

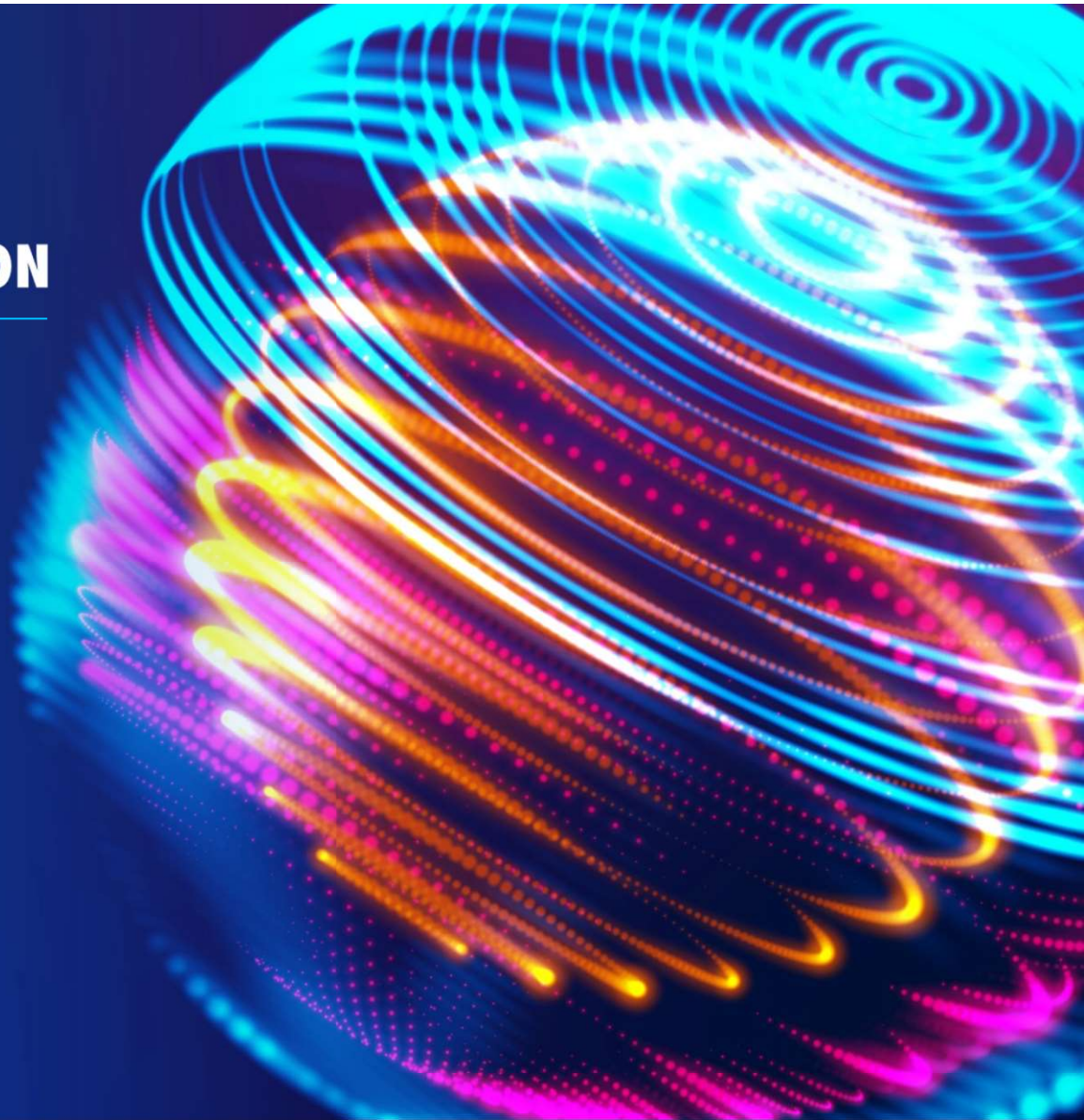
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GLOBAL DIGITAL TRANSFORMATION
WEBINAR SERIES

