

Final Jeopardy!

The fight over the streaming future of Sony's long-running quiz show and Wheel of Fortune represents a full-scale, high-stakes, and final deconstruction of a half-century of TV dealmaking, and an industry model that has been in decline for years.



The streaming land grab just claimed two of the last great holdouts: Jeopardy! and Wheel of Fortune. *Photo: Amanda Edwards/Getty Images*



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The streaming land grab just claimed two of the last great holdouts: *Jeopardy!* and *Wheel of Fortune*. Sony Pictures Television is officially shopping the digital rights to both game-show juggernauts, a seismic shift for a pair of broadcast syndication staples that, until now, had been precious relics of the linear era. “The world is changing around us,” Sony’s television chairman, **Keith Le Goy**, told *The New York Times*.

Ah, but there’s more to the story. Sony worked hard to frame the move as unrelated to its nasty legal fight with CBS over syndication rights. But in reality, this is all about the hundreds of millions of dollars these shows generate annually, as well as the broader shake-up at CBS’s parent company, Paramount Global, which is in the process of being taken over by **David Ellison**’s Skydance. *Of course* streaming would become a flashpoint: Sony’s decision to explore a digital home for the twin towers of syndication—possibly with Netflix or Peacock—follows its attempt to terminate a 40-plus-year-old agreement, effectively reclaiming full control of the licensing for the shows, which each command about 7 million viewers every night. In short, this has become a full-scale, high-stakes deconstruction of a half-century of TV dealmaking, a final battle over an industry model that, for better or worse, is dying.

CBS has already fired a warning shot, I've learned, arguing that Sony's attempt to shop streaming rights separately is a blatant breach of contract. While Sony believes

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~~that Sony would effectively be competing against its own partner, undermining CBS's~~
ability to maximize TV station licensing fees and ad revenue. The letter states: "The digital rights should be sold together, and Sony will be responsible for any harm that results from any decision Sony makes to the contrary."

I hear that CBS is not backing down, and plans to take the issue to Los Angeles Superior Court Judge **Kevin Brazile**, who issued a restraining order several weeks ago meant to preserve the status quo. Sony, for its part, will counter that none of this should come as a surprise. The shift to streaming has been in the works for years, the studio will contend, with plenty of pitch meetings where the topic was openly discussed. And of course, the 1980s-era syndication agreements say nothing specifically about streaming. As is often the case in these disputes—where both sides are fighting over contracts drafted in the pre-digital world—the silence may or may not be meaningful. Either way, expect to hear plenty more.

The Shari Distraction Theory

It's worth remembering that *Jeopardy!* and *Wheel of Fortune*, along with other iconic game and talk shows, owe much of their success to a 1970s decision by the F.C.C. to rein in the major networks' stranglehold on content. The rule change cracked open the industry for independent players, such as legendary talk show host **Merv Griffin**, who created *Jeopardy!* and *Wheel of Fortune*, and **Roger King**, who struck a deal with Griffin's production company to exclusively syndicate both shows. King built King World, a distribution empire that also included *The Oprah Winfrey Show*, *Rachael Ray*, and *Inside Edition*. King and his siblings were legendary schmoozers, personally selling Hollywood to station executives across the country.

But nothing stays independent in Hollywood forever. By the late '90s, those so-called fin-syn rules had been mostly dismantled, paving the way for media giants to swallow up syndication businesses. In 1999, CBS bought King World for \$2.5 billion in stock, just as the studios were hoarding networks and distribution arms. Meanwhile, Merv Griffin Enterprises eventually landed with Sony—after a brief and bizarre stopover at Coca-Cola. (Yes, Coca-Cola once owned *Jeopardy!*—give me “weird corporate detours” for \$1,000.)

That's why Sony and CBS find themselves in court over a distribution deal that neither company directly signed. But the bigger question is why *now*—and that's where things get stormy. Sony, of course, has become an arms dealer—the one Hollywood major without a general-interest streaming platform of its own—so it lives and dies by licensing. CBS, on the other hand, controls the syndication pipeline for *Jeopardy!* and *Wheel*, which makes the Sony play here look like a power grab. According to CBS, Sony made a nine-figure buyout offer early last year, and when that didn't work, it started pointing to “garden-variety” accounting violations as an excuse to blow up the old deal.

