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Brands and venue owners see rewards, risks in naming deals

Buying the naming rights to a stadium is arguably the most visible — and pricy — form of sports marketing. Naming rights deals bring in big bucks to help maintain the venue or build a new one.

For the naming brand, the agreements bring unmatched, high-profile exposure. It's a win-win sponsorship deal for everyone involved — until brand marketing strategies change or legal issues arise.

Earlier this year, FedEx withdrew from its naming rights agreement with the National Football League's Washington Commanders, which had dubbed the team's stadium FedEx Field since 1999. FedEx paid \$205 million for the naming rights through 2026.

The shipping giant exercised an opt-out provision in the agreement, The Washington Post reported in February, noting that the brand stated it decided to focus on its broader sponsorships with the NFL.

As the team looks for a new sponsor for the Landover, Md., stadium, the venue is known as Commanders Field. Although FedEx ended its agreement two years early, the brand continues to partner with the Commanders on other ventures.

Some naming rights agreements end amid financial drama, such as the FTX and Enron bankruptcies. The collapse of the naming brand invariably spells lost revenue for the stadium owners and bad press for everyone connected to the venue.

The cryptocurrency industry snagged its first stadium naming deal when FTX, an international cryptocurrency exchange, bought the



SPORTS MARKETING PLAYBOOK

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naming rights to the home of the National Basketball Association's Miami Heat in 2021. The deal with the team and Miami-Dade County was worth \$135 million over 19 years, according to CNBC and other outlets. But headline-making charges that FTX misused customer accounts led to the company's bankruptcy and doomed the stadium naming agreement.

The Heat and the county scrambled to find another sponsor and petitioned the bankruptcy court to take the FTX name off the stadium. Security software company Kaseya agreed to pay \$117 million over 17 years to rename the venue the Kaseya Center.

Similarly, Enron Corp. signed a 30-year, \$100 million deal in 1999 to give its name to the new home of Major League Baseball's Houston Astros. But the Enron Field name didn't last long.

The naming-rights agreement collapsed when Enron declared bankruptcy in 2001 amid a massive accounting fraud scandal. The Astros owner stepped up to the plate and paid Enron \$2.1 million to end the stadium deal in a bankruptcy court-approved settlement aimed at distancing the team from the disgraced company and allowing it to pursue a new naming rights deal.

The venue was known as Astros Field until the team partnered with The Minute Maid Co. in 2002 to call it Minute Maid Park, according to the Associated Press.

Cautionary tales aside, the biggest stadium naming rights deal in history was signed five years ago, long after the Enron debacle. In 2019, Social Finance Inc. agreed to shell out a whopping \$625 million over 20 years to name the future home of the NFL's Los Angeles Rams and Los Angeles Chargers SoFi Stadium. The financial services firm clearly benefits from sponsoring a venue that hosts two NFL teams in a highly sought-after market.

Recent naming rights extensions also indicate many lucrative partnerships will be going strong for some time. Earlier this year, several teams and brands extended their agreements, notably including the NFL's San Francisco 49ers and Levi Strauss & Co. The 10-year extension of the original 20-year, \$220 million deal reached in 2013 ensures Levi's Stadium will keep its name through 2043.

Will we see more huge, decades-long deals like SoFi in the future?

Maybe, but at least one recent agreement takes a more short-term, strategic approach to the stadium naming rights game.

Major League Soccer team Inter Miami CF entered a two-year naming rights agreement with JPMorgan Chase & Co. in February. The parties did not disclose how much the multinational banking company paid to name the venue Chase Stadium. The agreement coincides with the 2½-year, \$150 million contract soccer superstar Lionel Messi signed with

Inter Miami CF in 2023. The team is currently worth \$1.02 billion, a 74% increase since 2022, according to Sportico.

Chase Stadium is JPMorgan Chase's first stadium naming rights foray in professional soccer but the banking giant has put its name on other venues across the country and across sports.

In 2016, JPMorgan Chase reportedly agreed to pay more than \$300 million over 20 years for the naming rights to the NBA's Golden State Warriors'

venue, according to several media outlets, including Business Insider and Forbes. It also took over the 30-year agreement to name the Arizona Diamondbacks stadium in Phoenix after purchasing Bank One Corp. in 2004. MLB's former Bank One Ballpark is now known as Chase Field.

Obviously — at least for the biggest brands — investing in sports venue sponsorship at the highest level is worth the risk of potential legal problems and changing marketing strategies.