

ASSER International Sports Law Series

More information about this series at <http://www.springer.com/series/8858>

Katarina Pijetlović

EU Sports Law and Breakaway Leagues in Football



ASSER PRESS



Springer

Katarina Pijetlovic
Helsinki
Finland

ISSN 1874-6926 ISSN 2215-003X (electronic)
ASSER International Sports Law Series
ISBN 978-94-6265-047-3 ISBN 978-94-6265-048-0 (eBook)
DOI 10.1007/978-94-6265-048-0

Library of Congress Control Number: 2014955793

© T.M.C. ASSER PRESS and the author 2015

Published by T.M.C. ASSER PRESS, The Hague, The Netherlands www.asserpess.nl
Produced and distributed for T.M.C. ASSER PRESS by Springer-Verlag Berlin Heidelberg

No part of this work may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, microfilming, recording or otherwise, without written permission from the Publisher, with the exception of any material supplied specifically for the purpose of being entered and executed on a computer system, for exclusive use by the purchaser of the work. The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

Printed on acid-free paper

Springer Science+Business Media B.V. Dordrecht is part of Springer Science+Business Media
(www.springer.com)

Series Information

Books in the *ASSER International Sports Law Series* comprehensibly chart and analyse legal and policy developments in the emerging field of European and international sports law. Within scholarly publishing, the series is the most cited in its area and uniquely features contributions from the leading sports law scholars. It is a valuable resource for practitioners, academics, sports officials, and anyone interested in or impacted by sports and the law.

The Series is developed, edited and published by the ASSER International Sports Law Centre in The Hague. The Centre's mission is to provide a centre of excellence in particular by providing high-quality research, services and products to the sporting world at large (sports ministries, international—intergovernmental—organisations and federations, the professional sports industry, etc.) on both a national and an international basis. As a pioneer in the field of European and international sports law, the Centre has established a worldwide network of academics and practitioners and co-operation agreements with various sports law institutes and centres in Europe and beyond.

Apart from the Series, the Centre edits and publishes *The International Sports Law Journal*.

Series editors

Dr. David McArdle
e-mail: d.a.mcardle@stir.ac.uk

Prof. Dr. Ben Van Rompuj
e-mail: b.van.rompuj@asser.nl

Marco A. van der Harst, LL.M.
e-mail: m.van.der.harst@asser.nl

Editorial Office

ASSER International Sports Law Centre
T.M.C. Asser Instituut
P.O. Box 30461
2500 GL, The Hague
The Netherlands
www.sportslaw.nl



For Mum

Preface

I am delighted to be able to contribute the first English-language book on the topic of the treatment of breakaway leagues under EU sports law. The book has been in preparation over a period of several years and there were some longer breaks in the research and in the writing. It was finally completed during this summer and reflects the law as it stood in August 2014.

Each chapter of this book addresses different but connected topics. As the reader moves through the chapters ‘the story’ progresses and incorporates increasingly complex legal analysis. The first two chapters introduce the subjects of sports law, EU sports law and policy, and the sporting industry with its specificities; the third chapter highlights the tensions and governance issues in European football amid breakaway threats by elite clubs; Chaps. 4 and 5 are the core of EU sports law and include a detailed analysis of the EU internal market and competition law as applied to legal issues in the sporting industry; Chap. 6 categorises sporting exceptions through the prism of convergence between the internal market and competition law and is the most significant contribution of this book to general EU law; and Chap. 7 analyses the legality of UEFA restrictive clauses and the behaviour of elite clubs under EU law. Whereas the first two chapters are suitable for anyone interested in the subject of sports law, the third chapter is of interest to sports lawyers, managers and journalists, and Chaps. 4–7 strongly focus on the legal technical aspects of the case law and are therefore aimed at sports law academics and practitioners.

My intention at all stages was to provide alternative viewpoints and novel perspectives in relation to what has already been said and written. Thus, the readers will find, for example, unique comments on the home-grown rule in the light of the 3 + 2 rule from the *Bosman* case, an original approach to categorising sporting exceptions through converging EU internal market and competition law analytical frameworks, proposals on the treatment of special responsibility of superdominant undertakings under Article 102 TFEU, and details of the 1998 Media Partners proposals which have not been published previously.

I am enormously grateful to those people who have supported and encouraged me during this project—thanks are due to David McArdle, Samuli Miettinen, Geoff Pearson, Ryan Gauthier and, most of all, to Daniel Lovric, who spent many days on a linguistic review of this book without asking a cent in return. Many thanks (hvala!) to my Serbian friend Mateja Sponza for his technical assistance in creating the illustrations that appear in Chaps. 5 and 6.

