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Single-Entity MLS vs. The English Premier League

By: *Yasmeen Mirsaidi*



Soccer, otherwise known as football to the rest of the world, was and is a dominating sport, not only in popularity but in organization and individual profit as well. The Fédération Internationale de Football Association [hereinafter “FIFA”] alone had a net profit of around \$3.54 billion during the 2018 World Cup.[1] This figure is only the tip of the iceberg in regard to the positive impact that football can have on the organizations that control it. Not only do FIFA’s numbers speak to the profitability of football, but England’s Premier League in 2019 alone grossed around \$4.577 billion.[2] Comparably, the U.S.’s MLS teams produced “\$1.1 billion in revenue . . . La Liga powerhouse FC Barcelona alone reported \$1.1 billion in revenue during its 2018-19 campaign.”[3] MLS has overcome much hesitation when it comes to playing on a world-wide level. MLS, as it stands, is currently ranked around the 10th best soccer league in the world, both in quality and popularity.[4] Although the highest level of soccer played in both the US and Canada, it is not nearly as high as it could be. While the likes of La Liga and the English Premier League are top tiers, “MLS is mostly compared with second divisions in top European leagues.”[5] So why is there a disparity in revenue between the European football world and that of the United States?

The MLS’ structure is that of a single-entity. Under this model “teams and player contracts are centrally owned by the league itself.”[6] As a result of its formation as a limited liability company, the Managing Committee act as investors and manages all aspects of MLS.[7] This structure developed as a necessity to better regulate teams one-on-one and stimulate growth of the company. As a result of their attempts to grow and regulate the sport under this structure, MLS own all the player and team contracts. This means that “players are hired by the MLS as employees of the league itself rather than the teams, and the players are assigned to the team holding their acquisition rights.”[8]

The single-entity structure allows MLS to retain control over teams and player movements. As a result, all profits and expenses are handled by MLS, and they control the ability for players movement within teams. This control allows for MLS to keep costs down and regulate player salaries, at the same time controls competition for available players within the various teams. Although the arguments for this structure is the lack of support in the United States, the very essence of it conflicts

with the entirety of the footballing sphere. MLS, due to this structure “MLS owns all of the teams . . . as well as all intellectual property, rights, tickets, supplied equipment, and broadcasting rights. MLS sets the teams’ schedules; negotiates all stadium leases and assumes all related liabilities.”[9] This means that MLS controls every aspect of every team and is responsible for all player agreements and payouts. Although some teams are controlled by other investors, it is up to the discretion of MLS to choose whether or not to contract with these investors.[10]

While the U.S. has been trapped in single-entity, Europe has led a free agency movement that influenced the rest of the world. In one of the most influential decisions regarding transfer and free agency, the *Union Royale Belge des Sociétés de Football Ass’n ASBL v. Bosman*, a decision was made that would change the landscape of football altogether.[11] A Belgian footballer by the name of Jean-Marc Bosman was at the end of his contract at RFC Liege and was offered another contract with a French team, Dunkirk, in 1990.[12] Previously, players with the leagues could not leave a club unless they were given permission to go, or if the club received a fee from the other club looking to purchase a player.[13] Bosman was subjected to decreased wages because his former club, Liege, asked for a fee that Dunkirk could not afford, thus he was forced to stay at Liege and had to be subject to a reduction in pay.[14] The court eventually ruled in Bosman’s favor and thus allowed for players, once their contract came to an end, to be able to leave a club.[15] This not only allowed for mobility of players, but also allowed for increased signing bonuses as the clubs no longer were subject to a transfer fee.[16]

This landmark decision allowed for free agency in the world of European football.[17] Players now have the opportunity to freely move about and clubs are able to sign the players that they want. In addition to the free agency aspect of the ruling, clubs were now allowed to have on their team all EU players, whereas previously clubs could not have more than three foreign players.[18] The impact this ruling had on European football is immense; it has enabled a player’s right to freely contract with clubs of their choosing. This ruling influenced all of football, just not in the U.S. The existence of the single-entity structure has shielded MLS from having to comply with the decision and allow for the existence of the control and power of players through their salary caps.[19] Although the case is not influential in the United States, it demonstrates how freedom of mobility can help increase competition in the sport and allow players rights they should be entitled to. If MLS is to become a dominating powerhouse in world football, it is decisions like *Bosman* that should be leading influential factors in MLS’s decision to allow players the right and freedom to have full agency over themselves and their contracts.

