

Raw Emotions and Fishy Judgment:

By Brett R. Tobin

Imagine for a moment that you own a company that has spent the past two years getting off the ground and building up its brand. You even went through the cost and hassle of applying for and obtaining federal trademark registrations to protect your brand name and logo.

Your company operates in a relatively small geographic area, but you have big plans for expansion. You find out that another company is using your brand name or a name similar to it. The other company is not located anywhere near you or even in an area where you have any current plans to expand. But your instincts tell you that you need to protect that brand that you have worked so hard to build; that you need to enforce the rights you paid for and get the other guy to back down. So you call up an attorney and ask her to fire off a cease and desist letter.

Is that the right move? Is it possible that even though your legal argument might be completely sound, your judgment is not? What if, in trying to protect your brand, you end up harming it instead?

BACKGROUND

Back in July of 2018, Aloha Poke Company—a Chicago-based restaurant chain—inadvertently found itself at the center of a social media firestorm. On July 27, 2018, a poke establishment in Anchorage, Alaska,

Aloha Poke Company and the Cost Benefit Analysis of Cease and Desist Letters in the Social Media Age

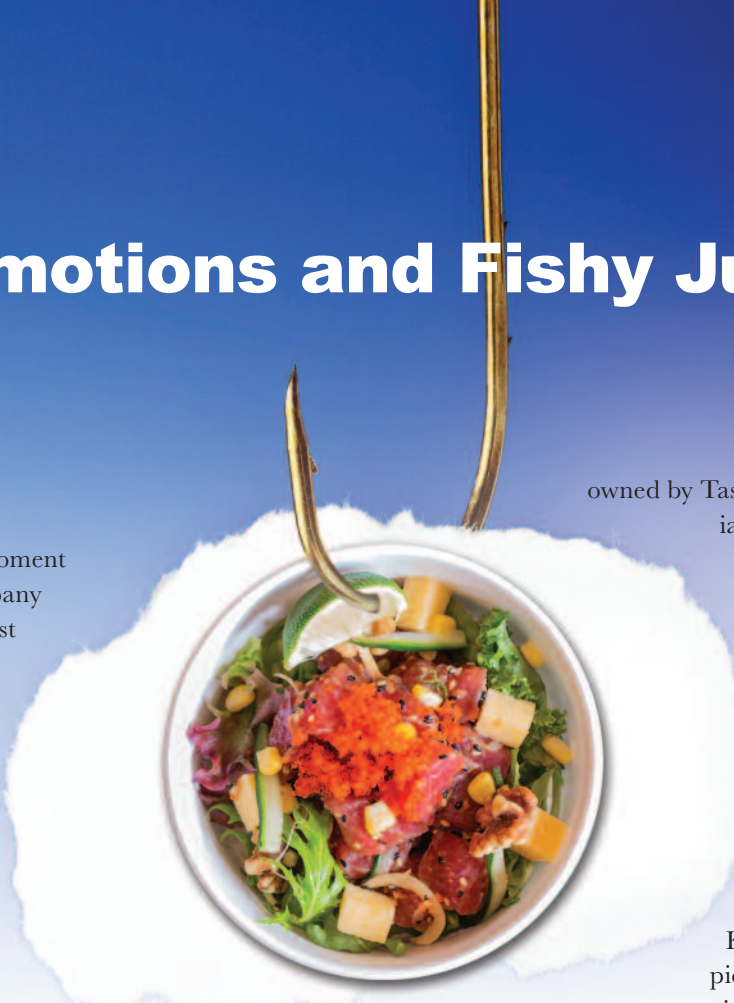
owned by Tasha Kahele, a Native Hawaiian, posted on its Facebook page that it was reluctantly changing its name from “Aloha Poke Stop” to “Lei’s Poke Stop” in response to a cease and desist letter it had received from attorneys representing Aloha Poke Company. The next day, Native Hawaiian activist

Kalamaokaaina Niheu picked up the story and in a video posted on Facebook recounted that Aloha Poke Company was sending out cease and desist letters to businesses owned by Native Hawaiians, contending that the use of the word “Aloha” in connection with food products and service constituted infringement of Aloha Poke Company’s federally-registered trademarks. The posts

quickly went viral.

Many of those responding to the news accused Aloha Poke Company of attempting to “own” the word Aloha and of engaging in cultural appropriation. Hashtags such as #NoAlohaPokeCo and #AlohaNotForSale sprang up. Petitions demanding that Aloha Poke Company take Aloha out of its name followed, along with protests staged at Aloha Poke Company locations in Chicago and other mainland locales. Calls for a boycott went out as well.

