

# GAMING LEGALNEWS

## THE NEXT GENERATION OF GAMERS

by Jeffrey A. Silver

On April 29, 2015, the UC Berkeley Golden Bears eSports team beat Arizona State to win the collegiate video gaming championship tournament. The winners received their remaining years' tuition, and if they were graduating seniors, they received a year's worth of tuition in cash. The contest was sponsored by Blizzard Entertainment, a video game developer whose "Heroes of the Storm" game, which was used in the competition, is scheduled to be released this month. The most notable "milestone" was that the game was broadcast live on ESPN2.

In July 2014 a similar contest featuring the game "Dota 2" was held in a Seattle basketball arena crammed with 11,000 screaming spectators. The contestants were playing for \$11 million in total prize money and, according to *The New York Times*, "moved another step closer to securing [social] gaming's legitimacy as a major-league spectator sport." The October 2014 "League of Legends" tournament that was held in Seoul, Korea's soccer stadium was sold out with 40,000 fans in attendance, another indicator of the rabid devotion to this form of entertainment.

"Global revenue for games is \$20 billion higher than the music industry's and is chasing that of the movie business," says Nick Wingfield, a writer for *The New York Times*, and "this fall [2014], Robert Morris University in Chicago will dole out over \$500,000 in athletic scholarships to gamers." He added, "More than 70 million people worldwide watch e-sports over the Internet or on TVs, according to estimates by SuperData Research."

The Las Vegas Convention and Visitors Authority ("LVCVA") recently released its year-end statistics that showed over 41 million visitors came to Las Vegas in 2014, a new record! However, there were also a few notable trends in the 2014 "Las Vegas Visitor Profile" conducted by my friends at GLS Research in San Francisco, a company which prepares the annual report for the LVCVA. Their in-person interviews of 3,600 visitors per month revealed that 19% of the interviewees stated that this was their first trip to Las Vegas, and 47% of all visitors said their primary reason for visiting Las Vegas was vacation or pleasure, up significantly from 41% last year. Of the new visitors, 69% said they came primarily for either vacation or pleasure. However, the most surprising, or perhaps disconcerting, statistic was that only 12% of the visitors said they came primarily to gamble!

These two stories are not disparate. Combine them with the recent successes of fantasy sports and we can plainly see the preference of both the millennials and Gen-Xers to a more varied, interactive, and challenging form of gaming entertainment. This is surely a "sea change," but the dilemma for legalized gaming is to find a way to monetize the phenomenon. The Nevada Legislature recently passed SB 9, which



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was hurriedly signed into law by the Governor. The preamble to the Bill states, "the continued growth and success of the gaming industry in the State of Nevada depends on the fostering of a business and regulatory environment that promotes continued advances in the use of technology in gaming, which improves the entertainment experience, encourages innovation and supports expansion of the domestic technology sector of the economy of this State."

In sum, the Legislature has directed the Nevada Gaming Commission to adopt regulations that encourage manufacturers to deploy gaming devices that differentiate requirements for outcomes of a game of skill, a game of chance, and a hybrid game. To accomplish this, greater flexibility must be allowed in payout percentages. The Commission was also asked to provide guidelines for some type of integration of social networking technologies so that players enrolled in interactive mediums could engage in games supported by networked servers.

Dickinson Wright's gaming lawyers are poised to represent game manufacturers, developers, and other ancillary businesses who need access to the casino and resort industry or whose products may require regulatory review.

Nevada is leading the way in addressing the interests of the next generation of gamers. In the Nevada office, Greg Gemignani, whose prior work history included six years as a systems engineer and architect, is an accomplished gaming law attorney who has an extensive background in Intellectual Property and Technology Law. Kate Lowenhar-Fisher has a wealth of experience advising clients on issues related to Internet gaming, social gaming, fantasy sports, and sweepstakes and is deeply engaged in those "ancillary" activities that bring people to Las Vegas – namely, spectacular nightclubs, restaurants, conventions, and hotels. Jennifer Gaynor, who leads the firm's Nevada government relations practice and has been following the development of Senate Bill 9 in Carson City, provides gaming clients with legislative and regulatory assistance. Finally, I am proud to have recently joined the Gaming Practice Group to provide the continuity, contacts, and institutional knowledge for both the new era of emerging game development as well as the evolving entertainment sector of the resort industry.

The next generation of gamers and their impact on the entertainment world is not limited to Nevada. It is a worldwide development composed of traditional casino games, sports betting, fantasy sports, skill games, and new and exciting competitive creations that test the line between games of chance and games of skill on a daily basis in both land-based casinos and on the Internet. Particularly compelling is the reality that the Internet has broken down traditional borders and generated a vast array of disparate regulatory and statutory environments. With the dramatic expansion of international companies entering the gaming/entertainment market in a variety of ways, all of which are heavily licensed and regulated, a broad and detailed understanding of these complexities is of paramount importance to industry participants. A violation in one jurisdiction can trigger penalties and loss of licenses in other jurisdictions in what can easily become a domino effect if not dealt with properly.

The strength of the Dickinson Wright gaming law practice is founded on the expertise and depth of its Gaming Practice Group. Led by Bob Stocker in the Lansing office, Michael Lipton in Toronto, Dennis Whittlesey in Washington, and Glenn Feldman in Phoenix, the group has been in the forefront of all sectors in the gaming industry, including regulatory, compliance, ownership, licensing, immigration, intellectual property, labor, tax, and general business matters. The strength of the Gaming Practice Group is reinforced by Dickinson Wright's offices in six states, the District of Columbia, and Canada; lawyers licensed to practice in a number of major gaming jurisdictions; recognition by Chambers Global of Michael Lipton and Bob Stocker as Band 1 gaming specialists; recognition by Chambers USA of Jeff Silver and Bob Stocker as Band 1 gaming specialists and of Kate Lowenhar-Fisher as an Up and Coming gaming law practitioner in Nevada; Dennis Whittlesey's and Glenn Feldman's involvement in the \$28 billion American Indian gaming industry since its inception in the 1980s; relationships in Macau, Malta, Peru, and the Balkans; and the Gaming Practice Group's 30 plus members' representation of gaming companies, gaming vendors, and related elements of the hospitality industry. Overall, Dickinson Wright is unique in that there is a substantial body of fundamental "how to" knowledge within the Gaming Practice Group and other relevant practice specialties on all issues impacting the gaming and related entertainment businesses.