

# SHIFTING GROUND: COMPETITION LAW AND THE FUTURE OF SPORTS GOVERNANCE

## Introduction

Chelsea's recent triumph in the FIFA Club World Cup - reportedly earning the club a windfall of \$114 million<sup>1</sup> - is the latest reminder that success on the pitch increasingly equates to serious financial reward. This follows Paris Saint-Germain's (PSG) victory in the 2024/25 UEFA Champions League (UCL) final, which generated over €148 million in revenues for the French club, with runners up Inter Milan taking home just over €136 million.<sup>2</sup> These substantial payouts were fuelled by a significant increase in the UCL's total prize pool, rising from €2.03 billion in 2023/24 to €2.44 billion for the 2024/25 season.<sup>3</sup> In this context, access to top-tier competitions is not simply a matter of sporting merit - it's a gateway to vast economic opportunity.

It also throws into sharp relief the tensions that have shaped recent governance battles. About four years ago, PSG and Inter Milan found themselves on opposite sides of a different sporting divide - one that threatened the future of the UCL itself. Inter Milan, frustrated by what they saw as an outdated and restrictive regulatory model, were one of several major clubs threatening to break away from the UCL and form the European Super League (ESL), while PSG notably led the backlash against the ESL project. That standoff culminated in a historic judgment from the Court of Justice of the European Union (CJEU) in December 2023 - one that fundamentally altered the legal environment in which sports governing bodies operate.

While there is a long history of EU competition law being applied in a sporting context, the ESL judgment was a watershed moment. It was widely regarded as redefining the limits of sports bodies' regulatory power. Prior to this ruling, courts had generally recognised a broad margin of autonomy for sports governing bodies, drawing on the principles established in the *Meca-Medina* case.<sup>4</sup> However, the ESL judgment curtailed the scope of that principle, subjecting sports governing bodies to more rigorous competition law scrutiny. As a result, stakeholders are now in a stronger position to challenge rules they consider anti-competitive, unfair, or lacking in transparency.

In this piece, we examine the evolving post-ESL landscape, review key cases (many of which have followed in its wake), and outline practical steps in-house legal teams can take to ensure that governance models remain resilient in the face of increasing legal scrutiny.

## The ESL Judgment: An Inflection Point

### Case Summary

The ESL proposal, announced in April 2021, envisioned a closed competition featuring many of Europe's top football clubs. UEFA and FIFA reacted forcefully, warning that participating clubs and players would face bans and sanctions. The

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<sup>1</sup> The Athletic, "How Chelsea won the Club World Cup: Big bonuses, training-ground deals and 'scary' Palmer", 13 July 2025, <https://www.nytimes.com/athletic/6490171/2025/07/13/chelsea-club-world-cup-win-story/>, accessed 14 July 2025.

<sup>2</sup> GiveMeSport, "How Much Money Every Champions League Team Made in 2024/25 Competition", 1 June 2025, <https://www.givemesport.com/how-much-money-every-champions-league-team-earned/>, accessed 11 June 2025.

<sup>3</sup> Sporting News, "UEFA Champions League prize money 2025: Total purse breakdown for PSG after final victory", 31 May 2025, <https://www.sportingnews.com/us/soccer/news/champions-league-prize-money-breakdown-ucl-winners-uefa/6e9cd9ee671ddd07fc6507ff>, accessed 10 June 2025.

<sup>4</sup> This case, brought by two professional long-distance swimmers who challenged the anti-doping regulations imposed by the International Olympic Committee, established that sporting rules may fall within the scope of EU competition law if they produce restrictive effects, but also that such rules may be justified where they pursue a legitimate objective - such as the protection of fair competition or athlete health - and are proportionate. The CJEU held that proportionality in this context meant the rules must be suitable and necessary to achieve that objective without exceeding what is required. See *Meca-Medina and Majcen v Commission*, Case C-519/04 P, ECLI:EU:C:2006:492.

legal battle that followed centred on whether UEFA and FIFA's 'pre-authorisation' rules, which apply to third-parties seeking to set-up new interclub competitions, breached EU competition law.

