CLIENT ALERTS & INSIGHTS

There's Fifty New Sheriffs in Town: The Paramount-Warner Bros. Settlement and State Antitrust

OCTOBER 12, 2026

Authors: Kevin B. Frankel, Matthew David Ridings, Zachary Cobb, Briana Cowman

Featured Practices: State Attorneys General Investigations & Enforcement, Litigation, White Collar, Government Investigations & Regulatory Compliance, Antitrust & Competition

Key Takeaways

- A coalition of state attorneys general reached a settlement with Paramount Global and Skydance Media resolving antitrust challenges to the approximately $28 billion merger, which combined Paramount with Skydance Media.
- The settlement includes both traditional merger remedies and novel requirements that are focused on broader policy concerns. This combination signals an expansion of state AG enforcement ambitions in media mergers.
- Companies pursuing large mergers, especially with any political implications, should anticipate heightened state AG scrutiny and creative remedy demands that go beyond traditional antitrust frameworks.

On September 21, 2026, a coalition of 12 state attorneys general announced an agreement to settle an antitrust lawsuit challenging the merger of Paramount Global and Skydance Media.[1] The settlement resolves one of the most closely watched state-level antitrust challenges in recent memory and carries significant implications for how companies navigate multi-front regulatory scrutiny in connection with large-scale mergers.

The Merger and the Litigation

In 2024, Paramount Global and Skydance Media announced a merger deal valued at approximately $28 billion.[2] Under the terms of the transaction, David Ellison would become chairman and CEO of the combined entity.[3] Under the proposed merger, Paramount, with its existing vast media portfolio-including the CBS broadcast network, other cable channels, Paramount+ streaming services, and the Paramount Pictures film studio-would acquire both Warner Brothers-including its ownership of CNN and its production studio-and Skydance Media, a film and television production company.[4]

After the announcement of the proposed merger, the U.S. Department of Justice's ("DOJ") antitrust division initiated its pre-merger review. DOJ closed its investigation in June of 2026 finding that the merger was "not likely to result in harm to competition or American consumers, including with respect to: (1) streaming video on demand ('SVOD'); (2) linear television; and (3) studio development.[5]

A group of state attorneys general ("AG"), led by California AG Rob Bonta, filed suit challenging the merger on antitrust grounds in July 2026.[6] The AGs argued the combination would harm competition in content production and distribution, reduce media diversity and potentially lead to job losses, particularly in local news.[7] The judge agreed with the state AGs and granted a temporary restraining order in July of 2026, determining that the plaintiffs would likely succeed on the merits of the case.[8] The judge set trial for the case in early March 2027.

The Settlement Structure

The settlement imposes a combination of financial commitments and structural conditions: Paramount agreed to distribute "30 movies in theaters every year," and "spend an additional 1.5 billion on film production over the next five years," which will "increase the share of those movies made in America."[9] If Paramount fails to meet these obligations, the settlement agreement requires Paramount to "sell off parts of the company."[10] Additionally, "Paramount must maintain ownership of the historical studio lots of both companies, a guarantor that production will continue in California, and operate a fund for purchasing independent films."[11] "If Paramount fails to meet this film output requirement in any year, the company will be required to divest Miramax Studios and must pay $30 million per missed film toward the healthcare and retirement trust funds associated with the Writers Guild of America (WGA), International Alliance of Theatrical Stage Employees (IATSE), Directors Guild of America (DGA), International Brotherhood of Teamsters (IBT) and other unions, and to the National Association of Attorneys General (NAAG) for more antitrust enforcement."[12]

The most distinctive and novel element of the settlement is the mandatory independent journalism oversight board. Within 180 days of closing, Paramount must establish an independent journalism oversight board comprised of five journalists with at least ten years of experience.[13] This panel's creation will "ensure the editorial independence of CNN and CBS News."[14] Paramount's board of directors will appoint members for the panel and "'no more than two' may be 'affiliated' with the same political party."[15] There is no specific enforcement provision for this portion of the settlement order, but the state AGs retain a generalized ability to go to court to enforce the terms of the agreement under the settlement order. Both Colorado and Washington explicitly are not bound by this provision within the settlement order.

The Paramount-Warner Bros. settlement weaves traditional antitrust remedies with threads of neo-Brandeisian antitrust enforcement, which is more overtly political in nature. Traditionally, antitrust law has favored structural remedies, such as divestiture of assets, both because structural remedies are easier to enforce, but also because they are perceived as mostly directly addressing the harms to consumer welfare that are associated with anticompetitive mergers. Behavioral remedies, such as contractual restrictions or behavioral mandates, have been historically viewed as a less-favored option because they can be difficult to enforce and place burdens on the enforcement agency to police the merged company's conduct. Over the past several years, however, both in the United States and overseas, regulators have been more open to accepting behavioral remedies to resolve merger disputes.

In some respects, the settlement tracks the traditional, consumer-welfare driven antitrust remedy toolkit: the requirement to divest Miramax Studios and the obligation to sell off parts of the company are traditional structural remedies that are perceived to increase competition in the marketplace. The settlement also includes behavioral conditions that, while less common, are still conventional, such as the requirements that Paramount maintain film output and studio ownership. In other respects, however, the settlement departs sharply from conventional practice. Rather than tying relief to a defined relevant market and a demonstrated reduction in competition, several provisions of the settlement appear to target broader policy objectives, such as the requirements relating to domestic and California-based film production, payments to union healthcare and retirement trust funds, funding for NAAG antitrust enforcement, and the independent journalism oversight board. Instead of addressing issues of consumer welfare, which has long anchored merger review, these terms appear designed to target political concerns about media diversity, union funding and editorial content.

