

## Live Nation Wins Arbitration In CTS Contract Row

By **Dan Prochilo**

*Law360, New York (June 12, 2013, 10:33 PM ET)* -- Live Nation Entertainment Inc. said Wednesday an arbitrator ruled in its favor and tossed out claims that the company violated the implied covenant of good faith by breaking off a licensing agreement with ticket seller and live-performance manager CTS Eventim AG.

According to an announcement from Live Nation, the arbitrator ruled the company had validly terminated its agreement to license ticketing software from Germany-based CTS in June 2010, following the U.S. Department of Justice's approval of the merger of Live Nation and Ticketmaster Entertainment Inc. in late January of that year.

Michael Rapino, the president and CEO of Beverly Hills, Calif.-based Live Nation Entertainment, said the company was not surprised by the ruling, which was issued by the International Court of Arbitration of the International Chamber of Commerce.

"The arbitrator's final decision vindicates Live Nation's steadfast position that we justifiably terminated our contract with CTS," Rapino said in a statement.

Because the dispute-resolution process was private, it was not immediately clear why the arbitrator had sided with the American live-entertainment giant.

CTS lodged a request for arbitration with the International Chamber of Commerce on April 5, 2010, asserting that Ticketmaster's sales and ticket distribution following the closing of the merger led to various breaches of Live Nation's obligations under the licensing deal with CTS, according to an April 2010 regulatory filing by Live Nation.

Before the merger, Live Nation had entered into a 10-year agreement to license CTS' intellectual property that was critical to Live Nation's ticketing platform.

CTS argued that the agreement required Live Nation to license its software and to pay a fee for every ticket sold in North America, regardless of whether the merged company decided to use CTS' platform or an alternative. In some European countries, the agreement obliged Live Nation to exclusively book using CTS' platform, Eventim said.

The pact also applied to tickets that were sold and distributed by Ticketmaster after the merger, and those sales for which CTS was not compensated constituted breaches of the agreement, according to Eventim.

Live Nation said in its 2010 filing that CTS' claims were inconsistent with the terms of the licensing deal and it accused CTS of violating the deal by failing to provide a ticketing platform that met the minimum standards set forth in the contract.

The Justice Department and 17 state attorneys general approved the \$2.5 billion merger of Ticketmaster and Live Nation in late January 2010 after reaching a settlement calling for Ticketmaster to divest ticketing assets and to license its ticketing software to two competing companies, Anschutz Entertainment Group and another suitable buyer.

CTS challenged the U.K.'s competition regulator's approval of the deal, arguing that the merger would hurt competition and Eventim's sales in the U.K.

But the British Competition Commission allowed the transaction in May 2010, ruling that Eventim's licensing deal with Live Nation only made it a "small-scale" live-music retailer in the U.K. and the merger would not substantially decrease competition.

Live Nation was represented by Dan Wall, Dan Schecter, Charlie Crompton, Charlie Courtenay and Andy Gass of Latham & Watkins LLP.

Counsel information for CTS was unavailable.

--Additional reporting by Shannon Henson and Erin Coe. Editing by Chris Yates.

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