

MANATT ENTERTAINMENT

Navigating COVID-19: Top Issues in the Entertainment Industry

COVID-19 has brought significant and unique challenges to the entertainment industry, which relies on production facilities and venues to sustain not only live events but also the development and distribution of content. Our film and television, music, digital media, sports and gaming clients trust Manatt's team of top-tier lawyers and consultants to address myriad contractual, regulatory and strategic questions raised by COVID-19. We are here to help clients navigate this new reality and feel secure in an insecure business environment.

Key Issues to Consider

Meeting Delivery Dates and Contractual Obligations

The Issue: Many in the film, television and music industries are unable to meet delivery dates for films and episodes and performance obligations tied to touring. Failure to produce by certain dates can result in reductions in compensation, overage charges or even termination of agreements.

How Manatt Can Help: Manatt can analyze relevant agreements to determine deadlines and application of any force majeure or other suspension clauses, as well as advise on how to proactively manage future contract negotiations.

Contractual Restrictions on Film Distribution

The Issue: Contractual restrictions on film distribution and windowing found in existing contracts can pose a challenge to studios and distributors that would like to consider alternatives to originally contracted distribution plans, such as bypassing theaters and releasing a film directly to SVOD.

How Manatt Can Help: Manatt can analyze relevant agreements and recommend solutions that take into account the implementation of ordinances and government mandates that may frustrate such agreements or make satisfaction of them commercially impracticable.

Sports Programming Cancellations or Delays

The Issue: Television networks that license live sports programming rights and the MVPDs that distribute such networks have obligations to pay for and deliver live sports programming. Due to recent postponements and cancellations, these obligations and the contractual remedies available to these organizations to delay or reduce payment may be unclear and come into question.

How Manatt Can Help: During this period of uncertainty as to whether sports events or seasons will be canceled, shortened or delayed, Manatt can review relevant agreements, perform legal research, draw on its relevant experience, and advise clients in order to find a solution and/or mitigate the potential impact of sports events and/or seasons being indefinitely suspended or canceled.

Healthcare Regulations, Employment and Privacy Concerns

The Issue: While the industry is anxious to get back to "business as usual," we can expect changes to our business due to safety concerns regarding COVID-19.

How Manatt Can Help: Manatt's healthcare and employment practices work closely with our entertainment professionals to address these novel issues and advise on best practices for implementing new policies driven by these concerns.

Utilizing Alternate Mediums for Revenue Transmutation

The Issue: Given the implementation of social distancing and government mandates, movie theaters and live event venues are closed for the foreseeable future. Both the music and film industries must be creative and consider utilizing alternative platforms for revenue generation.

How Manatt Can Help: With our extensive network, historical knowledge of the industry and understanding of new technology, Manatt can advise clients on alternative revenue streams and digital strategies to keep business moving forward in the wake of COVID-19. Our hybrid legal and consulting model adds a distinct edge when clients are considering creative shifts in business models.

Canceling, Postponing and/or Booking New Tours

The Issue: Managers, agents, artists, promoters and venues are concerned about canceling, postponing and booking new tours, all of which come with their own legal and business challenges—including, for example, force majeure and insurance issues with respect to cancellations.

How Manatt Can Help: Manatt can walk through the issues and explain the potential problems, pitfalls, advantages and disadvantages of attempting to rebook canceled events now versus waiting for further clarity regarding the lasting impact of COVID-19, or negotiate substitutions to such obligations.

Suspending Pay-or-Play Talent Agreements

The Issue: Production companies are forced to determine whether or not to suspend pay-or-play talent agreements for films they plan to push where the designated start date for principal photography is in the future.

How Manatt Can Help: Manatt can advise on the benefits and potential pitfalls of various solutions to this issue. For example, if the company decides to suspend, Manatt can advise as to what notice is required, and what payment obligations, if any, such suspension may trigger.

Funding Strategies and Financial Restructuring

The Issue: With the proliferation of critical federal stimulus packages, many entertainment companies are trying to figure out which loans and financial support programs are right for them, and how to take advantage of these short-term programs. Many of those facing significant financial loss are also contemplating financial restructuring, insolvency or bankruptcy options.

How Manatt Can Help: Manatt can assist clients in understanding, evaluating and applying for federal funding programs, and our insolvency professionals—who work closely with our entertainment and intellectual property attorneys—can help clients navigate whichever options are right for them. Our music team is also highly experienced in catalog sales and can explore options for boosting the financial health of artists' portfolios.

We're Here to Help:



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