Legal topics and trends 2025

Foreseeable legal developments and their relevance for the sporting goods industry and trade.

Selected legal insight for the sporting goods and consumer goods sector.

DR. JOCHEN M. SCHAEFER · SPORTING GOODS / LEGAL TRENDS

> *“You cannot escape the responsibility of tomorrow by evading it today.”*

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How legal topics and trends may impact your sports brand in 2025 This Op-Ed from our legal expert Jochen Schäfer tries to highlight some of the foreseeable trends and developments of 2025, which he believes will be relevant from a legal standpoint for the sporting goods industry and trade.

Last year was a challenging one for many sports brands (as well as for my clients), bringing everything from major inventory surpluses and lower consumer demand in quite a few European markets to insolvencies of sizable wholesalers and retailers. If that was not enough already, businesses in the European Union and the European Economic Area had to struggle with a tsunami of new EU and national legislation, which burdened

them with ever-increasing bureaucracy and higher administrative costs without adding commercial value. The new year has started, and uncertainties predominate. What will they mean for private commercial operators, or for the law? What trends will result? Quite a lot of remains speculative by its very nature, but, to quote Shakespeare, “The fault, dear Brutus, is not in our stars, but in ourselves….” And, as Abraham Lincoln once said, ”you cannot escape the responsibility of tomorrow by evading it today”. Forthcoming EU Legislation 2024 serves as proof of EU legislators’ insatiable appetite for coming up with new regulations and directives and imposing excessive reporting and compliance obligations on companies. In quite a number of cases these stray far from reality and practical requirements. By itself the Corporate Sustainability Reporting Directive (CSRD), as of Jan. 1, 2024, requires companies with more than 500 employees to report on sustainability issues, including environmental, social and governance aspects. Add to this the new EU supply chain law, and the regulation on deforestation-free products. All of this is part of the Green Deal driven by the EU Commission and its ambitious President, Ursula von der Leyen. Given the current political developments in several EU Member States (such as Germany and Austria), where a shift in power to governments dominated by (ultra-) conservative parties may well occur, it is quite likely that we will see a considerable slowdown, if not a moratorium, on new legislation in these areas in 2025 – and perhaps (ideally) even the repeal of existing laws at EU and national level. Impacts of a new US administration and Presidency For the last three years, there has been a kind of sleeping elephant in the room as to who would become the new U.S. President. Since Donald Trump’s inauguration and his America First doctrine, the elephant has grown substantially bigger and added numerous uncertainties to existing trade patterns and supply chains. This applies in particular to European sports brands and manufacturers sourcing from and exporting to China, but it even goes beyond this. Donald Trump has publicly stated that “tariff” is his favorite word in his personal lexicon, and the imposition of tariffs could have a major inflationary effect on economies all around the world, making consumers even more reluctant to spend their money on sporting goods in 2025 than has already been the case. This might in turn result in a growing number of insolvencies, within the traditional sporting goods or the bicycle sector. The latest numbers published on this – e.g., those published in Germany –reveal a record number of company breakdowns.

Sports brands should therefore take a close look at their existing contractual arrangements with business partners, including their general sales and purchasing terms. The retail sector may be tempted to dump onto the market existing inventory at prices even below cost, while sports brands may try to tighten control of their distribution channels – for instance, by implementing selective distribution schemes at the retail level or increasing their direct-to-consumer operations. Manufacturers may restructure their sourcing, taking new onshoring measures to reduce risk. Some European-based sports brands might even consider shifting all or part of their operations to the US, to take advantage of incentives offered by the new US government. Trump's many executive orders – and some potential effects AI impacts 2025 will also show whether artificial intelligence will have an even bigger disruptive effect than the internet itself. The more practical tools and applications appear on the market for business users, the wider AI will spread, becoming an additional instrument in day-to-day operations not only for major sports brands but also for SMEs. First, however, the enormous energy consumption of AI applications in general must be managed and, ideally, considerably reduced for the sake of our global environment. Innovations A magic word, in my view. The ability of the sporting goods industry to remain innovative and thus distinguish a brand from its competitors remains key. “Me too” products will have a hard time finding acceptance, especially in premium segments, and it will only get harder whenever consumers reduce their spending and become careful and restrictive in their buying patterns. To maintain the exclusivity of innovations, companies must carefully craft and implement an IP policy that includes monitoring and enforcement. Selection of distribution channels A consistent distribution policy may become more important than ever in 2025, at national, EU and global levels. Sports brands will have to decide whether they want to deal with the operators of major platforms and social media, such as Amazon and TikTok. Brands must be aware that, under national and applicable EU competition law, if they undertake any operations on these platforms they may not prevent their wholesale or retail marketing partners from undertaking operations of their own. European and national competition authorities would consider non-compliance with this principle a hard violation of competition law and could impose high fines.

Conclusion: Be proactive The above-mentioned topics are in no way meant to be conclusive or exhaustive, and the forthcoming months of 2025 will tell whether and to what extent I am correct in my statements and predictions. Finally, I may quote the famous Bavarian comedian Karl Valentin (1882-1945), who once said: “The future used to be better, too.” So let us not just wait and see, not just pray, but become proactive to master the numerous challenges that 2025 will undoubtedly bring.

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