SPORTS SPONSORSHIP AGREEMENTS IN THE DIGITAL AGE

March 22, 2023

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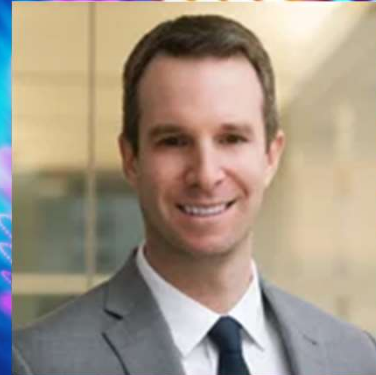
Presenters



Dana Gross



Doneld G. Shelkey



Jesse R. Taylor

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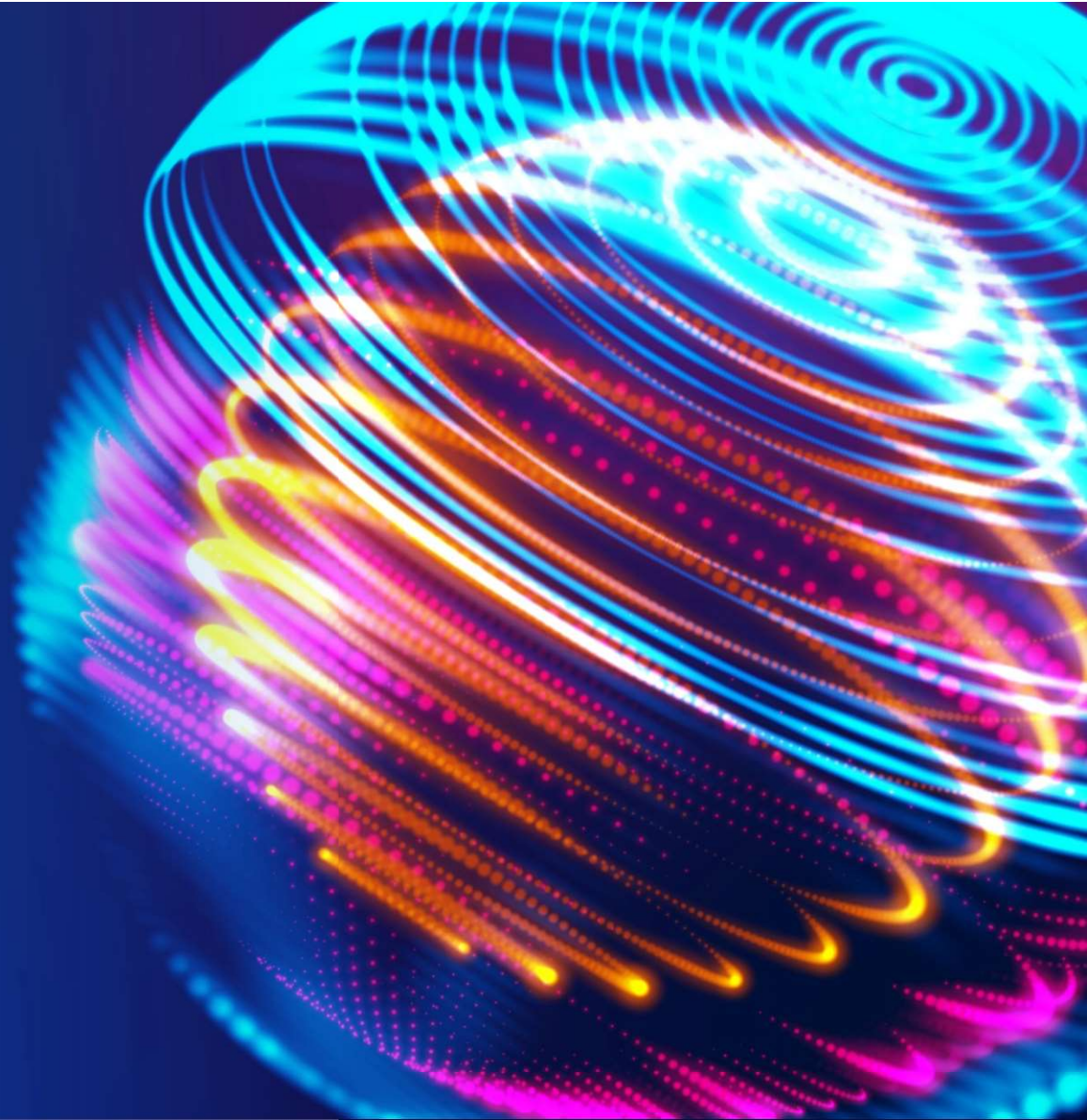
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Sponsor Entitlements

