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Valuing a trademark license

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**Presentation (25-minute)
Abstract 479**

College sports represent a huge and unique industry. From 1981 to 2003, collegiate sports related memorabilia sales have increased exponentially from \$100M to \$2.5B, respectively (Blumenstyk, 2003). Recently schools like: The University of Texas, Ohio State, Michigan and Florida typically receive trademark royalties in millions of dollars per year (Terrel 2005). Needless to say that the implementation and operation of a functional licensing system should be of paramount concern which such large amounts of money at stake.

Irwin and Stoltar (1993) recommended that a "single entity governance system" be implemented in order to deal with the licensing of college and university trademarks. Moreover, with the increasing acceptance and utilization of homogeneous companies like the Collegiate Licensing Consortium (CLC), (SMA) and (LRG) the question as to whether or not colleges and universities are maximizing revenue and keeping with stated university objectives needs to be asked.

Drawing from a sample of 360 schools, inclusive of clearing house and independent schools, royalty rates ranged from 6.5% to 10% on the wholesale selling price of the item with the trademark. Furthermore, minimal amounts of variance occur as the mean rate charged was 8.03% with a standard deviation of .72%. Lastly, neither size of the enrolled population nor public/private status of the institution tends to correlate with a royalty rate. With the existence of so much variation with respect to colleges and universities, this presentation examines whether or not the cookie cutter approach to college licensing is actually maximizing the value of the underlying intellectual property.

Unlike a traditional for profit corporation, colleges and university trademark license need to force protection for other objectives than brand identity. Valuation of a royalty rate can have both economic and non-economic attributes. Almost all published university licensing policies do not rank revenue generation as the primary goal of implementing a licensing program.

This presentation will discuss the results of the study as well as addressing the following concerns: Does the academic reputation and license policy correlate? Where and what are the good deals in licenses? Does the license policy create the environment to create a positive brand image? Secondly, the presentation will also contain an example of the commonly accepted American Institute of Certified Professional Accountants (AICPA) methods for valuing intellectual property focusing on a hypothetical university.