The similarities between the Premier League and MLS can be seen through their organizational structure. Just like MLS, the “Premier League is a private company wholly owned by its 20 Member Clubs who make up the League at any one time.”[20] This means that the overall concept of each of the systems acts as a single-entity structure, but there exists key differences. In the MLS system, clubs can be either operated by MLS or shareholder/investors who contract with MLS. In the Premier league, each club is independent and acts as individual shareholders. Although there exists a governing body, the clubs have freedom to propose rule changes and vote on matters concerning the league.[21] This substantially differs from the MLS’s full control. Although there are some contracted out rights given to investors, the MLS decides the structure of the league without each club being afforded the right to propose amendments and vote.

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[1] Lev Akabas, *Fifa Looks To Double Down On Its World Cup Profit Machine: Data Viz*, Sportico (Oct. 8, 2021), <https://www.sportico.com/leagues/soccer/2021/fifa-world-cup-proposal-revenue-1234643537/> [https://perma.cc/ZH9V-6P6P].

[2] *Premier League Revenue Down 9% for 2019/20 Season*, SP (Apr. 23, 2021), <https://www.sportspromedia.com/news/premier-league-accounts-2019-20-revenue-finances-covid-19/> [https://perma.cc/8DSM-ZCXB].

[3] Kurt Badenhausen, *Los Angeles FC Tops Sportico’s 2021 MLS Valuations at \$860 Million*, Sportico (July 14, 2021), <https://www.yahoo.com/now/los-angeles-fc-tops-sportico-173152728.html> [https://perma.cc/JRQ4-EU2Y].

[4] Authority Soccer, *Where Does MLS Rank in World Soccer Leagues?*, <https://authoritiesoccer.com/where-does-mls-rank-in-world-soccer-leagues/> [https://perma.cc/ED44-9TUN] (last visited Feb. 9, 2022).

[5] *Id.*

[6] William Reade, *Major League Soccer’s Single-Entity Structure*, Lex Sportiva (Oct. 9, 2019), <https://lexsportiva.blog/2019/10/09/mls/> [https://perma.cc/C4A5-QR22].

[7] *Id.*

[8] *Id.*

[9] *Id.*

[10] *Id.*

[11] Case 415/93, Union Royale des Sociétés de Football Ass'n ASBL v. Bosman, 1996 CEC (CCH) 38, 118 (1996).

[12] Gerard Brand, *How the Bosman Rule Changed Football – 20 Years On*, Sky sports (Dec. 15, 2015), <https://www.skysports.com/football/news/11096/10100134/how-the-bosman-rule-changed-football-20-years-on> [<https://perma.cc/U9LV-9DEH>].

[13] *Id.*

[14] *Id.*

[15] *Id.*

[16] *Id.*

[17] *Id.*

[18] *Id.*

[19] Bobby McMahon, *On the 20th Anniversary of Bosman, MLS Remains Behind the Free Agency Curve*, World Soccer Talk (Dec. 15, 2015), <https://worldsoccertalk.com/2015/12/15/on-the-20th-anniversary-of-bosman-mls-remains-behind-the-free-agency-curve/> [<https://perma.cc/Z7QM-FZMU>].

[20] *About the Premier League*, Premier League, <https://www.premierleague.com/about> [<https://perma.cc/F3MG-S8SM>] (last visited Feb. 9, 2022).

[21] *Id.*