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Signage in Arenas, Stadiums and Events

Signage Generally

- In exchange for the sponsor paying the team or arena a certain fee, the sponsor is granted certain advertising rights on signage within the arena.
- Generally, the advertisements are submitted to the team or arena and go through an approval process, and generally the team or arena has the unilateral right to reject the proposed advertisement if it does not meet the team's or arena's standards which will generally either be
 - generally accepted standards of good taste in the team's or arena's business community; or
 - something more specific established by the team.

Fixed Signage

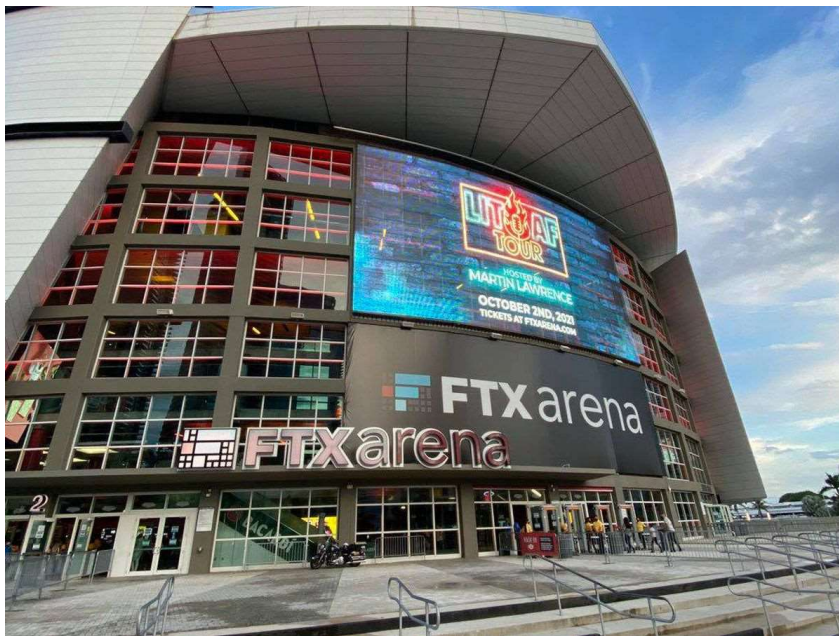
At the professional sports level, fixed signage is still frequently used on signage circling the field, particularly in Major League Baseball stadiums where there is only one professional team utilizing the stadium.



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Fixed Signage

The issue with fixed signage is the only way to get rid of it is to physically remove it, which can be problematic in a situation like what occurred at FTX Arena in Miami this past fall when the company went bankrupt.



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Digital Signage

- With digital signage, teams can sell signage packages on the concourse, cornerboard, courtside, jumbotron and outdoor videoboards for minutes or seconds at a time.
- If a basketball team shares an arena with a hockey team (e.g., the Boston Celtics and Boston Bruins), it allows them to create their own packages.
- Teams can increase costs to advertise during playoff games or nationally broadcasted games.
- No FTX-type of issues.
- NCAA can come in and put on the NCAA tournament and simply upload its own digital ad package.



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Media

Distribution Occurs in Three Mediums

1. Linear (e.g., ESPN/ABC)
2. Streaming (e.g., ESPN+)
3. Social (e.g., Instagram, Twitter, Tik Tok, Twitch, Snap)

Linear Media: Evolution of the Old

- Use of green screen to project TV-only visible ads to the audience.
- TV-only visible ads on the court of NBA games and pitcher's mound of MLB games.



