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PRACTICE BRIEF · ENTERTAINMENT & TALENT

Entertainment Law: Recent Developments 2024-2025 — Strike Aftermath, AI Contracts, and Streaming Economics

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The entertainment industry between 2024 and 2025 has been defined by the contractual, regulatory, and economic consequences of the historic 2023 labor stoppages. The Writers Guild of America (WGA) strike lasted 148 days; the SAG-AFTRA strike lasted 118 days. Together they constituted the longest simultaneous work stoppage in Hollywood history, and the agreements that ended them are now reshaping how content is produced, compensated, and distributed.

This annual review examines five developments that entertainment lawyers, talent representatives, and production companies should be tracking as these new frameworks take effect.

I. SAG-AFTRA and WGA Strike Aftermath: New Contract Terms Take Effect

The WGA strike began on May 2, 2023, and concluded on September 27 after 148 days on the picket line. SAG-AFTRA followed with a strike commencing July 14 and ending November 9 — 118 days. The Alliance of Motion Picture and Television Producers (AMPTP) ultimately agreed to terms on both contracts that addressed core guild demands around staffing, compensation, and the use of artificial intelligence.

A. Writers' Room Minimum Staffing

One of the WGA's central demands was a response to the "mini-room" phenomenon: studios hiring skeleton writing staffs for abbreviated development periods, then relying on showrunners and a handful of writer-producers to carry a series through production without the traditional writers' room. The 2023 WGA Minimum Basic Agreement (MBA) addressed this with mandatory minimum writer employment provisions. For series orders of six or more episodes on streaming platforms, studios must employ a minimum number of writers for a guaranteed period extending into production. The specific minimums vary by series type and episode order, but the structural principle — that writers cannot be employed solely for a truncated development window and then released before production begins — represents a significant contractual shift.

By mid-2024, compliance disputes had already emerged. Several productions sought to satisfy the minimum writer requirements through short-term "consulting" arrangements rather than traditional staff writer employment. The WGA filed grievances arguing that these arrangements were shams designed to circumvent the mandatory employment periods. Those grievances are proceeding through arbitration under the MBA's dispute resolution provisions.

B. Showrunner Protections

The 2023 MBA also strengthened the position of showrunners by requiring that the lead writer on a series be engaged through the duration of production. Previously, studios could replace showrunners mid-production without any contractual constraint beyond the individual's personal services agreement. Under the new provisions, the writer identified as the series' head writer must be employed and compensated for the full production period unless terminated for cause. This provision has particular significance for streaming productions, where the compressed production schedule had often led to showrunners being replaced or marginalized once a season's scripts were substantially complete.

C. AMPTP Residual Improvements

The SAG-AFTRA agreement included increases in residual rates across both theatrical and streaming distribution windows. Base compensation minimums were raised by approximately 7% over the three-year term of the agreement, with additional increases tied to the new streaming residual framework discussed in Section III below. The combined effect of these increases, along with improved pension and health contribution rates, represented approximately $233 million in additional compensation over the contract term according to SAG-AFTRA's ratification materials.

II. AI Provisions in Guild Agreements

Both the WGA and SAG-AFTRA contracts include provisions addressing artificial intelligence, but the two guilds approached the issue from fundamentally different positions given the distinct nature of their members' work.

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A. WGA: Prohibition on AI-Written Material

The WGA's AI provisions are among the most restrictive in any collective bargaining agreement in the United States. The core prohibition is straightforward: generative AI cannot be used to write or rewrite "literary material" — the MBA's term for scripts, treatments, outlines, and other written work product covered by the agreement. If a studio uses AI to generate draft material, that output is not considered "literary material" under the MBA, which means it cannot serve as the basis for determining writing credit, and it cannot be treated as "source material" that would reduce a writer's compensation or credit entitlement.