In its December 2023 judgment, the CJEU ruled that pre-authorisation rules breach competition law if they are not placed within a framework providing for substantive criteria and detailed procedural rules which are suitable for ensuring that they are transparent, objective, non-discriminatory and proportionate, so as to limit the discretionary powers of the governing body. While the ruling did not prohibit governing bodies from enforcing rules to protect the integrity of their sport, it set clear limits on how such rules must be framed and applied.

## Key Principles and Takeaways

The ESL case, and the related ISU and Royal Antwerp judgments which came out on the same day,<sup>5</sup> have established core legal principles that all sports governing bodies must now grapple with:

- **Transparency and Objectivity:** Rules that grant governing bodies broad discretion - particularly over the authorisation of rival competitions - must pursue a legitimate objective and must include clear, published criteria and be applied consistently.
- **Proportionality:** Sanctions and restrictions must be suitable and no more restrictive than necessary to achieve a legitimate aim. Overly punitive or sweeping rules are unlikely to survive scrutiny.
- **Broader Applicability:** Though the focus in ESL was on UEFA's pre-authorisation rules for rival tournaments, claimants have construed the judgment broadly as establishing a general principle that any rule that restricts market access - whether for players, agents, leagues, or commercial partners - is subject to the same requirements.

## Key Legal Challenges Since ESL: Pressure Points Emerging

Since the ESL ruling, a series of legal challenges have tested how far competition law can reach into the regulatory frameworks of professional sport. These cases span multiple disciplines and raise similar concerns: whether governing bodies are overstepping by imposing restrictive or exclusionary rules. The table below provides a snapshot of some of the most significant cases - some predating ESL but drawing on similar principles, and others emerging since - each highlighting a different pressure point in the evolving post-ESL legal landscape.

Sport	Issue	Legal challenge	Status
Basketball	Access for rival tournaments	Super League Basketball is suing the British Basketball Federation in a UK court for denying it a Governing Body Endorsement that extends beyond one year. This endorsement is essential for recruiting international players who require a visa.	Legal proceedings were announced in June 2025.
Cycling	Access for rival tournaments	Cycling's governing body, the UCI, is facing an EU antitrust complaint for sanctioning an 18-year-old Scottish rider who participated in a rival 'Bike Trial' event, which is an up-and-coming sport where cyclists navigate obstacles. The complaint was filed by the athlete's father.	The complaint to the European Commission (EC) was submitted in April 2025. It remains to be seen whether the EC will open a formal investigation.
Football	Club ownership	<p><b>The "50+1" rule:</b> Businessman Martin Kind has been a long-standing critic of the Deutsche Fußball Liga's (DFL) "50+1" rule, preventing him from acquiring a majority stake in Hannover 96. He maintains that the regulation, which is designed to ensure member control, violates competition law.</p> <p><b>Multi-club ownership:</b> The growing prevalence of multi-club ownership models is increasingly coming into conflict with rules designed to prevent clubs under</p>	<p><b>The "50+1" rule:</b> On 16 June 2025, the German national competition authority, the Bundeskartellamt, held that the 50+1 rule fundamentally does not restrict competition by object and that maintaining the sport's club character is generally capable of justifying an exemption. However, echoing the ESL criteria, the authority urged the DFL to apply the rule consistently and in a non-discriminatory manner.</p> <p><b>Multi-club ownership:</b> UEFA has demoted Crystal Palace to the Conference League</p>

<sup>5</sup> *International Skating Union v Commission*, Case C-124/21 P, ECLI:EU:C:2023:1012 and *Royal Antwerp Football Club*, Case C-680/21, ECLI:EU:C:2023:1010.