Differing Dynamics and Directions

This wide-reaching settlement order appears to have highlighted a lack of uniformity in the approach of various state AGs in this space. As noted above, there was no unanimity amongst even the state AGs participating in the settlement order as to all elements of that order. Further, at least one state AG expressed frustration that the settlement offer did not go further, despite signing the agreement. [16]

Regardless, the Paramount Settlement showcases an intensifying focus at the state level to leverage antitrust review powers in order to achieve perceived political goals. State AGs may start using antitrust cases to achieve other goals as they may impose more unique conditions on antitrust settlements that go beyond the traditional scope of antitrust litigation. Media and entertainment mergers are particularly high-profile targets given their impact on content diversity, local news and consumer choice. But companies in technology, healthcare and other concentrated industries should also expect continued multi-front regulatory challenges. The Paramount settlement may set a precedent for future state AG involvement in large-scale merger review where potential antitrust violations are presented.

What Does This Mean for Businesses?

The Paramount settlement suggests that federal clearance may no longer be the end of the regulatory process and that the traditional consumer welfare framework may be giving way to political- and policy-based enforcement that is untethered to economics. The state Attorneys General-and particularly the California Attorney General-secured significant concessions from the parties even after the acquisition had been cleared by federal and international regulators. Merging parties should therefore expect state enforcers to leverage litigation and injunctive relief, obtained in state court before elected judges likely unfamiliar with antitrust law, to negotiate conditions of settlement reflecting state-specific priorities, such as local employment, in-state investment, labor commitments, or content and governance safeguards. This dynamic may increase deal uncertainty, extend timelines and raise the cost of closing. The lack of uniformity in policy enforcement means parties may face differing or even conflicting demands from different states, particularly where attorneys general of differing political parties may be investigating a merger. Companies should factor these risks into deal timing, termination and penalty provisions, and regulatory-efforts covenants. They should also be prepared to evaluate non-traditional remedy proposals early in the process rather than assuming relief will be limited to traditional structural remedies.

The Paramount settlement highlights that companies contemplating mergers or acquisitions are subject to scrutiny or antitrust litigation. Companies should consider:

- **Engaging early with state AGs** to identify any potential antitrust concerns and remedies to prevent costly litigation.
- **Building robust pro-competitive records,** including consumer benefits of proposed transactions as these can be critical should negotiations occur.
- **Creating creative remedy offers** as negotiations may extend beyond traditional antitrust frameworks, like the Paramount settlement.
- **Monitoring the evolving enforcement landscape** as the relationship between state and federal antitrust enforcers continues to evolve. Companies in concentrated industries should track developments in both state and federal enforcement to anticipate potential challenges and adjust their regulatory strategies accordingly.

Benesch's Antitrust & Competition, State Attorney General Practice, and White Collar, Government Investigations & Regulatory Compliance Practice Groups continue to monitor these developments. If you have questions about how these developments may affect your organization or would like help assessing specific risk areas, please contact your Benesch attorney.

---

[1] Brian Stelter & Andrew Kirell, *State attorneys general agree to settle Paramount merger lawsuit*, CNN Business (Sept. 21, 2026), https://www.cnn.com/2026/09/21/media/paramount-wbd-settlement-cnn-ellison-bonta-lawsuit.

[2] Peter Hoskins, *Hollywood icon Paramount agrees $28 bn merger deal*, BBC (Jul. 8, 2024), https://www.bbc.com/news/articles/c4ng95d737do.

[3] Stelter, *supra* note 1.

[4] Aimee Picchi & Alain Sherter, *Paramount Global to merge with Skydance Media*, CBS News (Jul. 8, 2024), https://www.cbsnews.com/news/paramount-global-skydance-media-merger/.

[5] Press Release, U.S. Dep't of Just., *Statement of the Department of Justice Antitrust Division on the Closing of Its Investigation of the Merger of Paramount Skydance and Warner Bros.* (June 12, 2026), https://www.justice.gov/opa/pr/statement-department-justice-antitrust-division-closing-its-investigation-me

[6] Shelter, *supra* note 1; *State of California, et al. v. Paramount Skydance Corp., et al.*, 4:26-cv-7116-AMO (N.D. Cal. 2026).

[7] *See generally* Compl., *State of California, et al. v. Paramount Skydance Corp., et al.*, 4:26-cv-7116 (N.D. Cal. Jul. 13, 2026).

[8] *See generally*, Order Granting 27 Motion for Temporary Restraining Order, *State of California, et al. v. Paramount Skydance Corp., et al.*, 4:26-cv-7116, ECF No. 141 (N.D. Cal. Jul. 13, 2026); *see* Dawn Chmielewski & Jody Godoy, *US Justice Department clears Paramount's acquisition of Warner Bros*, Reuters (June 14, 2026), https://www.reuters.com/world/us-justice-department-approves-paramounts-acquisition-warner-bros-politi The FCC also reviewed the transaction and imposed its own set of conditions. Stelter, *supra* note 1.

[9] Benjamin Mullin, et al., *Paramount Reaches Deal to Clear Way to Create News and Media Giant*, New York Times (Sept. 21, 2026), https://www.nytimes.com/2026/09/21/business/paramount-warner-bros-ellison.html.

[10] *Id.*

[11] *Id.*

[12] State of California Dep't of Justice, *Attorney General Bonta Announces Settlement in Warner Bros./Paramount Litigation* (Sept. 21, 2026), https://oag.ca.gov/news/press-releases/attorney-general-bonta-announces-settlement-warner-brosparamo

[13] Stelter, *supra* note 1.

[14] Mullin, *supra* note 9.

[15] Stelter, *supra* note 1.

[16] *Id.*