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MLB blazes trail for CBD sponsorships among Big Four leagues — but no THC

Major League Baseball recently became the first of the Big Four leagues to make cannabidiols (CBDs) an approved sponsorship category, allowing the league and its teams to start selling CBD sponsorships, including team jersey patches and on-air branding. The MLB joins a handful of other sports that have already made the move and could help blaze a trail for the National Football League, National Basketball Association and the National Hockey League.

MLB's parameters are pretty simple. CBD companies can now make sponsorship deals with the league and individual teams as long as the CBD in their products is certified by the National Sanitation Foundation as containing no tetrahydrocannabinol, or THC, the psychoactive ingredient in marijuana that produces a high. Several CBD brands are in the process of obtaining NSF certification. Teams also need to secure approval from the MLB commissioner's office.

There's no word yet on how much the MLB and its teams could command for CBD sponsorships. But it's worth noting that the burgeoning CBD global market is predicted to hit \$4.9 billion by the end of 2022 and could reach \$47 billion by 2028. The legal issues involved in CBD sponsorships are less straightforward, however, due in part to a patchwork of varying state regulations.

USA Triathlon, which requires athletes to swim, bike and run for various distances, became the first national sports governing body of its kind to sign a CBD sponsorship deal, inking a four-year agreement in 2019 with Pure Spectrum for an undisclosed sum. The Ultimate Fighting Championship secured a five-year sponsorship agreement with the U.K.-based Love Hemp in 2021. As the UFC's official global CBD partner, the Love Hemp brand appears on its social



SPORTS MARKETING PLAYBOOK

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media and its streaming platform, UFC Fight Pass, according to the UFC.

NASCAR also allows CBD sponsorships. In mid-2021, Pocono Organics served as the headline sponsor for a NASCAR Cup Series race at Pocono Raceway called the Pocono Organics CBD 325. Richard Childress Racing also entered into NASCAR's first major team sponsorship deal with a CBD product maker. Fox Sports reported in January 2022 that 3CHI will sponsor the Childress No. 8 car driven by Tyler Reddick.

NASCAR fans won't see a pot leaf featured on Reddick's car. The racing organization issued strict guidelines that CBD product brands must follow as car sponsors to avoid controversy. Among the requirements, CBD products featured on the car must be tested and contain less than 0.3% of THC. Advertisements on the car must be approved by NASCAR and cannot use images of the plant, slogans about CBD's health benefits, or the words "CBD" unless it's

part of the product's name, and racing teams must carry extra insurance to protect NASCAR from liability related to the use of the products.

CBD sponsorship guidelines like NASCAR's are subject to any changes in federal or state regulations. The U.S. Food and Drug Administration does not, as of now, approve any CBD product. Instead, CBD use is regulated by a hodgepodge of state laws (although the sale of smokeable or inhalable CBD products is federally restricted to consumers over age 21).

While Illinois, for example, has fully legalized CBD products, other states allow the use of CBD-containing products only for specific medical conditions. In a handful of states, CBD remains illegal to sell. Some states also have age restrictions on who can purchase CBD, ranging from 18 to 21; others have no restrictions at all. This legal landscape complicates creating national marketing campaigns for CBD brands across a variety of platforms. Platform rules and restrictions (whether public or unstated) may also complicate the situation.

Going forward, education will be one of the keys to integrating CBD brand partnerships into the sports mainstream. Marijuana still retains a stigma in some quarters, and many people may not understand that CBD produces no high and may have therapeutic benefits. Star athletes like women's soccer players Megan Rapinoe and Carli Lloyd, golfer Bubba Watson, and retired NFL player Rob Gronkowski, promote CBD brands, and an increasing number of familiar faces touting medicinal CBD products could help dispel misinformation and encourage other leagues and sports organizations to embrace what is likely to become a dynamic new sponsorship category.