



Volleys on and Off the Court

Tennis Channel GC Talks about Fending Off Lawsuits and Learning to Play Tennis

As head of business and legal affairs at the Santa Monica-based Tennis Channel, Pierre Vudrag oversees a small group of attorneys that wouldn't even be able to fill both sides of a doubles match.

Not that Vudrag spends much time in court — the legal kind — as the independent channel has only been served with one lawsuit since he took the job four years ago. Chalk that up to Vudrag's careful

Q&A

CORPORATE COUNSEL transactional work, honed through stints at Fox Cable Networks Group's legal department and, before that, his own record label.

Running the label was just as much an education as it was a job. The native New Yorker skipped college to work in the music industry before earning a law degree from the University of California, Los Angeles while at Fox.

Since becoming a lawyer in 2006, Vudrag has played a crucial role in the Tennis Channel's exponential growth. He also had a hand in the Tennis Channel's Federal Communication Commission complaint against Comcast Corp. that accused the cable carrier of favoring its own channels over others. Both sides

have since volleyed arguments over the pending complaint.

Daily Journal staff writer Jean-Luc Renault sat down with Vudrag to talk about that dispute and how the channel licenses content. Here is an edited version of their conversation:

DJ: This is your busiest time of year. How does that translate into work for you and your legal department?

Vudrag: We're in the middle of our grand slam season. This week, we're in Paris, the French Open. Then we go to London for the Wimbledon tournament, which is the last week of June and the first week of July. Then we have other tournaments that culminate in New York with the U.S. Open. We're working on productions all over the world, dealing with various issues that come up with that kind of situation. In Europe, we have to deal with EU laws as far as local hires.

DJ: With the big tournaments, some of the matches are shown on ESPN. Can you explain the licensing agreements that go into that?

Vudrag: This all started about four years ago when we acquired the exclusive cable rights to the French Open. Part of the agreement that we struck is that we would have the right to sub-license a certain number of hours to a third party

cable network. We get early mornings; they get afternoons in France. But the reason for doing that with ESPN is that they had the exclusive right to the Australian Open, so we acquired some of those rights.

DJ: So it's not like ESPN is viewed as a competitor?

Vudrag: They're a partner. We throw back to them when we go off the air and they go on. We tell our viewers to go to ESPN and vice-versa. And this year, same as last year, we're actually producing NBC's telecast of the finals in the middle weekend. ESPN and NBC, they have their own talent and their own producers, but it's our cameras, our guys, our trucks.

DJ: Was it your idea to set up the agreement with the French Open when you first showed up or was that already on the table?

Vudrag: The first day that I got here, we spent about 9 hours working on our proposal to the French Open that went out on a Thursday night. Over the weekend, our CEO, Ken Solomon, got on a plane and went to Geneva, Switzerland and had lunch with the head of the French Open. In an extended lunch, we had our deal. I hadn't even been introduced to anyone here at the company. It was a sign of things to come at Tennis Channel. Nielsen right now has us rated in about 29 million homes. When I started here four years ago, we were in 3.5 million to 4 million homes.

DJ: How many lawyers do you have here in your legal department?

Vudrag: I have five people that report to me. Two of them are lawyers. We work lean and mean.

DJ: What does the department handle any given day during the week?

Vudrag: We'll do every rights deal, every third-party production services deal, employment agreements, music issues, any sort of operations. We run a studio facility, which we actually rent out to other networks. We do sales, new media, web, IT, marketing. We don't have any litigators here. We farm that out.

DJ: Who do you farm out to?
Vudrag: It depends on the type of work. We use Hogan Lovells for certain litigation issues, employment issues. We use a firm out of Washington, D.C. named Covington & Burling. They deal with governmental issues. We use a firm out of New York called Cohen Pontani Lieberman & Pavane. They do a lot of our trademark and copyright. Greenberg Traurig — we use them for affiliation agreements. We filed an FCC complaint against Comcast

— we used Covington & Burling.

DJ: What prompted the filing?

Vudrag: There's not a lot that I can say but I can tell you that what the impetus of the filing is that the FCC has a rule, Rule 616, that basically says that a distributor who is also a programmer can't treat unaffiliated programs differently than they treat their own substantially similar networks. Comcast owns a number of different sports programming networks — Golf and Versus.

