

Media & Entertainment Group Of The Year: Skadden

By Tracey Read

Law360 (March 2, 2023, 2:03 PM EST) -- Skadden Arps Slate Meagher & Flom LLP's media and entertainment team helped a video game company buy the rights to J.R.R. Tolkien's "The Lord of the Rings" trilogy, negotiated the transfer of top hip-hop artists' music contracts and advised an independent film and television studio in a record-setting deal with a video game behemoth, earning the firm a spot among Law360's 2022 Media and Entertainment Groups of the Year.

The New York City-headquartered firm boasts about 18 media and entertainment attorneys, including six partners, who are mainly based in Los Angeles.

Over the past five years or so, what was once a small, niche practice has become one of the few elite go-to firms for entertainment transactions, according to David C. Eisman, head of Skadden's media and entertainment group and leader of the mergers and acquisitions/corporate group in the firm's Los Angeles office.

"Not only has the practice grown with regard to the number of attorneys and in revenue, [but] the breadth of the department has also grown," added Glen G. Mastroberte, a partner in Skadden's media and entertainment and M&A groups.

Although the practice used to be known for traditional film and TV media, Skadden has significantly expanded its presence into music, video gaming, sports, podcast deals, non-fungible tokens and other intellectual property.

Skadden's media and entertainment attorneys advised Sweden-based gaming conglomerate Embracer Group on its purchase of the worldwide rights to "The Lord of the Rings" trilogy and "The Hobbit" literary works. The firm said the transaction, which closed in October, sets the stage for Embracer to continue to develop Tolkien's Middle-earth fantasy world in new movies, video games, board games, merchandising, theme parks and stage productions.

"We were really proud of 'The Lord of the Rings' transaction," Eisman said. "It was a once-in-a-career opportunity to acquire such an iconic IP portfolio. It includes some of the most profitable and beloved franchises of all time."

Eisman said one of the things that separates Skadden from traditional entertainment firms that have



been in Los Angeles for much longer is the fact that, unlike many competitors, the firm has a very strong transactional intellectual property practice.

"For example, 'The Lord of the Rings' deal is very IP intensive," he said. "You need a sophisticated law firm like Skadden that can do the due diligence efficiently and evaluate license and distribution terms in a commercial context."

Skadden's team also represented AGBO, an independent film and television studio, in the sale of a significant stake of the studio to Japanese video game giant Nexon. The AGBO transaction, which closed in January, valued the studio at more than \$1.1 billion, making it one of the largest independent studio deals of 2021.

AGBO, led by the Russo brothers, produced some of the most successful Marvel movies of all time, including "Avengers: Endgame" and "Avengers: Infinity War," as well as Netflix films like "The Gray Man," "Cherry" and "Extraction."

As part of the transaction, Skadden also led the negotiations of a strategic IP partnership between AGBO and Nexon that provided for the sharing of AGBO IP for video game production by Nexon, as well as the sharing of popular Nexon video game properties for film and television development by AGBO. Skadden also represented AGBO in a second financing round that closed in July at the same \$1.1 billion valuation, according to the firm.

Eisman said many of the team's deals over the past year shared a similar theme — gaming companies deploying some of their cash in other areas to diversify and figure out new sources of revenue and potential IP to mine.

In a deal announced in January, Skadden's entertainment group worked with other practice areas to represent Activision Blizzard, a leader in game development and interactive entertainment content publisher, in its \$75 billion acquisition by Microsoft Corp.

The complex, all-cash transaction was the world's largest-ever technology deal, the largest gaming industry deal in history, the largest deal of any kind since 2019, the largest-ever all-cash, public company deal and the largest-ever acquisition by Microsoft, the firm said.

Skadden also represented independent music label 300 Entertainment in its acquisition by Warner Music Group. The deal, which closed in December 2021, was one of the biggest independent music label deals of that year.

As part of the transaction, Skadden negotiated the transfer of music and hip-hop artists' contracts, including those of Megan Thee Stallion, Young Thug and Mary J. Blige. Skadden also negotiated employment arrangements for top 300 executives such as Kevin Liles, who will continue to head the company as an independent label under the Warner umbrella.

"Since the pandemic, music has been really hot," Eisman said. "I think the last four independent hip-hop labels that have been either bought or sold we've been involved in, so that's certainly a growth area for us. Traditionally, Skadden has not been a player in the music area, but we are now."

Skadden also advised United Talent Agency, a global talent, entertainment and sports company, in a sale completed in July involving a significant minority stake to EQT, a global private equity firm based in

Sweden. The cross-border transaction resulted in EQT becoming UTA's largest outside shareholder and represented the largest value, by multiple, of any talent agency deal in history, Skadden said.

The deal allowed virtually every UTA agent and employee to receive checks in the transaction, setting a new industry standard to allow an entire organization to share in the growth of the agency, the firm said.

"That transaction did require a delicate balance of economic and governance issues to thread the needle," Eisman said.

--Editing by Steven Edelstone.