The practical effect is significant. If a studio provides an AI-generated script draft to a writer for revision, the writer who revises it is treated as the original author for all purposes under the MBA — compensation, credit, and residuals. The AI-generated draft has no contractual status. The WGA also negotiated a provision ensuring that writers are not required to use AI tools as a condition of employment, and that any writer who voluntarily uses AI tools retains full credit and compensation rights as if the work were entirely original.

> *"The WGA's AI provisions effectively treat artificial intelligence the same way the guild has always treated uncredited production assistants: whatever the machine produces, the credited writer owns it under the contract."*

B. SAG-AFTRA: Digital Replica and Synthetic Performer Consent

SAG-AFTRA's AI provisions focus on the use of performers' likenesses rather than written output. The contract creates two categories of AI-generated performance: "digital replicas" (AI-altered versions of an actual performance) and "synthetic performers" (wholly AI-generated characters modeled on a real person's likeness or voice). Both require the performer's informed, specific consent before creation, and both require separate compensation negotiated in advance.

The consent requirements are more detailed than a simple opt-in. For digital replicas, the contract requires written disclosure of the specific uses contemplated, the duration of the license, and the compensation to be paid. For synthetic performers, the consent must specify the project, the nature of the synthetic character, and the relationship (if any) to the performer's actual likeness. Background performers received a minimum digital replica rate of $868 per day (the scale day rate), though concerns have emerged that some productions are using this minimum to undervalue the digital rights obtained.

C. Enforcement Challenges

The central enforcement challenge for both agreements is the same: detection. The WGA's prohibition on AI-written material depends on the guild's ability to determine whether a script was generated, in whole or in part, by an AI system. Studios are not required to disclose their use of AI tools in the development process, and there is currently no reliable forensic method for identifying AI-generated text with certainty. Similarly, SAG-AFTRA's consent requirements depend on performers and the union knowing when digital replica technology is being used — something that becomes increasingly difficult as the technology grows more sophisticated and the line between traditional visual effects and AI-generated imagery continues to blur.

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III. Streaming Residuals Restructuring

The most economically significant outcome of the 2023 strikes was the restructuring of streaming residual formulas. Under the prior agreements, streaming residuals were calculated using a fixed-rate model that bore little relationship to a program's actual viewership. A series that was watched by 50 million subscribers generated the same residual payments as one watched by 500,000. The guilds had long argued that this model was a vestige of the early streaming era, when platforms refused to disclose viewership data and residuals were negotiated on a flat-fee basis.

A. Viewership-Based Residual Formulas

The new SAG-AFTRA agreement introduced a "success-based" streaming residual bonus that ties additional payments to a program's performance on the platform. The formula operates on a tiered system: once a program exceeds a viewership threshold calculated as a percentage of the platform's domestic subscriber base, the performers receive an additional residual payment. The tiers escalate — the bonus increases as viewership crosses higher thresholds — creating a structure that roughly approximates the relationship between ratings and residuals that existed in the broadcast television model.

The WGA negotiated a parallel structure for writers. In both cases, the specific viewership thresholds and bonus amounts are calibrated to the platform's total subscriber count, which means the formula adjusts automatically as platforms grow or contract. A program on a platform with 100 million subscribers faces different thresholds than one on a platform with 20 million subscribers, but the proportional relationship between viewership share and residual bonus remains consistent.

B. Viewership Data Disclosure

The residual restructuring required a foundational concession from the studios: the obligation to share viewership data with the guilds. Under the new agreements, streaming platforms must provide aggregate viewership data to the guilds on a quarterly basis, broken down by title and sufficient to allow the guilds to verify whether the success-based residual thresholds have been triggered. This represents a historic shift. The major streaming platforms — Netflix, Disney+, Amazon Prime Video, Apple TV+, and others — had previously treated viewership data as proprietary and had resisted disclosure in every prior round of negotiations.

The data-sharing provisions include confidentiality protections for the platforms. The guilds may use the data solely for the purpose of verifying residual calculations and may not publicly disclose platform-specific viewership figures. Nevertheless, the mere existence of the data-sharing requirement gives the guilds a verification mechanism they have never previously possessed and creates an audit trail for residual disputes.