Linear: Extreme Sports Sponsor

TV BROADCAST BENEFITS

- Graphics and Audio During Women's Snowboard Halfpipe Event
 - Four (4) minimum graphic and audio mentions
 - Additional five (5) audio only mentions
 - Three (3) minimum animated locators (Full screen logo wipe with audio)
 - Dominant on-course signage during entitled event
 - On course integration including signage around competition start

Linear: Extreme Sports Sponsor

TV BROADCAST BENEFITS

Content Integrations During Event

- Four (4) Sponsor sponsored athlete profiles
 - Vignettes to be 30-45 seconds in length to air in content
 - Placed at production's discretion
 - No additional Sponsor audio or logo
- Commercial-free telecast "Presented by Sponsor"
 - One (1) execution per games
 - Duration: 20-30 minutes in length
 - One (1) minimum graphic and audio mention
 - One (1) minimum animate location

Social Media: Contract Definitions

- “**Overlay**” means, if applicable, advertising displayed before accessing a particular Web page of www.TEAM.com or www.arena.com (i.e., pre-home interstitial) for a period of 24 hours (if applicable, the particular website is specified in the applicable schedule of this Agreement).
- “**Push Notification Advertisement**” means a digital advertisement in the form of a mobile alert through the Team App delivered to those individuals that have “opted in” to receive messages from the Team App.
 - Example: “For each Contract Year, Sponsor shall receive three (3) Push Notification Advertisements.”
- “**Social Media Post**” means one (1) text, graphic, video, or some combination thereof posted via one (1) official Team or Venue social media platform (e.g., Twitter, Facebook, or Instagram) (if applicable, particular social media platform is set forth in the applicable schedule of this Agreement).

Social Media: Extreme Sports Sponsor

- Twitter
 - Content: Gold Medal Runs from Event Aspen events
 - Inventory:
 - @Event: 9x Tweets
 - Sponsor Integration: Pre-roll
 - Promo Expiration: 72 hours
 - Sponsors: Sponsor
 - Twitter Drop Down: Event Gold Medal Run Highlights – 2023
- All Access Instagram Story
 - Content: Behind the scenes all access instagram story from onsite at Event
 - Inventory: 1x @Event Instagram Story
 - Sponsor Integration:
 - Paid Partnership w/ @Sponsor on Opening and Closing Tiles
 - Sponsor Branded Card on Opening & Closing tiles (:03)

Digital Promotions – NFTs and the Metaverse

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NFTs – What are They?

- **NFT Stands for Non-Fungible Token.**
 - A unique digital asset.
 - Authenticity is typically verified in a public manner (e.g. blockchain). You do not have to trust any particular company.
 - Can “be” anything that a digital asset can be, such as a picture, song, database, or computer program.
 - Solve the double-spend problem with digital assets.
- **The technology is very real, solves a lot of problems, and is here to stay, but...**

Sold for \$3,400,000 (not after crash...)



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NFT Deals in Sponsorships – What are we Seeing?

- **Collectible & Coupon Deals**

- Sports cards!
- Purchasing an event ticket will give you a NFT ticket stubb as a collectible.
- Purchasing a sports collectible will come with a NFT of the collectible to display online.
- Recieving a NFT “coupon” for a rare bottle of wine kept in storage.

- **Adjacent or Enabling Technolgies**

- Wallets
- Metaverse

Metaverse – What is it?

- The next stage in the development of the internet.
- “The term comes from digital antiquity: Coined by the writer Neal Stephenson in his 1992 novel, “Snow Crash,” then reimagined as the Oasis in the Ernest Cline novel “Ready Player One,” it refers to a fully realized digital world that exists beyond the analog one in which we live.” – *NY Times*
- “As a buzzword, the metaverse refers to a variety of virtual experiences, environments and assets that gained momentum during the online-everything shift of the pandemic. Together, these new technologies hint at what the internet will become next.” – *NY Times*
- “A metaverse is a 3D immersive environment shared by multiple users, in which you can interact with others via avatars. A metaverse can, with the support of the right technology, feel like real life, with all the usual elements of work, play, trade, friendship, love – a world of its own.” – *MIT Technology Review*
- Essentially relies on existing, cutting-edge technology such as virtual reality, AI, blockchain, NFTs and cryptocurrency.