Sony doesn't see those violations as minor. The company claims that the **Shari Redstone**—era cost cuts at Paramount have left CBS's syndication business weakened, with fewer resources to market the shows and secure top-tier licensing and ad dollars. Sony is also unhappy that CBS let its Nielsen ratings deal lapse (it recently re-signed), and says it had to step in to help *Jeopardy!* land continued Procter & Gamble advertisements.

Then there's the question of whether CBS has been using these cash cows illicitly to prop up the rest of its syndication slate. Sony alleges that *Jeopardy!* and *Wheel of Fortune* are being bundled with far-less-popular shows that CBS wholly owns, like *Hot Bench* and *The Drew Barrymore Show*, diverting revenue. Sony is also

accusing CBS of selling the game shows to its own stations at below-market rates, in breach of an obligation to secure maximum receipts. In short, Sony sees CBS as coasting on the past.

Notably, this dispute is unfolding just as the Skydance-Paramount merger sits before the F.C.C., which must approve the transfer of CBS's broadcast licenses. While the government's review doesn't directly involve CBS Media Ventures—its syndication arm—there have been calls for the F.C.C. to impose fin-syn-style conditions on the deal. Sony is arguing that the merger could cost jobs and further erode CBS's ability to distribute *Jeopardy!* and *Wheel*, giving Sony all the more reason to take control itself.

Is there even more going on? I've also heard the theory that Sony is taking advantage of Paramount's regulatory distractions—strategically timing this push while the company's incoming and outgoing leaders have their hands full with the merger. Last year, Sony tapped **Jill Ratner** as its new general counsel, bringing the aggressive attorney over from Disney. And in this case, the involvement of **Marc Seltzer** and **David Brook** at Susman Godfrey—big names in the legal community, but hardly entertainment specialists—has raised eyebrows. Perhaps Sony decided this was the perfect moment to test whether CBS was open to renegotiating legacy agreements that make little sense now that the clubby syndication era is just about over, and the economics of television

have shifted.

The Restraining Order

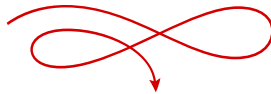
This fight could be nothing short of existential for CBS's syndication division—once a crown jewel of the Redstone empire with *Oprah*, *Judge Judy*, and everyone's favorite early evening game shows. In declarations that CBS submitted in support of its request for the restraining order, **Scott Trupchak**, a top CBS advertising executive, said that Sony's attempted takeover of distribution has rattled clients and agencies, leading them to question CBS's ability to fulfill its commitments. **Greg Guenther**, a senior vice president, said licensees are now doubting CBS's authority—one network, the BBC, has even asked for indemnification. **Angela Kucharski**, a CBS marketing executive, said the lawsuit has thrown the company's credibility into question and created chaos among station groups like Sinclair Broadcast Group, which owns hundreds of Fox and ABC affiliates across the country.

It was this kind of industry-wide panic—plus the possibility of triggering hundreds of secondary lawsuits from CBS's partners—

that prompted Judge Brazile to step in last month. After Sony started telling the industry that it had officially terminated CBS's rights to *Jeopardy!* and *Wheel of Fortune*—and that stations and advertisers should now deal directly with Sony—Brazile ordered the parties to hit pause.

For a moment, it seemed possible that the uncertainty might yank the game shows off the air entirely. That didn't happen, but Brazile's order was a recognition of the enormity of the stakes. Now, with a more lasting injunction request in front of him, he has to decide who's likely to prevail—and whether outright termination of a decades-old agreement is really the appropriate remedy for whatever problems have come up.

It's worth asking why *anyone* would want to own CBS right now. Between the inevitable legal showdowns over digital rights, and the ongoing headaches with *60 Minutes* and Trump's election interference lawsuit, **Bill Paley's** once-storied Tiffany Network is challenged. I hear Skydance is watching all of this closely—but they're not walking away.





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