

# INTERESTED IN SPONSORING A COLLEGE ATHLETE?

## A 3-Minute Guide to Name/Image/Likeness Laws

### APPLICATION



Name/image/likeness (NIL) laws apply to student athletes at postsecondary educational institutions. Generally, these laws govern how businesses can contract with student athletes to promote products, services, or brands through the athlete's name, image, and likeness. NIL laws prohibit institutions from interfering with a student athlete's ability to earn compensation for those business partnerships. The laws also limit certain categories of products or services that student athletes can endorse.

### COMPENSATION

Under NIL laws, businesses may compensate student athletes through monetary compensation, cryptocurrency, free products, shelter, insurance coverage, and other valuable compensation. Compensation does not include student scholarships. In most states, a business's compensation goes directly to the contracted student athlete. However, some states have a pooling arrangement where a majority of the student athletes' compensation goes to the institution first and the school redistributes those funds among the whole team.



### AGENTS

The NCAA has a complex history in regulating athlete agents of student athletes, including encouraging states to adopt the Uniform Athlete Agent Act (UAAA). Under the UAAA, agents who recruit student athletes who are expected to enter the draft are required to be licensed by each state in which they recruit. State NIL laws largely avoid complicating the existing rules for athlete agents, although most states require that athlete agents of student athletes (regardless of draft potential) be licensed by the state in which the athlete competes.



### CONFLICT CHECKS

In most states, athletes must disclose their contracts to their institution for conflict of interest checks. If a business's proposed contract conflicts with an existing institution or team contract, the student athlete will be prohibited from entering into it.



### LIMITS ON ENDORSEMENTS

States generally prohibit students from endorsing products such as tobacco, alcohol, controlled substances (including marijuana), adult entertainment, casinos and gambling, and weapons. Some states also allow schools to prohibit athletes from endorsing businesses that conflict with the "institutional values" of an institution (its reputation or ethical or moral standards). States also generally prohibit students from endorsing any products *during team activities*.



### USE OF INSTITUTIONAL TRADEMARKS

Nearly all states with NIL laws prohibit student athletes' use of institutional trademarks, facilities, logos, or other intellectual property when endorsing a third-party business. Some states permit the use of those marks if the student athlete obtains written permission from their institution. If the student obtains permission, the institution may be compensated for the use.



### ENFORCEMENT MECHANISMS

Enforcement of NIL laws varies from state to state. Some state laws grant students a private right of action, while other states have gone as far as to create a separate *rulemaking and dispute resolution agency*.

