

Luka to LA: The New Playbook for Managing Athlete-Controlled IP

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The Dallas Mavericks' trade of Luka Dončić to the Los Angeles Lakers represents a seismic shift in the NBA and will have ripple effects across all professional sports for years. His movement from Dallas to Los Angeles reminded us of his previous battle for control over his name, image and commercial identity and provides a moment to reflect on the changing nature of athlete-, team-, and league-managed IP in professional sports. Dončić previously reclaimed control of his individual IP, but his battle, and arrival in one of the biggest markets in global sports, demonstrates how perilous IP rights management can be in professional sports and the need for teams, leagues, and sponsors to proactively manage IP rights in this ever-changing landscape.

Dončić knows what it takes for an athlete to control their own intellectual property. In 2023, he settled a trademark dispute with his mother in an attempt to reclaim the "LUKA DONCIC 7" trademark. His dispute made headlines for highlighting an evolution in how athletes approach marketing, trademark licensing and long-term commercial rights, an evolution reshaping the business of sports: athletes today are no longer content to just be product endorsers or team representatives. Instead, they want to be business entities and owners of global brands.

Traditional IP holders like leagues, teams and sponsors must adjust by finding ways to coexist with—and even benefit from—this new era of athlete-driven IP control. Instead of focusing exclusively on protecting institutional IP, leagues, teams and sponsors should invest in sustainable models for collaboration like joint IP ownership structures, NIL collectives and multi-tiered IP licensing models. This way, teams, leagues, sponsors and athletes can all share in the value they create.

Luka Dončić's Trademark Battle and the Challenge of Reclaiming IP

Dončić's battle over his "LUKA DONCIC 7" trademark provides a cautionary tale about the difficulty of protecting and reclaiming one's own intellectual property. When Dončić entered the NBA, he entrusted his mother with managing his business affairs, including registering the trademark for "LUKA DONCIC 7" in 2018.

Four years later, in 2022, Dončić sought to reclaim control of his own name and likeness. He formed Luka99, Inc., a business entity designed to manage his intellectual property, and attempted to register new trademarks, including “LUKA DONCIC” and “ORIGINAL HOOPS OF LUKA DONCIC.” However, the U.S. Patent and Trademark Office rejected those applications because of their similarity to the existing “LUKA DONCIC 7” trademark, which was still controlled by his mother.

Dončić filed a trademark cancellation petition with the USPTO, arguing that: (1) the existing trademark falsely suggested a connection with him, even though he had no control over it; (2) the existing trademark remained registered without his consent, which he formally revoked in 2021; and (3) the existing trademark had been abandoned, as it had not been actively used for commercial purposes. The dispute ultimately ended in a high-profile settlement, and it now serves as a cautionary tale for young athletes: robust IP management lies at the heart of building a business empire, and decisions made early in a career can have lasting consequences.

LeBron James’s Trademark Empire and the Future of Athletes Controlling IP

While Dončić’s trademark dispute highlights the risks of losing control, his new teammate LeBron James’ meticulous IP management represents the gold standard of athlete brand development. Since entering the NBA, James has filed over 60 trademark applications through his company, LBJ Trademarks, LLC, covering everything from his name and signature phrases to media ventures and apparel lines.

James’ trademark strategy creates a model that more athletes have started emulating. First, athletes create holding companies to manage their trademarks and licensing deals. Next, they expand their brand influence beyond endorsing other companies by launching personal businesses. Finally, they control their commercial identity by engaging in brand partnerships and licensing their marks. This proactive approach allows athletes to dictate the terms of their brands.

Young athletes in particular have learned from the Lakers’ new duo and are beginning to prioritize brand ownership over large endorsement deals. Following the Supreme Court’s landmark ruling in *National Collegiate Athletic Association v. Alston*, athletes can begin profiting from use of their names, images, and likenesses (“NIL”) while they are still in college. Future stars can manage those brands by preemptively filing trademarks to protect their names, nicknames, slogans and logos.

The New Playbook for Managing Athlete IP: Practical Tips for Leagues, Teams and Corporate Sponsors

The shift toward athlete-controlled IP is leading leagues, teams, and corporate sponsors to rethink how they manage sponsorship, IP rights and athlete partnerships. Rather than competing, these traditional IP holders should consider collaborative approaches that allow for mutual benefit, such as joint IP ownership structures and multi-tiered licensing models.

