

# Thunderdome of Merchandising

By Reg P. Wydeven  
April 7, 2012

This off-season has been an exciting one for the NFL. First of all, the New Orleans Saints franchise suffered a serious blow for implementing a bounty system that offered financial incentives for defensive players to hurt opposing players. They lost their head coach and GM for the year, lost draft picks and were hit with a \$500,000 fine.

The only four-time MVP, Peyton Manning, was cut by the Indianapolis Colts. The Denver Broncos pulled off what many experts consider the most significant free agent signing after they landed Manning. With a new quarterback at the helm, the Broncos were free to trade great-human-being-but-questionable-quarterback, Tim Tebow, to the New York Jets.

The NFL is a billion dollar league, and many of the decisions surrounding the league focus on the almighty dollar. The Colts cut Manning to avoid paying him a \$28 million bonus that would have been due March 8. This set off a chain reaction that resulted in Nike filing a potential multi-million dollar lawsuit against Reebok and its parent company, Adidas.

The Colts' cutting of Manning led to the Tebow trade to the Jets. The day after the trade was announced, stores and online retailers began selling New York Jets Tebow jerseys manufactured by Reebok. Bronco Tebow jerseys were the biggest selling jersey last year. To no one's surprise, the Jets jerseys were selling out as quickly as Reebok could make them. And Reebok is cranking as many out as humanly possible.

See, Nike recently signed a five-year licensing deal with the NFL, making the company the official supplier of team merchandise. However, the deal didn't begin until April 1. On April 3, Nike unveiled its new looks for the NFL teams' uniforms and on-line preorders can be placed on April 15. The new uniforms won't be available, though, until April 26, the day of the NFL draft.

Reebok was a previous supplier of NFL merchandise, however, its contract expired March 31. NFL licensees must not only sign a contract with the League, but also with the NFL Players Association. Reebok's deal with the NFLPA expired February 29. Therefore, during the month of March, Reebok could theoretically sell NFL jerseys but not with players' names on them, while Nike is not yet allowed to sell jerseys at all.

As a result, Nike filed suit and is requesting that Reebok be forced to destroy all Jets' Tebow jerseys they've produced, and pay actual and punitive damages. According to the suit, Nike asserts that because of the expiration of the NFLPA contract, Reebok's rights "were limited to, at most, the right to sell out existing inventory of products identified to individual players existing prior to March 1, 2012. For Tebow, that would mean existing Denver Broncos inventory—not new New York Jets products."

While Nike concedes that Reebok could create new NFL products during March, but not products featuring an individual player without that player's consent. By producing Tebow jerseys, Reebok is getting the jump on Tebow-mania.

In the suit, Nike claims, "The opportunity to sell the first Tebow-identified Jets apparel is a unique and short-lived opportunity. It is unlikely that a consumer who purchases an unauthorized Tebow-identified NFL jersey or t-shirt from Reebok this week will purchase an authorized Tebow jersey or t-shirt from Nike the following week. Unless Reebok is restrained from supplying unauthorized Tebow-identified Jets apparel, the current unique consumer demand for these products will be satisfied or substantially reduced, and the opportunity for Nike to fully realize the benefits of this unique period of demand will be lost forever."

Tim Tebow has been characterized as a polarizing figure. Nike and Reebok seem to think so.

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