Aloha Poke Company’s social media accounts were inundated with negative comments attacking the company for its actions. Prior to the Facebook videos by Kahele and Niheu, a typical post on Aloha Poke Company’s Instagram account garnered roughly 10 com-



ments or fewer. Its post on July 24—the one closest in time to the video—has collected 1,538 comments and counting, the vast majority of which are overwhelmingly negative. Even perusing Aloha Poke Company's posts from long before the video one will see posts with negative comments, almost all of which were added after July 27, 2018. The negative posts generally attack either the restaurant's effort to "own" Aloha or the authenticity of the poke on offer there—or both. Aloha Poke Company's Facebook account shows much the same thing, with its post from July 27, 2018 being bombarded with over 1,500 mostly negative comments.

In response to the outrage, Aloha Poke Company founder and former CEO Zach Friedlander took to Facebook to note that he was "deeply saddened by the reaction" to the situation, which he then equated to a "witch hunt" and "false news." This went over about as well as you might expect. On July 30, 2018, Aloha Poke Company issued a public statement posted to its Facebook account. In it, the company stated "how deeply sorry we are that this issue has been so triggering." The statement then attempted to characterize the issue as a misunderstanding, stating that there was "zero truth to the assertion that we have attempted to tell Hawaiian-owned businesses and Hawaiian natives that they cannot use the word Aloha or the word Poke. This simply has not happened, nor will it happen." It also made clear that its trademark "does not prevent another person or entity from using the word Aloha alone or the word Poke alone in any instance." The company concluded by saying "[w]e are truly sorry for all of the confusion that this has caused."

However, it quickly came to light that the assertions in the company's public statement ran counter to the language of the very cease and desist letters that set off the controversy in the first place. Jeff Samson, co-owner of Aloha Poke Shop in Honolulu, posted a copy of the letter he had received from Aloha Poke Company to illustrate that point. The letter, dated January 17, 2018, demands that "your use of 'Aloha' and 'Aloha Poke' must cease immediately." It then requests "that you immediately stop all use of 'Aloha' and 'Aloha Poke' in association with selling your food". Obviously, it is difficult to square the statement that there is "zero truth" to the accusation that the company told people they could not use "Aloha" with the statement "your use of 'Aloha' . . . must cease immediately."

The mis-characterization of the company's own

position, combined with the defensive "non-apology" nature of the response—in other words, apologizing for people's reaction to the company's actions rather than the actions themselves—led to even further backlash. The July 30 post generated over 8,000 mostly critical comments. It also received, for what such things are worth, 3,700 "angry face" emojis compared with only 267 "likes." All of this provided a vivid real-world illustration of Rule No. 1 in the public relations game: when you find yourself in a hole, it is best to put down the shovel and stop digging.

Aloha Poke Company did just that as its Instagram and Facebook accounts then went silent with no posts of any kind for over three months, finally re-surfacing on November 6, 2018 without any further mention of the controversy. The company's Instagram account now prevents any comments from being entered in response to its posts. While its Facebook page has roughly 3,000 followers, the newly-formed "Say NO to Aloha Poke Co." page already has over 2,000.

Additionally, while it is impossible to identify the cause for certain, it is noteworthy that Aloha Poke Company's first San Diego location closed abruptly in late August 2018 after just two months in business. See <https://www.sandiegoville.com/2018/09/amidst-controversy-chicago-based.html>. In September 2018, a location in Los Angeles also closed its doors. See <https://chowyumla.wordpress.com/2018/09/10/aloha-aloha-poke-tipsy-cow/>. As noted, there is no real basis for assuming the closings are related to the controversy, but the timing is interesting. Because Aloha Poke Company is not a publicly-traded corporation, any effect the controversy had on its overall sales is unknown. Similarly, there is no good way to quantify the damage to the brand going forward. What is certain, however, is that it is definitely not "zero."

All of which likely leaves Aloha Poke Company wondering how it ended up in this position. Surely, when it set out to protect its intellectual property, it did not intend to shoot itself in the foot instead.

LEGAL FRAMEWORK

In its defense, from a legal standpoint, Aloha Poke Company is not entirely in the wrong. It is the owner of two valid U.S. Trademarks—Registration No. 5,031,423 to the words "Aloha Poke" in any font and Registration No. 5,123,102 to its logo which is a circle with a stylized "Aloha" and the words "Poke Co." un-

derneath it. Both registrations are in Class 43 for catering services, restaurant services, and take-out restaurant services. Each registration claims a first-use date of February 2, 2016.

So, while many of the protesters have called into question why such trademarks could be allowed in the first place, the fact of the matter is that they were—both marks received registrations following the review process of the U.S. Patent and Trademark Office (“USPTO”). Further, despite the outcry over the threshold notion that anyone could ever possibly trademark the word “Aloha” there are currently well over 1,000 federally-registered trademarks including that term.