Joint IP Ownership Structures

Athletes' increased control over their IP presents competition in the sellers' marketplace where leagues and teams have historically thrived.

Joint IP ownership structures allow multiple parties to share ownership of the IP they create and divide the profits their IP generates. These structures provide multiple advantages that traditionally exclusive forms of IP ownership lack. For example, joint IP ownership structures allow athletes and traditional IP holders to play to their strengths, allocating responsibility between generating and monetizing consumer interest. Individual athletes' popularity has skyrocketed in the era of social media, and contemporary sports fans increasingly describe themselves as fans of their favorite athletes, not those athletes' leagues or teams—Dončić has twice as many Instagram followers as his former team, the Dallas Mavericks. However, Dončić does not possess the means to capitalize on his popularity the way the NBA or the Lakers do.

This IP ownership structure is already commonly utilized in European soccer. For instance, Spanish giant Real Madrid typically includes a clause in its player contracts that splits all proceeds from the player's image rights evenly between the player and the team, encouraging collaboration from both parties. In these arrangements, both sides can benefit; Joint IP ownership allows athletes to develop brands that fans care about and teams and leagues to use their expertise and infrastructure to market those brands.

Joint IP ownership structures also incentivize athletes, leagues and teams to collaborate rather than compete. Today, most athletes are free to use their own trademarks and NIL to market themselves, but they are limited in how they can use their teams' or leagues' trademarks and brand. Meanwhile, teams and leagues can market their products, but they cannot associate those products with their most famous athletes' signature phrases or likenesses. Joint IP ownership structures enable valuable collaborations in a more sustainable manner, and athletes, leagues, and teams have channels through which they can incubate new IP.

College athletes and teams have already begun experimenting with joint IP ownership structures in the form of NIL collectives. NIL collectives are organizations that operate independently of universities (but in affiliation with universities' brands) and cultivate marketing opportunities for NCAA student-athletes. The collectives offer significant compensation to student-athletes in exchange for the exclusive right to use the athlete's NIL, marrying the value of individual athletes' fame and popularity with the value of traditional IP holders' marks and their licensing and marketing expertise. These collectives provide a blueprint for how joint IP ownership structures can foster mutual success for athletes, teams and leagues.

Multi-Tiered Licensing Structures

Athlete control over IP also creates new challenges for corporate sponsors. Previously, sponsors dealt directly with leagues, teams, or players unions for branding and sponsorships. For example, the players associations of each of the four major sports leagues each control the group licensing rights for the use of players' names, images, and likenesses on licensed goods. This model is becoming increasingly infeasible. Sponsors typically avoid the challenges that come with athlete-controlled IP by crafting narrow licensing agreements that only utilize certain IP rights.

However, given the allure of packaging league, team and athlete IP into one licensing package, sponsors should develop a coherent system for obtaining these rights. Sponsors can create multi-tiered licensing structures that allow them to independently obtain IP controlled by relevant parties while ensuring that their corresponding promotions do not subject them to an unexpected lawsuit. These licensing structures should account for all protected elements that may appear in a promotion, including trademarks controlled by athletes.

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The future of athlete IP is collaboration, not conflict. Dončić's trademark battle and LeBron's carefully curated IP portfolio reflect the new era of athlete brand management—one in which athletes are no longer just assets of a league, team, or sponsor but IP holders and developers of global brands. As NIL rights expand and individual branding becomes a cornerstone of modern sports, athletes, leagues, teams, and corporate sponsors should rethink their approach to intellectual property. Joint IP ownership structures and multi-tiered licensing agreements offer a path forward where leagues, teams and sponsors can align their interests with those of the athletes who drive their value, but failing to proactively address these IP risks can lead to protracted litigation and messy, public disputes.

This article is the first in a two-part series on athlete-controlled intellectual property. Stay tuned for our next article, which will explore how athletes can build on their IP portfolios by registering signature celebrations as trademarks.

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Please do not hesitate to contact us with any questions.



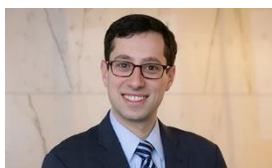
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