DJ: The complaint says they're favoring their own channels by putting them in a lower-priced tier and putting Tennis Channel in a different tier where it costs a little more.

Vudrag: That's the impetus of the claim, that they're treating us differently.

DJ: Do you see Comcast favoring channels under the NBC umbrella if the merger with NBC Universal goes through?

Vudrag: I really would rather not comment on that for obvious reasons. Senator Herb Cole just put out a letter to the FCC and to the Department of Justice specifically about the Comcast and NBC merger. He has certain concerns about the merger. We think his letter has outlined the appropriate concerns.

DJ: There's a lot of talk about retransmission fees as a battle looming on the horizon. What does it mean for a smaller, independent cable channel like the Tennis Channel?

Vudrag: Retransmission's not really a concern for us. What a lot of big networks do when they have multiple channels is they can use retrans to get better terms for some of their other cable properties. We don't have that luxury. Being an independent, we're out there on our own.

DJ: What are some advantages of being out there on your own?

Vudrag: I'm still trying to figure that out! No, you know what's an advantage for us? Being independent and being our size, we're able to jump on things quicker or make decisions faster or change mid-stream. I imagine if we had been owned by another network, we probably could have never done our arrangement with ESPN.

DJ: What other trends or issues do you see coming up in cable television over the next couple years?

Vudrag: I think distribution's the biggest, with the Internet. One of the big issues we're facing right now is finding Web sites that are constantly streaming our channel.

DJ: What are your plans to

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Vice President, Business and Legal Affairs

The Tennis Channel

Santa Monica, CA

Age: 46

Number of lawyers in the legal department: 3

expand into digital distribution in the next few years?

Vudrag: It's a challenge for us. For us, our lifeblood is our ad sales and affiliate revenue. If you're going to put something on the Web, you want to give somebody an alternative to something they can't see otherwise. Something that maybe enhances or drives traffic back to your channel. One of the things that a lot of the distributors — Time Warner's talking about this and I think so is Comcast — is the concept of TV everywhere. That's really the way of the future, portability. We want that for our viewers.

DJ: That seems like a huge undertaking, if you were to do that. Are there any concerns about not having the legal capacity to do that?

Vudrag: We're talking to all our partners and we're open to any suggestions about how we can expand our distribution. We spend hours analyzing our affiliation agreements to make sure that we're not doing something that would violate any of the terms of our agreements.

DJ: Is that what takes up most of your time?

Vudrag: It takes up a big chunk of our time. It's the lifeblood of what we do.

DJ: I saw no lawsuits filed against the Tennis Channel. You never see that.

Vudrag: It's not that people haven't threatened us, but we're very thorough. If someone comes after us and they allege a suit, we come back and tell them why we think it's a bad mistake to have to pursue it. And if it's something we don't have a claim to or whatever, the first thing we do is pick up the phone and say, "let's have a discussion about this." We're not just going to posture. You don't ever want to have something escalate, especially if it's something that doesn't warrant it. We've been lucky so far. But we're very conscious about that.

DJ: Were you a tennis player before you started here?

Vudrag: When I interviewed here, I was very honest. I said I'm not a huge tennis fan. Everybody laughed and said it didn't really matter. Actually, it doesn't really matter. We do our job as lawyers, we're looking at legal issues. But I have a much greater understanding of tennis today.

DJ: Do you play now? I see a racket right there.

Vudrag: I'm learning how to play. Especially because around here, everybody plays. Once I get really good, I'm sure I'll start playing more people.

DJ: When you interviewed for the job here, you didn't have an undergrad degree and you didn't play tennis. You must be a smart guy.

Vudrag: I wouldn't say that I'm a smart guy. I think I'm lucky that I had a lot of years before where I just gained a lot of experience. I had a friend who'd gone to Harvard Business School. He spent some time hanging around while I was running the label. He would say to me, "You know, you're supposed to do it this way." I would say, "You know, it really doesn't work that way. It might work great on paper, but in my reality, these are the challenges I'm facing and that's why this wouldn't work."

DJ: What keeps you coming back into the office each day?

Vudrag: The challenge. The opportunity to work with the executive team we have here to help build our network. A couple of people here were meeting with Panasonic and learning about 3D. It may not pan out, but if you could see what I saw, you would have a hard time watching anything else. The technology is looking really good. Where are we going to be in five years? I just can't wait.

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