C. Foreign Streaming Residuals

Both agreements also addressed the growing economic significance of international streaming distribution. New provisions establish residual obligations for content streamed outside the United States, with formulas tied to the platform's international subscriber base. Under the prior agreements, foreign streaming residuals were either nonexistent or calculated at rates that did not re-

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flect the revenue generated by international distribution. The new provisions acknowledge that for many programs, international viewership now exceeds domestic viewership, and the residual structure should reflect that reality.

IV. Music Catalog Acquisition Litigation

The period from 2020 through 2024 saw an unprecedented wave of music catalog acquisitions, driven by institutional investors' recognition of music rights as a stable, income-generating asset class. Firms including Hipgnosis Songs Fund, Primary Wave Music, Concord, and investment vehicles backed by Blackstone, KKR, and Apollo acquired billions of dollars in songwriting and recording catalogs. As valuations peaked and then contracted, a series of legal disputes emerged that are now working through the courts.

A. The Hipgnosis Restructuring

Hipgnosis Songs Fund, the London-listed investment vehicle founded by music industry executive Merck Mercuriadis, became the most prominent example of the acquisition boom's risks. After acquiring approximately $2.2 billion in music catalogs between 2018 and 2023, the fund faced governance disputes, declining share prices, and a contested takeover process. Blackstone's music rights vehicle, backed by its credit and insurance businesses, ultimately acquired the fund's catalog in a transaction that closed in 2024. The restructuring generated litigation on multiple fronts: shareholder suits alleging that the fund's board breached fiduciary duties by accepting an undervalued offer, disputes between Hipgnosis's management company and the fund's board over management fees, and claims by certain catalog sellers that the restructuring triggered change-of-control provisions in their original sale agreements.

B. Valuation Methodology Disputes

Music catalog valuations are typically expressed as a multiple of the catalog's net publisher's share (NPS) — the annual royalty income attributable to the publishing rights. During the peak of the acquisition cycle, multiples ranged from 15x to over 30x NPS for premium catalogs. As interest rates rose and streaming revenue growth decelerated in 2023-2024, these multiples compressed significantly. Several disputes have arisen between catalog sellers and acquirers over earnout provisions tied to post-acquisition revenue performance, with sellers alleging that acquirers failed to adequately exploit the catalogs after purchase and thereby suppressed the earnout metrics.

C. Copyright Act Section 203 Termination Rights

Underlying many of these transactions is a structural legal risk that acquirers are only beginning to confront: the termination provisions of Section 203 of the Copyright Act (17 U.S.C. § 203). Section 203 grants authors the right to terminate a transfer of copyright between 35 and 40 years after the grant. For catalogs containing songs written in the late 1980s and 1990s, the termination window is now opening. Songwriters who sold their publishing rights decades ago are beginning to serve termination notices, and the legal question of whether a catalog acquirer — who purchased the rights from the original publisher rather than from the songwriter — stands in a different position than the original grantee is generating significant litigation.

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The stakes are considerable. If termination rights are exercisable against subsequent purchasers (as the Copyright Office's guidance suggests they are), then acquirers who paid premium multiples for catalogs containing pre-1990 compositions face the risk of losing those compositions as termination windows open. The valuation implications are substantial, and several pending cases may provide the first definitive appellate guidance on the scope of Section 203 termination rights in the context of secondary market catalog transactions.

V. Social Media Influencer Regulation: SB 946 and the Talent Agencies Act

California's regulatory framework for talent representation was designed for the traditional entertainment industry: actors, musicians, writers, and directors represented by licensed talent agents and personal managers. The rise of social media influencers as a major category of entertainment talent has strained that framework, and 2024-2025 has seen both legislative and judicial efforts to adapt it.