Sport	Issue	Legal challenge	Status
		common ownership from competing in the same tournament. These rules raise potential competition law concerns and impact the availability and attractiveness of equity investment in European football. For example, businessman John Textor has agreed to divest his stake in Crystal Palace after the club qualified for the Europa League, a competition in which another one of his clubs, Olympique Lyonnais, is set to participate. The impact of these rules was also evident when Drogheda United was expelled from the 2025/26 Conference League due to having the same owner as Silkeborg IF, a Danish competitor. An appeal by Drogheda to the Court of Arbitration for Sport (CAS) was unsuccessful.	despite Textor's divestment. The club is considering whether to bring an appeal to CAS.
Football	Player welfare	Germany's professional footballers' union (VDV) has filed a complaint to the EC alleging that FIFA's expanded match calendar, established without sufficient input from players, results in an oversaturated schedule that violates antitrust laws and harms player welfare. Similar complaints have been filed by FIFPRO Europe, European Leagues and LaLiga.	The VDV complaint was filed in June 2025, while FIFPRO Europe, European Leagues, and LaLiga filed their complaint in October 2024. So far, the EC has not announced the opening of a formal investigation.
Football	Agents' fee caps	FIFA, UEFA, and national bodies are seeking to introduce caps on agents' commissions to tackle perceived excesses in the transfer market. Agents argue these caps constitute illegal price-fixing and limit their commercial freedom.	On 30 December 2023, FIFA temporarily suspended some of these new rules, pending preliminary rulings from the CJEU, which Germany's Regional Court of Mainz had requested to assess the rules' compatibility with competition law. In May 2025, the Advocate General (AG) opined that the agent remuneration rules do not restrict competition by object but require an effects assessment. The AG also argued for a softer interpretation of the ESL judgment giving greater room for exemptions under Article 101(3) TFEU.  Meanwhile, in the UK, a 2023 decision of an arbitral tribunal found the rules to be in breach of competition law (as a restriction by object). A prior CAS ruling had found them to be compliant.
Football	Player transfer rules	The case was filed by former professional football player Lassana Diarra, in relation to the termination of his contract by Russian football club Lokomotiv Moscow in 2014, and subsequent challenges in moving	On 4 October 2024, the CJEU ruled that the transfer rules in question were incompatible with EU competition law and internal market rules. In light of the judgment, FIFA adopted temporary changes, effective as of 1 July

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		to another club. He brought a challenge to FIFA's transfer rules, alleging that these rules unjustifiably restrict player mobility and impose disproportionate sanctions, violating competition law principles.	2025, but several football player associations are alleging that the changes are insufficient.
Football	Financial fair play rules	In 2024, Manchester City brought a challenge against the Premier League's Associated Party Transaction (APT) rules, on the grounds that they breached competition law.	In September 2024, an arbitration panel found that certain elements of the APT rules constituted a by object restriction.
Golf	Access for rival tournaments	In 2022, the PGA Tour and the DP World Tour (formerly the European PGA Tour) suspended players who joined the new LIV Golf tournament. LIV Golf and several suspended players filed an antitrust lawsuit in the US, alleging anti-competitive practices.	In August 2022, a US court rejected a request by golfers Talor Gooch, Matt Jones, and Hudson Swafford for a temporary restraining order against the PGA Tour, ruling they had failed to prove they would suffer irreparable harm. While LIV Golf later joined the broader US anti-trust lawsuit, the case was dropped in June 2023.  In April 2023, an arbitration panel ruled in favour of the DP World Tour and found that 12 LIV players had committed "serious breaches" of the Tour's code of conduct.
Motorsports	Access for participants	Formula One rejected a bid by Andretti to join the grid in 2025 or 2026, despite the bid having been approved from a technical and sporting perspective by the world governing body for motorsports, the FIA. The US DOJ was reportedly considering whether to open an investigation, whereas the EC decided not to investigate the matter.	The team rebranded as the Cadillac Formula 1 Team (in partnership with General Motors) and has secured a position on the grid from the 2026 season.
Snooker	Access for rival tournaments	NST Worldwide Limited, partly funded by Ronnie O'Sullivan, has launched damages claim in the UK Competition Appeal Tribunal, alleging barriers to entry and exclusionary practices by snooker's governing bodies.	Proceedings issued in January 2025.
Tennis	Player welfare	The Professional Tennis Players Association (co-founded by Novak Djokovic) is challenging the APT Tour, the Women's Tennis Association and the International Tennis Federation over rules and practices relating to player compensation and control, alleging anti-competitive behaviour.	Proceedings were issued in the US in March 2025, alongside complaints to the EC and the UK Competition and Markets Authority.

