# The Arena Group Quietly Settles Sports Illustrated Lawsuit

The digital media company The Arena Group (TAG) settled its lawsuit against the licensing firm Authentic Brands Group (ABG) in late April, quietly ending what had previously been a highly visible and contentious $249 million legal contest concerning the fate of Sports Illustrated.

The confidential agreement was settled out of court, and its financial terms were not disclosed. It is unclear which party—if either—paid a fee.

In a public filing, TAG said the size of the payment was "not material." According to Gary Kibel, a partner at the law firm Davis+Gilbert LLP, that means it is small enough that it is unlikely to affect the stock price of a company.

As a result of the settlement, TAG was able to remove around $94 million in potential liabilities from its balance sheet, a figure that reflects the projected amount of cumulative financial damages TAG anticipated would stem from the lawsuit.

The discretion of the settlement marks a departure from the dramatic brinksmanship that defined the public legal battle.

The key decision makers at both companies—TAG's Manoj Bhargava and ABG's Jamie Salter—are both aggressive dealmakers whose tactics have often led to litigation. One Arena Group employee called the face-off a game of "billionaire chicken."

ABG did not respond to a request for comment. TAG declined to comment.

## The fight over Sports Illustrated

The legal dustup began in late 2023 when Bhargava, the billionaire founder of 5-Hour Energy, acquired a majority ownership stake in TAG, a digital media company whose portfolio included Sports Illustrated, along with other titles like Parade, TheStreet, and Men's Journal.

In January 2024, TAG failed to pay the $3.75 million quarterly licensing fee owed to ABG, which owned the licensing rights to Sports Illustrated. In March 2024, ABG transferred the license to Minute Media, a publishing firm whose portfolio includes the Players' Tribune.

The next month, in April, ABG sued TAG for $49 million over the non-payment. That June, TAG countersued ABG for $200 million, alleging that ABG had conspired to steal proprietary code and commercial information.

Less than a year later, the two announced in April that the lawsuit had been settled out of court. ABG has been involved in legal battles on at least five previous occasions. Of those concluded, this is the only one that ended in a settlement.

The resolution, while atypical for ABG, allows both parties to move forward without the distraction and financial drain of a protracted trial, according to Kibel. Indeed, just three weeks after settling the case, ABG announced its $311 million acquisition of the footwear brand Dockers.

TAG, meanwhile, which has been unprofitable since joining the New York Stock Exchange in February 2022, recently posted its third consecutive profitable quarter.

While a heritage brand, Sports Illustrated weighed on TAG’s balance sheet for years, as ADWEEK previously reported. With it spun off, its licensing payment eliminated, and no material financial damage incurred in the process, TAG now has healthier financial footing than it has in years.

Recommended videos
https://www.adweek.com/media/arena-group-sports-illustrated-authentic-brands-group-settles/