A. SB 946: Disclosure Requirements for Influencer Advertising

California Senate Bill 946, which took effect in 2024, imposes disclosure requirements on social media influencers who promote products or services in exchange for compensation. The statute requires that any "material connection" between an influencer and an advertiser be disclosed "clearly and conspicuously" within the content itself — not buried in a caption, hashtag string, or separate disclosure page. SB 946 defines "material connection" broadly to include not only direct cash payments but also free products, affiliate commissions, equity stakes, and any other form of consideration that a reasonable consumer would consider relevant to evaluating the endorsement.

The enforcement mechanism is significant. SB 946 grants enforcement authority to the California Attorney General, local district attorneys, and city attorneys, and it creates a private right of action for competitors who are harmed by non-compliant advertising. Penalties include injunctive relief and civil penalties of up to $2,500 per violation. For high-volume influencers who post multiple sponsored pieces of content daily, the per-violation penalty structure creates substantial aggregate exposure.

B. The Talent Agencies Act and Social Media Managers

The more complex legal question is whether individuals and firms that manage social media influencers are engaged in the business of "talent agency" as defined by the California Talent Agencies Act (TAA), codified at California Labor Code sections 1700-1700.47. The TAA defines a "talent agency" as any person or entity that engages in the occupation of procuring, offering, promising, or attempting to procure employment or engagements for artists. The Act requires talent agencies to be licensed by the California Labor Commissioner and imposes restrictions on the terms of representation agreements, including a prohibition on contracts exceeding one year.

The critical question is whether securing brand deals and sponsorship arrangements for social media influencers constitutes "procuring employment" within the meaning of the TAA. California courts have historically interpreted "employment" under the TAA broadly. In the *Marathon Entertainment* line of cases, the California Court of Appeal held that procuring work

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in the entertainment industry constitutes "employment" even when the talent is technically an independent contractor. The *Blair v. Rent-A-Center* decisions extended this principle further, holding that the TAA's scope is determined by the nature of the services procured, not by the formal employment classification of the arrangement.

Several social media management firms have argued that influencer brand deals are commercial advertising arrangements, not "employment or engagements" within the TAA's scope. The Labor Commissioner has taken the contrary position in multiple proceedings, asserting that when a manager procures compensated performance opportunities for an influencer — including sponsored content, brand ambassadorships, and appearance agreements — the manager is functioning as an unlicensed talent agency in violation of the Act. The consequence of a TAA violation is severe: under Labor Code section 1700.44(b), the Labor Commissioner may void the management contract entirely and order disgorgement of all commissions paid.

C. Practical Implications for Influencer Management

The current regulatory landscape creates a compliance dilemma for social media management firms. If they obtain TAA licenses, they subject themselves to the Act's restrictions on contract duration, fee structures, and fiduciary obligations — terms that may not align with the economics of influencer management. If they do not obtain licenses, they risk having their management agreements voided and their commissions disgorged. The uncertainty will likely persist until either the California Legislature amends the TAA to address social media management specifically, or the courts provide definitive guidance on the Act's application to the influencer economy.

KEY TAKEAWAYS FOR 2024-2025

- The WGA and SAG-AFTRA post-strike agreements are now in force, establishing mandatory writers' room minimums, AI use restrictions, and viewership-based streaming residuals that fundamentally alter the economics of content production
- AI enforcement remains the weakest link in both guild agreements: detection of AI-generated scripts and unauthorized digital replicas is difficult, and grievance arbitration is proceeding slowly
- Streaming platforms are now required to share viewership data with guilds quarterly — the first time studios have conceded this information, creating new audit and verification mechanisms for residual disputes
- Music catalog acquirers face growing exposure to Copyright Act Section 203 termination rights as the 35-year termination window opens for compositions from the late 1980s and 1990s
- Social media influencer managers operating without a TAA license in California risk having their management agreements voided entirely under Labor Code section 1700.44(b); firms should assess whether their activities constitute "procuring employment" under the Act
- SB 946 creates per-violation civil penalties for inadequate sponsorship disclosures, with enforcement by state and local authorities and a private right of action for competitors

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