### Common Pitfalls for Governing Bodies

These and other recent cases highlight recurring themes that pose legal risks for sports governing bodies:

- **Access barriers:** Rules that prevent or deter new entrants - whether tournaments, teams, or service providers - must be justified by legitimate objectives and implemented using transparent, objective, non-discriminatory and proportionate criteria.
- **Opaque sanctions:** Disciplinary frameworks that rely on discretion or lack transparency are highly vulnerable. Consistent application, transparency and robust procedural safeguards are essential.
- **Governance conflicts:** Structures where regulatory bodies also control commercial rights risk crossing the line into a potential abuse of dominance. Measures to avoid conflicts of interest are essential.

## Practical Steps for Sports Governing Bodies' In-House Legal Teams

The growing volume and variety of legal challenges since ESL underline the importance of proactive risk management. For in-house legal teams at sports governing bodies, this means going beyond reactive compliance and taking strategic steps to future-proof governance structures. The following practical measures ought to help sports governing bodies stay ahead of regulatory scrutiny, safeguard the legitimacy of their rules, and minimise litigation risk.

### 1. Governance reviews

Audit current rulebooks and governance frameworks through a competition law lens. Prioritise high-risk areas: tournament authorisations, player eligibility, sanctions, and rules which have a direct impact on participants' commercial freedom.

### 2. Transparency, consistency and documentation

Ensure that all rules - especially those that restrict participation or impose sanctions - are clearly written, publicly available, and consistently enforced. Avoid opaque and arbitrary decision-making. Maintain internal records of decision-making processes.

### 3. Stakeholder consultation

Include clubs, players, and third parties in meaningful consultations when developing or revising rules. Consultation improves both the substance and legitimacy of regulations.

### 4. Early legal and economic advice

Engage legal counsel at the outset when designing rules with potential commercial impact. Commission economic evidence where necessary to examine economic effects (or lack thereof) and proportionality.

### 5. Litigation preparedness

Monitor ongoing cases in this area and be ready to respond. Build severability into key rules to avoid knock-on effects if one provision is found unlawful. Prepare contingency plans to address potential disruption from adverse rulings.

### 6. Review jurisdiction clauses and dispute forums

Many sports rulebooks provide for arbitration as the exclusive forum in the event of a dispute. In-house teams should assess whether arbitration remains the most suitable forum for disputes involving competition law. While arbitration can ensure confidentiality, a quick resolution and allows for the selection of arbitrators by the parties, it may limit opportunities to challenge decisions or develop public-facing precedents - particularly in cases involving EU or UK competition law.

## Conclusion

Chelsea and PSG's recent victories remind us just how high the stakes now are in professional sport. Access to elite competitions translates directly into revenue, power, and prestige. It is no surprise, then, that questions over who gets in - and on what terms - are increasingly being fought in the courts.

The ESL judgment has reshaped the legal landscape, and the wave of litigation that followed shows no sign of receding. Sports governing bodies that proactively adapt - by embracing transparency, proportionality, and robust legal safeguards - will be best placed to thrive in this environment.

Our firm regularly advises on these issues across a wide range of sports. We combine deep sector expertise with a practical and commercial approach.

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