Metaverse – Key Points and Issues

- IP Ownership
 - AI system cannot be named as an inventor on a patent.
 - Unlike US patent law, US copyright law does not have an express requirement of human authorship; however, US courts and the US Copyright Office generally operate on the basis of this requirement and deny registrations of works not created by humans.
 - Copyright Office staff as a general guide to policies and procedures such as registration, deposit and recordation—states, “the term ‘authorship’ implies that, for a work to be copyrightable, it must owe its origin to a human being”.
 - The metaverse could have virtual creations by avatars and AI aspects built into them. If such creations are deemed to be AI creations and not human creations, they may not be allowed certain types of intellectual property protection.

Metaverse – Key Points and Issues

- Content Owners
 - The metaverse could also pose issues for content owners, as it will be difficult to police copyright infringement in the metaverse. – Tech&Sourcing Blog
 - Content licensees will also need to carefully review their license agreements to ensure that they have the right to use the licensed content in the metaverse, as many license agreements may not have considered the use of licensed content in such forums.

Metaverse – Key Points and Issues

- Privacy and Security
 - In a particular virtual world, what information does a participant see about an avatar or content?
 - Where is this information stored? Who has access to the data? Who owns the data?
 - What other technologies process the information that the platform collects?
 - How can participants have private conversations? Are these conversations encrypted?
 - Should an individual's presence be visible to other virtual-world participants?
 - When should a participant be able to screen their location in a virtual world?
 - How is a participant able to manipulate the content and information that they are seeing?

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Rights Clearance for Activations



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Take a Wholistic Approach

- IP Rights licensed to a Sponsor may include:
 - Team Logo
 - Logos for other Teams
 - League Logo
 - Copyrighted Images/Videos/Graphics
 - NIL Rights
- Other third-party IP Rights will likely be used in Activations.
- Get Permission!

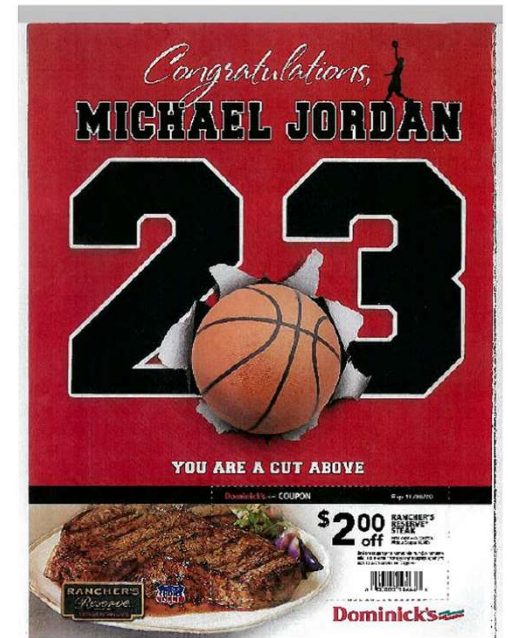
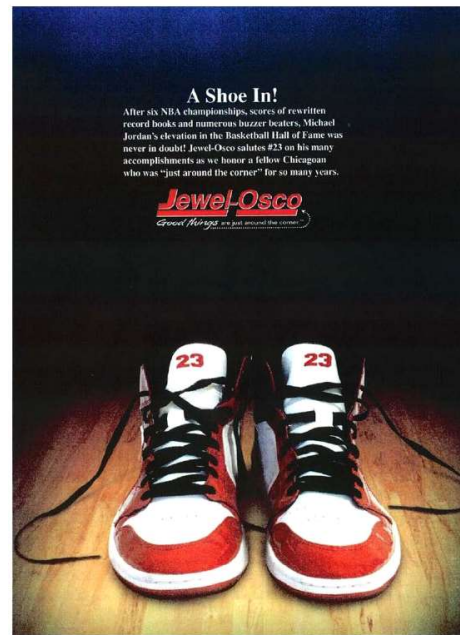
Danger Lurks

