomed new and unaffiliated teams to participate and succeed based on skill alone, with qualifiers starting this March.

Valve has similarly announced that it will be implementing new rules in 2025 that ban franchised leagues for competitive Counter-Strike 2 tournaments or any other business relationship between the tournament organizer and teams that could create a conflict of interest. Although we do not yet know the full scope of these

changes, the new rules will outlaw any leagues where teams pay an entry or franchise fee for a slot in tournaments, as well as any leagues where the teams share in the profits from the underlying event.

Challenges and Considerations

As in any industry, there will be peaks and valleys. Still, the future of esports looks promising, with trends indicating further expansion and diversification. With this, new prospects and challenges will continue to spring up. There will be changing consumer preferences and game popularity. Moreover, the legal and business aspects regarding esports are also evolving, which could impact future growth. It will be necessary for all stakeholders – players, league owners, tournament organizers, etc. – to pay attention to the industry’s changing regulatory landscape and emerging trends. We will continue to monitor and report on developments in the industry.

Archer’s Sports & Entertainment Group is well-positioned to advise clients on all aspects of the esports industry. For more information, please contact **Nicholas Franchetti** at nfranchetti@archerlaw.com or **David Weinstein** at dweinstein@archerlaw.com.

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