

ARIZONA STATE UNIVERSITY

CORPORATE & BUSINESS LAW JOURNAL FORUM

Volume 8

October 2026

Number 10

COMMENTARY

*A Hollywood Ending? What the Paramount-Warner Bros.
Antitrust Settlement Means for Competition*

BY THOMAS LOGAN*

Warner Bros.-Discovery (“Warner Bros.”) and Paramount-Skydance (“Paramount”) completed a \$110 billion merger, profoundly reshaping the global media sector.¹ Warner Bros. owns numerous television channels, including CNN, and holds a 21% share of the domestic box office, while Paramount has a 6% domestic box office share and owns several media outlets, including CBS.²

The Paramount merger brought immense controversy, as leading Hollywood figures, politicians, and entertainment unions initially campaigned against the Warner Bros. takeover.^{3,4} However, the last regulatory hurdle, an antitrust lawsuit from twelve states led by California, was settled in September 2026, clearing the way for the merger.⁶ The states’ complaint alleged the combined company could leverage its market power to both reduce major releases and squeeze theater chains, consequently raising prices for consumers.⁷ Additionally, the combined company’s ownership of numerous cable channels could be used to pressure cable television distributors into

* J.D. Candidate, Class of 2028, Sandra Day O’Connor College of Law at Arizona State University

¹ Anzar Mehraj & Harshita Mary Varghese, *Paramount Wraps Up Mega Warner Bros Merger to Create Hollywood Powerhouse Skydance*, REUTERS (October 6, 2026, 5:42 AM), <https://www.reuters.com/business/media-telecom/paramount-wraps-up-mega-warner-bros-merger-create-hollywood-powerhouse-skydance-2026-10-06/>.

² Sarah Whitten, *Disney Dominated the 2025 Box Office. Here’s How It Could Keep the Crown in 2026*, CNBC, (Jan., 17 2026, 8:00 AM), <https://www.cnbc.com/2026/01/17/disney-dominated-2025-box-office.html>

³ Jennifer Maas, *Joaquin Phoenix, Ben Stiller, Kristen Stewart and 1,000-Plus Hollywood Names Oppose Paramount-Warner Deal in Open Letter: ‘Block the Merger’*, VARIETY, (Apr. 13, 2026 6:19 AM), <https://variety.com/2026/film/news/hollywood-open-letter-paramount-warner-bros-deal-1236720249/>.

⁴ Ted Johnson, *Mark Ruffalo Added To Cory Booker “Spotlight” Hearing On Paramount-WBD Merger; David Ellison Will Not Attend*, DEADLINE, (Apr. 15, 2026, 8:55 AM), <https://deadline.com/2026/04/paramount-warner-bros-merger-hearing-cory-booker-1236860558/>

⁵ Daniel Arkin, *Saba Hamedy & Steve Kopack, Paramount reaches deal with California, other states over Warner merger*, NBC NEWS, (Sept. 21, 2026, 10:26 AM), <https://www.nbcnews.com/business/media/paramount-reaches-settlement-states-warner-bros-discovery-merger-rcna598645>.

⁶ *Id.*

⁷ Complaint ¶¶ 6-7, *State of California v. Paramount Skydance Corp.*, No. 4:26-cv-7116 (N.D. Cal. Jul. 13, 2026).

higher fees, again raising consumer prices.⁸ The complaint also alleged that a lack of competition could drive down wages for various employees, ranging from actors to craftspeople.⁹ The complaint did not address a major concern among the public and politicians, however, which was the potential impact of a combined CBS-CNN news entity.

The settlement directly addressed the states' contentions, as well as the public's concern over news media consolidation. The settlement mandates that the combined company release 32 films per year, with at least four releases being independent films.¹⁰ The combined studio is also required to invest \$1.5 billion in American film production.¹¹ If the company fails to meet these terms, it will be forced to donate \$30 million to the retirement and healthcare funds of various Hollywood unions and divest of Miramax Studios.¹² Additionally, the studio's respective cable channels must be sold to cable providers separately, with violations resulting in divestiture of certain channels.¹³ Further, Paramount will be required to keep CBS and CNN separate and to create an independent journalism oversight board.¹⁴ This board must consist of 5 experienced journalists, with no more than two representing the same political party.¹⁵ The board is intended to protect the journalistic independence of CNN and CBS, including from Paramount and Warner Bros. executives, as well as maintain the journalistic ethics of each outlet.¹⁶

The state coalition is likely disappointed in the settlement for several reasons. The states' major goal was to protect competition in the film and television sector, and ultimately, this was unsuccessful. California Attorney General Rob Bonta, who led the effort to block the merger, underscored his disappointment in failing to adequately protect competition by noting "[t]his settlement is not a vote of support for this merger."¹⁷ The settlement not only allows the merger but does not require major asset divestment from either company, a common antitrust remedy. Without divestment, the settlement fails to create a competitor. In the absence of competition, the settlement focuses on providing support for workers by securing a certain number of releases, mandating that the combined studio honor all collective bargaining agreements, and boosting domestic production. These remedies were praised by labor organizations, yet the merger's effect on labor was only briefly touched upon in the complaint.¹⁸ Thus, the labor concessions may be a pyrrhic victory in the face of long-term market competition. Additionally, the enforcement provisions for cable channel separation are relatively weak. If the combined company refuses to sell its television channels separately, it will only be required to divest from 11 channels, six of which are under the

⁸ *Id.*

⁹ *Id.* at ¶16

¹⁰ Consent Decree at 5, *State of California. v. Paramount Skydance Corp.*, No. 4:26-cv-7116 (N.D. Cal. Sep. 21, 2026).

