

# **NATIONAL SPORTS LAW NEGOTIATION COMPETITION 2015**

## **Judges' Instructions for Saturday Morning Session**

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SAN DIEGO • CALIFORNIA

# JUDGE ROOM ASSIGNMENTS

## Round 1 - Bulls and Dolls

### NATIONAL SPORTS LAW NEGOTIATION COMPETITION 2015

#### ROOM ASSIGNMENTS

##### ROUND 1 - Bulls and Dolls (Red Bull v. Los Angeles Derby Dolls)

###### Round 1, Session 1A

Saturday, September 26 at 9:30 am

###### Round 1, Session 1B

Saturday, September 26 at 11:05 am

Room	A	v.	B	Judge 1	Judge 2	Judge 3	Room	A	v.	B	Judge 1	Judge 2	Judge 3
217	A1	v.	B1	TBD	TBD	TBD	227	A11	v.	B11	TBD	TBD	TBD
316	A2	v.	B2	TBD	TBD	TBD	231	A12	v.	B12	TBD	TBD	TBD
229	A3	v.	B3	TBD	TBD	TBD	225	A13	v.	B13	TBD	TBD	TBD
216	A4	v.	B4	TBD	TBD	TBD	128	A14	v.	B14	TBD	TBD	TBD
227	A5	v.	B5	TBD	TBD	TBD	320	A15	v.	B15	TBD	TBD	TBD
320	A6	v.	B6	TBD	TBD	TBD	316	A16	v.	B16	TBD	TBD	TBD
231	A7	v.	B7	TBD	TBD	TBD	229	A17	v.	B17	TBD	TBD	TBD
225	A8	v.	B8	TBD	TBD	TBD	217	A18	v.	B18	TBD	TBD	TBD
318	A9	v.	B9	TBD	TBD	TBD	216	A19	v.	B19	TBD	TBD	TBD
128	A10	v.	B10	TBD	TBD	TBD	318	A20	v.	B20	TBD	TBD	TBD

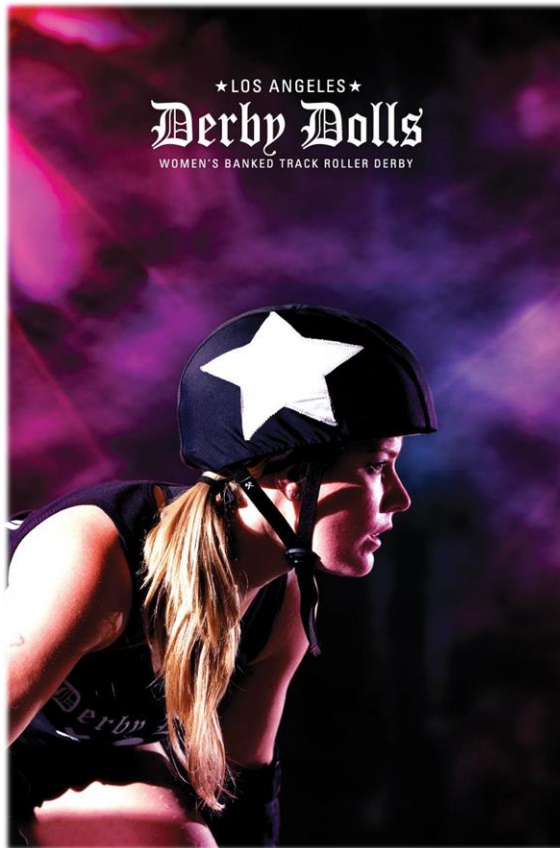
# BACKGROUND

## Round 1 – *Bulls and Dolls*

- Three Main Revenue Streams for Sports Organizations: Tickets, TV, **SPONSORSHIP**
- But what about smaller leagues?
  - No billion dollar television deals
  - Not selling tens of thousands of tickets per game
  - Public fundraising has limitations
- This makes sponsorship and partnership revenue streams all the more important

# BACKGROUND

## What is Roller Derby?



- High-contact sport where two teams of five players each race around a circular track to try and score points
- Four blockers and a “jammer”, who scores points by breaking through the pack
- Has become a form of sports entertainment, with flamboyant uniforms, colorful team and skater names, and hard-hitting action
- Two types: flat-track and bank-track

# BACKGROUND

## What is Roller Derby?



© Jules Doyle - Type2BPhoto

# BACKGROUND

## The Parties

- **The Los Angeles Derby Dolls**

- All-female bank-track roller derby league located in Los Angeles
- Featured on *Oprah*, *Good Morning America*, *Attack of the Show* and contributed heavily in the 2009 film *Whip It*
- From 2007-2014, operated out of a 55,000 sq ft warehouse in Silver Lake that had VIP and general seating for 1,700 fans, bank- and flat-tracks, a music stage and was licensed as a film location
- Lost that facility due to redevelopment in the area

- **Red Bull**

- Energy drink company that has made a name in sponsorship of extreme sports events while steering clear of mainstream sports
- For purposes of this problem, just completed construction of a nine-acre training facility in City of Industry for its partner-athletes

# Issues to be Negotiated

- 1. Can the Derby Dolls and Red Bull reach an agreement for the Dolls to lease one of Red Bull's three campus warehouse facilities?**
- 2. Will this deal be in the form of a partnership or a simple tenancy agreement?**
3. For a tenancy agreement, how much will Red Bull limit Dolls' current and potential sponsors, which may include competitors?
4. For a partnership agreement, how much of a discount will Red Bull give the Dolls on a lease agreement? What will the Dolls give in return?
5. Can the Dolls partner with both Red Bull and PowerAde?