New York, August 2014

Katarina Pijetlović

Contents

1	Introduction	1
1.1	The Multidimensional Nature of Sport	2
1.2	Commercialisation and Juridification of the Sports Sector	3
1.2.1	Commercialisation	3
1.2.2	Juridification	5
1.3	Sports Law	5
1.3.1	Definition of Sport and Objectives of Sports Legislation	6
1.3.2	Lex Sportiva	7
1.3.3	Legal Status and Autonomy of the Global Governing Bodies	9
1.3.4	EU Sports Law and Policy	12
1.3.5	Boundaries of Legal Intervention	22
1.4	The Subject Matter of the Volume	24
1.4.1	The Arrangements in European Football Giving Rise to Legal Problem Posed by Breakaway Structures	24
1.4.2	Description of Chapters 1–7	26
	References	29
2	The Sporting Industry	31
2.1	Specificities/Special Characteristics of the Sporting Industry	31
2.1.1	Preliminary Remark on Phraseology	31
2.1.2	The Concept of Specificity of Sport in EU Law and Policy	32
2.1.3	Special Characteristics of Sport	34
2.2	Structural Models of Sport	36
2.2.1	Classic European Model of Sport	36
2.2.2	US Model of Sport	38
2.2.3	Changing Characteristics of European Football	40

2.3	Financing of Sport	42
2.3.1	Macroeconomic Aspects.....	42
2.3.2	Microeconomic Aspects.....	43
	References	45
3	Breakaway Leagues and Governance Issues in European Football.....	47
3.1	Introduction	48
3.1.1	Concept of Breakaway/Alternative League	48
3.2	European Structural Ideals	49
3.2.1	Rhetoric in the EU Policy Instruments.....	49
3.2.2	Sports Associations and Other Stakeholders in Football	52
3.3	Breakaway Threats and UEFA/FIFA Concessions.....	53
3.3.1	Rules on Alternative Competitions in the UEFA Statutes	54
3.3.2	Media Partners Proposal: European Football League	55
3.3.3	UEFA Concessions in the 1998 Media Partners Case	59
3.3.4	Formation of the G14 Alliance.....	61
3.3.5	Plans for 'European Golden Cup' in 2003?	62
3.3.6	UEFA Concessions on Compulsory Player Release Rule, the <i>Oulmers</i> Case and Formal Dissolution of G14	62
3.3.7	July 2011: New Breakaway Threats, Old Strategies of Old Allies	68
3.3.8	Alternative Leagues in European Football.....	70
3.4	New Trends in the Governance of European Football	74
3.4.1	Stakeholder Theory	74
3.4.2	UEFA Mandate.....	76
3.4.3	European Club Association: A New Face of G14	77
3.4.4	Professional Football Strategy Council	79
3.4.5	The UEFA Club Competitions Committee	81
3.4.6	Social Dialogue and Collective Agreements in Professional Football	81
3.4.7	UEFA Club Licensing and Financial Fair Play Regulations.....	88
3.5	Risks in the Commercial and Legal Environment	92
3.6	Is the UEFA Champions League an Open Competition?.....	94
3.7	Conclusion	96
	References	97
4	EU Internal Market Law and Sport	99
4.1	Introduction to the General Principles and Analytical Framework	101
4.2	Case 36/74 <i>Walrave and Koch</i> [1974]	102
4.3	Case 13/76 <i>Donà</i> [1976].	103

4.4	Case C-415/93 <i>Bosman</i> [1995]	104
4.4.1	Factual Background	104
4.4.2	The Judgment of the Court	105
4.4.3	Comment	108
4.5	Joined Cases C-51/96 and C-191/97 <i>Deliège</i> [2000]	118
4.6	Case C-176/96 <i>Lehtonen</i> [2000]	120
4.7	Case C-438/00 <i>Kolpak</i> [2003], Case C-265/03 <i>Simutnenkov</i> [2005], and Case C-152/08 <i>Kahveci</i> [2008]	121
4.8	Case C-325/08 <i>Bernard</i> [2010]	123
4.8.1	Facts of the Case	123
4.8.2	Analytical Overview of the Judgment	124
4.9	Cases T-385/07, T-55/08 and T-68/08 <i>FIFA and UEFA v Commission</i> [2011]	134
4.10	Joined Cases C-403/08 and C-429/08 <i>Murphy</i> [2011]	136
4.10.1	Facts of the Case	136
4.10.2	Analytical Overview of the Judgment	137
	References	147
5	EU Competition Law and Sport	149
5.1	Article 101 TFEU	150
5.1.1	Prohibition Provision: Article 101(1) TFEU	150
5.1.2	Exemption Provision: Article 101(3) TFEU	154
5.1.3	Nullity Provision: Article 101(2)	157
5.1.4	Commercialisation Agreements	157
5.2	Article 102 TFEU	158
5.2.1	Definition of Relevant Market	158
5.2.2	Establishing Dominance	159
5.2.3	Abuse of Dominant Position	160
5.2.4	Objective Justification and the Efficiency Defence	161
5.3	Oligopolistic Market Structures and the Concept of Collective Dominance	162
5.3.1	The Oligopoly Problem	162
5.3.2	Collective Dominance	163
5.4	Simultaneous Application of Articles 101 and 102 TFEU	167
5.5	Articles 101 and 102 TFEU in the Sporting Context	168
5.5.1	Basic Elements	168
5.5.2	Relevant Market	170
5.5.3	Collective Dominance	172
5.5.4	Analytical Framework for Commercial Rules in Sport	173
5.5.5	Analytical Framework for Regulatory Rules: <i>C-519/04 Meca-Medina</i> [2006]	179
5.6	Blocking Competing Organisations	187
5.6.1	<i>C-49/07 MOTOE</i> [2008]	187
5.6.2	Commission Investigation in <i>FIA/Formula One</i> Case	196
5.6.3	Case C-250/92 <i>DLG</i> [1994]	199