¹¹ *Id.* at 6.

¹² *Id.* at 7.

¹³ *Id.* at 9.

¹⁴ *Id.* at 11.

¹⁵ *Id.* at 12.

¹⁶ *Id.*

¹⁷ Gaya Gupta & Uwa Ede-Osifo, *Paramount Settles Lawsuits with 12 US States, Clearing Way for Warner merger*, THE GUARDIAN, (September 21, 2026, 12:52 PM), <https://www.theguardian.com/business/2026/sep/21/paramount-settles-lawsuits-warner-bros-merger>.

¹⁸ Matt Donnelly, *Paramount-Warner Bros. Settlement: What the Guilds, AGs and Activists Are Saying*, Variety, (September 21, 2026 12:06 PM), <https://variety.com/2026/film/news/paramount-warner-bros-settlement-response-guilds-stars-1236871358/>

Black Entertainment Television (BET) banner.¹⁹ As the state's complaint alleges, the combined company owns more than 50 basic cable channels.²⁰ The prospect of losing 6 channel networks may not be strong enough to dissuade the companies from selling their channels together and squeezing distributors. There has also been speculation that Paramount threatened to leave California to pressure the states into accepting more favorable settlement terms.²¹ Although this remains conjecture, the settlement is likely underwhelming in the face of significant scrutiny.

While the settlement was an anticlimactic ending for what would have been a blockbuster antitrust case, this settlement is interesting because of its treatment of CNN and CBS. Government agencies and states often favor structural remedies, like divestiture, for horizontal mergers.²² These structural remedies are easy to implement and normally do not necessitate major government involvement.²³ However, the independent journalism board is a behavioral remedy. Behavioral remedies are infamously difficult to enforce and disfavored by agencies because they often require intensive government involvement.²⁴ Nevertheless, the highly publicized issue of media independence likely forced the states to implement a behavioral remedy, despite regulatory caution on such measures. The public uproar was so strong, it forced David Ellison to publicly address concerns about his control over the news media.²⁵ Going forward, the independent media board demonstrates that states and agencies are willing to use creative behavioral remedies, especially for highly publicized antitrust cases.

Additionally, settling such a prominent case contravenes current antitrust momentum. Both sides of the political spectrum have gravitated toward more aggressive antitrust enforcement approaches, reflecting modern populist attitudes.²⁶ As the federal government has been sluggish to act on mergers, states have picked up the slack and become leaders in merger enforcement.²⁷ In a similar case to the Paramount merger, Live Nation-Ticketmaster came under heavy public scrutiny, leading to a successful antitrust action by a large coalition of states.²⁸ However, the Paramount-Warner Bros. settlement undermines the states' momentum in enforcing antitrust laws and represents a significant setback.

¹⁹ Consent Decree at 3.

²⁰ *Supra* Compl. ¶ 11.

²¹ Gupta & Ede-Osifo, *supra* note 15 ("Whispers of Paramount Skydance plotting a California exit had circulated for months, though there was speculation the reports amounted to strategically leaked leverage as the media company sought a bargaining chip in the lawsuit.").

²² Fed. Trade Comm'n, *Negotiating Merger Remedies: Statement of the Bureau of Competition of the Federal Trade Commission* 5 (Jan. 2012), <https://www.ftc.gov/system/files/attachments/negotiating-merger-remedies/merger-remediesstmt.pdf>.

²³ *Id.*

²⁴ Fed. Trade Comm'n, *Statement of Chairman Andrew N. Ferguson, Joined by Commissioner Melissa Holyoak and Commissioner Mark R. Meador* (May 28, 2025), https://www.ftc.gov/system/files/ftc_gov/pdf/synopsys-ansys-ferguson-statement-joined-by-holyoak-meador.pdf.

²⁵ David Ellison, Opinion, *In Defense of the Paramount-Warner Deal*, N.Y. Times, Aug. 4, 2026.

²⁶ Jody Godoy, *Trump VP Pick Supports Big Tech Antitrust Crackdown*, REUTERS (July 15, 2024, 3:32 PM), <https://www.reuters.com/technology/trump-vp-pick-supports-big-tech-antitrust-crackdown-2024-07-15/>.

²⁷ Tazmin Booth, *States Are Stepping Up as the New Antitrust Enforcers*, N.Y. TIMES, (Oct. 17, 2026), <https://www.nytimes.com/2026/10/17/business/dealbook/state-antitrust-enforcement.html>.

²⁸ Ben Sisario, *Jury Finds Live Nation Acts as a Monopoly in a Victory for States*, N.Y. TIMES, (Apr. 15, 2026), <https://www.nytimes.com/2026/04/15/arts/music/live-nation-antitrust-trial-verdict-monopoly.html>.