- Sports Properties assert extensive trademark rights, including in League and Team names, logos, colors, mascots, uniforms, the individual design features of such uniforms, and even “blank” versions of these uniforms, as well as combinations of the foregoing.
- Athletes also aggressively seek to monetize their NIL Rights, as well as other IP rights such trademarks and catch phrases, with NCAA athletes now joining professional athletes in the endorsement arena.
- Sports Properties and Athletes are notoriously aggressive when enforcing their rights given the substantial revenues that can be generated through licensing.

Proceed At Your Own Risk



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This Advertiser Did



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IP Rights You May Need to Activate



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IP Rights You May Need to Activate



PGA CHAMPION
JUSTIN THOMAS



TITLEIST
THE #1 BALL AT THE PGA CHAMPIONSHIP

Titleist
#1 ball in golf

IP Rights You May Need to Activate



PGA CHAMPION
JUSTIN THOMAS



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Upcoming Webinars

- **Key Considerations for Technology Integration Deals**
 - April 12, 2023 | 12:00 – 1:00 PM ET
 - Speakers: Anastasia Dergacheva, Eric Pennesi and Vito Petretti
- **Clear Skies: Terminating Cloud Relationships**
 - May 12, 2023 | 12:00 – 1:00 PM ET
 - Speakers: Christopher Archer, Emily Lowe and Jonathan Traub



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- Stay updated on all of our future seminars and webcasts, which we host regularly on hot issues in the market.



Biography



Dana Gross

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Dana Gross maintains a broad practice that focuses on the protection and licensing of intellectual property rights, with an emphasis on global brand management; complex corporate transactions; name, image, and likeness (NIL) rights; sponsorships and endorsements; copyrights; and domain name and internet enforcement matters. Dana routinely advises clients in a wide range of industries, including retail and ecommerce, sports, financial services, software, chemicals, life sciences, and travel and leisure.

Dana works with clients to implement brand protection strategies and manages US and international trademark portfolios across different industries. In this capacity, he helps clients clear, register, and enforce trademarks worldwide.

Dana also handles the IP aspects of a broad range of complex commercial transactions, including mergers and acquisitions and financings, coordinating IP diligence, developing and implementing plans to mitigate those risks identified during the diligence process, and drafting and negotiating all related agreements.

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Biography



Doneld G. Shelkey

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Doneld G. Shelkey represents clients in global outsourcing, commercial contracts, and licensing matters, with a particular focus on the e-commerce and electronics entertainment industries. Doneld assists in the negotiation of commercial transactions for domestic and international manufacturers, technology innovators, and retailers, and counsels clients in the e-commerce and electronics entertainment industries on consumer licensing and virtual property matters.

Doneld regularly assists clients in a wide spectrum of technology and data acquisition, implementation, and service agreements, including enterprise resource planning (ERP) implementation, licensing, software as a service (SaaS), information as a service (IaaS), data acquisition and services, cloud computing, and mobility agreements. He has particular experience in the alternative energy, specialized manufacturing, and consumer products industries, both in the United States and abroad.

Doneld also has a background in the electronics entertainment industry; with a particular focus on consumer licensing and virtual property matters. He has assisted both developers and publishers in the electronics entertainment industry at all stages of development and has assisted clients in such matters in the United States, Japan, and South Korea.

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Biography



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Jesse Ryan Taylor represents clients in global outsourcing, commercial contracts, and technology matters. As part of his practice, Jesse drafts and negotiates a broad range of agreements including software licensing (cloud and on-premises), implementation and professional services, IT security, strategic alliances, and data privacy.

Before joining Morgan Lewis, Jesse was Legal Counsel to a multinational energy management and automation corporation where he supported the drafting and negotiation of agreements for the global IT and North American supply chain divisions.