5.7	Superdominance and Special Responsibility	202
5.7.1	The Concept of Superdominance	203
5.7.2	Special Responsibility of Dominant Undertakings: The Sliding Scale Approach	206
5.7.3	The Content of Special Responsibility of Superdominant Sports Undertakings	208
5.8	Conclusion	211
	References	212
6	A Quest for Convergence in the Application of EU Internal Market and Competition Law to Sport	215
6.1	Introduction	215
6.2	Addressees	216
6.3	Prohibition Level Convergence—Categories I, II and III of Sporting Exception	217
6.3.1	Sporting Rules That Do not Produce Any Economic Effect	218
6.3.2	'Purely Sporting' Rules	218
6.3.3	Inherent Rules	224
6.4	Justification Level Convergence—Category IV Sporting Exception	228
6.5	Burden of Proof	233
	References	235
7	Treatment of UEFA Restrictions on Breakaway Leagues in Football Under EU Law	237
7.1	Introduction	237
7.2	The Conflict	239
7.3	Defining the Relevant Market	240
7.3.1	The Market for Organisational Services for Transnational Club Football in Europe	241
7.3.2	Connected Downstream Market: Exploitation Market	244
7.3.3	Connected Upstream Market: The Market for Clubs' Services	246
7.3.4	Relevant Geographic Market	247
7.4	Classification of the Parties and the Restraints	248
7.4.1	Undertaking or Association of Undertakings/Agreement or Decision?	248
7.4.2	Market Power of UEFA on the Relevant Market	253
7.4.3	Article 49 of the UEFA Statutes: Restrictive Effects	259
7.5	Applicable Justification Framework	267
7.6	The Existence of Elements of Justification	268
7.6.1	The Overall Context: Legitimate Aims in Public Interest ..	269
7.6.2	Suitability of the Article 49 Rule: Effectiveness Test	272

Contents	xv
7.6.3 Inherency Requirement	278
7.6.4 Proportionality	281
7.7 Effect on Intra-Union Trade	301
7.8 The Conditions of Article 101(3) TEFU	302
7.9 Collective Dominance and Collusion by Elite Clubs.....	303
7.10 Concluding Remarks	308
References	309
Table of Cases	311
Table of Legislative Acts	319
Index	325

Abbreviations and Acronyms

AVMS	Audio Visual Media Services
BSkyB	British Sky Broadcasting
CAD	Conditional Access Directive
CAS	Court of Arbitration for Sport
CCC	UEFA Club Competitions Committee
CJEU	Court of Justice of the European Union
CLFFP	Club Licensing and Financial Fair Play Regulations
CSR	Corporate Social Responsibility
DG	Directorate General
ECA	European Club Association
ECF	European Club Forum
EFL	European Football League
ENIC	English National Investment Company
EPFL	European Professional Football Leagues Association
FAPL	Football Association Premier League
FC	Football Club
FFP	Financial Fair Play
FIA	Fédération Internationale d'Automobile
FIBA	International Basketball Federation
FIFA	Fédération Internationale de Football Association
FIFPro	Federation Internationale Des Associations De Footballeurs Professionnels
FIGC	Federazione Italiana Giuoco Calcio (Italian Football Federation)
G14	Group of 18 Wealthiest Football Clubs in Europe
IOC	International Olympic Committee
MLB	Major League Baseball
MPI	Media Partners International Ltd.
NBA	National Basketball Association
NFL	National Football League
NHL	National Hockey League

PFSC	Professional Football Strategy Council
SSNIP	Small but Significant Non-transitory Increase in Price
TEU	Treaty on European Union
TFEU	The Treaty on the Functioning of the European Union
UEFA	Union des Associations Européennes de Football