# SPECIFIC ISSUES AND INSTRUCTIONS

Issues	Derby Dolls	Red Bull	Zone of Possible Agreement
<b>Per Hour Rental Price (Tenancy)</b>	Have budgeted \$100,00 for 20 ten-hour home matches (\$500/hour max)	Provided initial quote of \$600.00/hour, but willing to give \$50 discount for 1+ year lease, and up to \$100 discount for p-ship	With discounts, a rental rate below \$500 is possible
<b>Liability Insurance</b>	Have budgeted for liability insurance outside of their \$100,000 rent budget	Will not pay under any circumstances.	Derby Dolls pays (bonus points to Dolls' team that can get Red Bull to pay)



# SPECIFIC ISSUES AND INSTRUCTIONS

Issues	Derby Dolls	Red Bull	Zone of Possible Agreement
<b>Partnership Term (Partnership)</b>	If Red Bull is restrictive, wants to limit term as much as possible. If Red Bull gives them freedom, about 3 years.	Would like 3-4 year term, but preferably with an opt-out clause after one or two years	3-4 year term with opt-out rights
<b>Per Year Payment (Partnership)</b>	Has 4 contribution goals: \$50,000 = base \$100,00 = more branding \$140,000 = helmet logo \$175,000 = full exclusivity <i>No instructions on whether discount rent counts to this</i>	Sees the discounted facility rent as enough consideration, but willing to give up to \$50,000 cash per year to secure agreement	Complicated. Depends heavily on what parties agree to on other partnership issues.

# SPECIFIC ISSUES AND INSTRUCTIONS

Issues	Derby Dolls	Red Bull	Zone of Possible Agreement
<b>Branding and Vendor Rights (Partnership)</b>	Aside from normal p-ship consideration, willing to give extra branding for \$100,000 contribution and a helmet logo for \$140,000	Any p-ship package must include: <ol style="list-style-type: none"> <li>1. Branded signage around rink</li> <li>2. Vendor space</li> <li>3. Logo on website</li> </ol> <i>Also wants logo on uniforms or helmet</i>	The first two “must haves” are all included in the base package and the third is an easy give. If Red Bull gives big discount and cash, helmet logo is possible. No uniform logo.
<b>Exclusivity (Partnership)</b>	Wants \$175,000 for this. But wants to limit any exclusivity clause as much as possible to allow deal with Coke.	Red Bull will insist on exclusivity applied to signage, jersey branding vendors and website advertising. Should cover all “competitors”.	Getting to \$175,000 is impossible without Red Bull going against their instructions. Both parties are forced to compromise.

# SOME NECESSARY MATH

## So You Don't Need a Calculator

<b>Home Games</b>	<b>20</b>
<b>Hours Needed per Bout</b>	<b>10</b>
<b>Derby Dolls' Budget</b>	<b>\$100,000.00</b>
<b>Red Bull's Max CASH Contribution</b>	<b>\$50,000.00</b>
<b>Total Needed at \$600/hour Rent</b>	<b>\$120,000.00</b>

<b>Contribution with \$50/hr Discount</b>	<b>\$10,000.00</b>
<b>Contribution with \$100/hr Discount</b>	<b>\$20,000.00</b>
<b>Contribution with \$150/hr Discount</b>	<b>\$30,000.00</b>

<b>Contribution with \$200/hr Discount</b>	<b>\$40,000.00</b>
<b>Contribution with \$250/hr Discount</b>	<b>\$50,000.00</b>
<b>Contribution with \$300/hr Discount</b>	<b>\$60,000.00</b>

# LEVERAGE POINTS

- **Best Alternative to a Negotiated Agreement (BATNA)**
  - **Los Angeles Derby Dolls**

The Dolls convince Coca Cola to ease their heavy restrictions and with that funding, continue leasing their current facility.
  - **Red Bull**

Red Bull finds a good use for the third warehouse, preferably in the form of a paying tenant.
- **Worst Alternative to a Negotiated Agreement (WATNA)**
  - **Los Angeles Derby Dolls**

The Dolls cannot come to terms with Red Bull or Coca Cola, and are forced to scramble to get the funds for a facility.
  - **Red Bull**

Red Bull does not find a good use for the third warehouse and the facility stands as empty space most of the time.

# POTENTIAL OUTCOMES

- 1. The Dolls agree to lease the facility, and are able to negotiate a discounted rate in exchange for Red Bull signage and vendor space.**
  - The Dolls renting the facility while still being able to partner with Coca Cola is possible, but unlikely; if the Dolls can work this out with valid legal reasoning, they should be credited
- 2. The Dolls and Red Bull agree to a comprehensive partnership where the Dolls give Red Bull perks in exchange for a significant discount additional use of the facility, and some cash.**

The Dolls need \$100,000 in order to make this work, but want more for additional perks (e.g. a logo on their helmet). Red Bull has \$50,000 and instructions to discount the rent for a branding rights and exclusivity.

# WHAT DEFINES A GOOD TEAM?

- This problem is straightforward, but has a lot of moving parts that may get in the way of deal-making
  - While many of the individual interests and positions align, the overarching interests conflict
  - **Exclusivity will be big issue – both sides must compromise**
- Lots of math and potentials for differences in interpretation
  - Does discount rent count towards partnership contribution?
  - Is Coca Cola a competitor to Red Bull?
  - You may see four very different agendas
- **Teams will distinguish themselves by working together to figure out what they want quickly, and using the rest of the time to work out the minutia of the agreement**

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Thank you!

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