When in law school, Jesse interned at the criminal division of the United States Attorney's Office in San Francisco, California, and at the United States District Court, District of Massachusetts for Magistrate Judge Jennifer C. Boal.

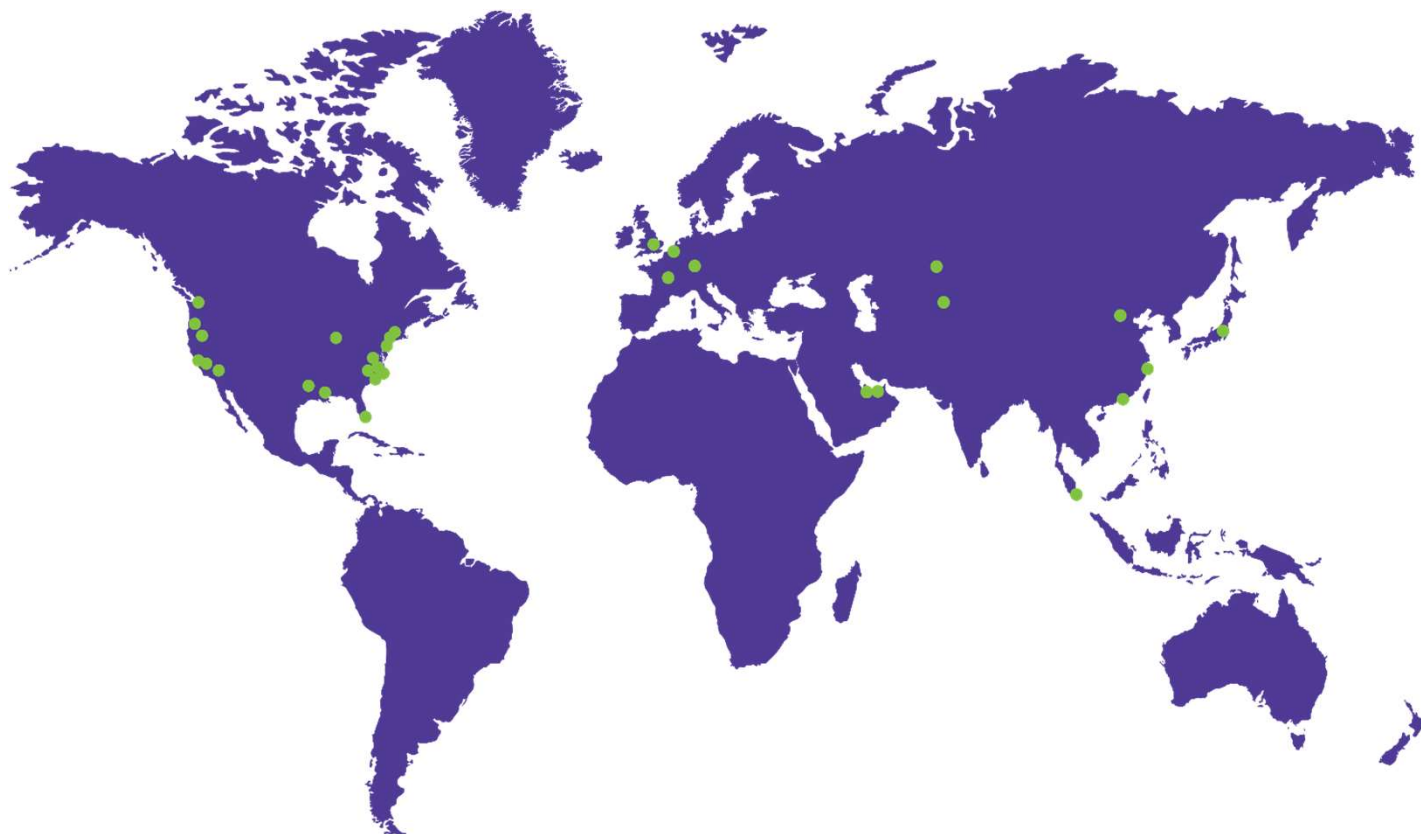
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