Thus, Aloha Poke Company unquestionably has defensible trademark rights that extend throughout the United States. Beyond that, given the way trademark law is structured, as the owner of a registered trademark, it has a duty to enforce those rights. While the USPTO may block subsequent applications for similar marks on related goods or services, there is no government agency charged with policing instances of trademark infringement. Instead, it is up to the owners themselves to protect their own intellectual property. And, indeed, a failure to do so can lead to harsh consequences, including a finding of waiver or abandonment for marks that are not maintained.

The doctrines of acquiescence, laches, and waiver can all be raised as defenses in an infringement action. Acquiescence results from a trademark owner exhibiting some level of agreement or even *implied* consent to a potentially infringing use of a substantially similar mark. See, e.g., *Profitness Phys. Ther. Center v. Pro-Fit Orthopedic and Sports Phys. Ther. P.C.*, 314 F.3d 62, 67 (2d Cir. 2002). This can

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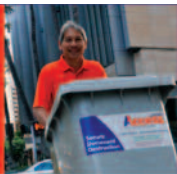


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even arise from a simple failure to object. Similarly, laches can arise without any showing of intent to consent but rather from an unreasonable lack of diligence. See, e.g., *Bunn-o-Matic Corp. v. Bunn Coffee Service, Inc.*, 88 F. Supp. 2d 914, 925 (C.D. Ill. 2000). The bar for a finding of waiver is higher in that it requires an intentional relinquishment of one's rights.

See, e.g., *U.S. v. King Features Entm't*, 843 F.2d 394, 399 (9th Cir. 1988). So the risks in allowing infringement to go unchecked are real.

Going through the time, effort, and expense in obtaining a registration can sometimes make a party myopic. There's an old cliché that when all you have is a hammer, every problem starts to look like a nail. Sometimes having a trademark registration can have a similar effect. When coupled with the pressure to enforce that is created by the potential use-it-or-lose-it doctrines discussed above, it can cause a party to lose sight of the goals that led it to seek trademark protection in the first place.

Yes, you have legal rights you can enforce. But should you? And, if so, how?

WEIGHING OPTIONS

The only reason to obtain a trademark registration in the first place is because you think your brand has value that you want and need to protect. That value is often amorphous and intangible, but it is tied up in general no-

tions of reputation that are frequently labeled as "goodwill." In practically every trademark infringement complaint that has ever been written, one will find an allegation relating to the "valuable goodwill" the

company has built up over time and how that goodwill is threatened by someone else's actions. Indeed, the phrase can be found prominently in Aloha

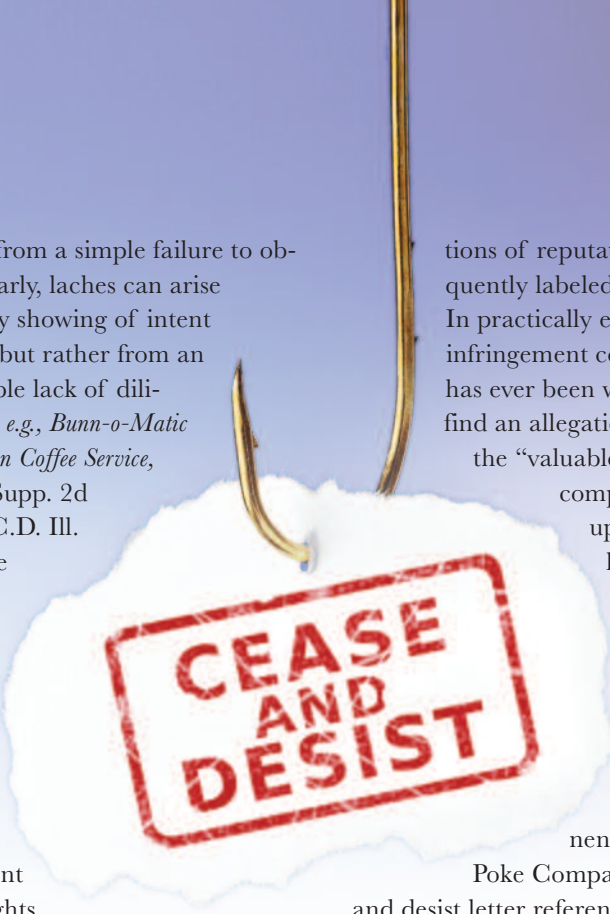
Poke Company's own cease

and desist letter referenced above.

"While we do not seek to interfere with your business or your practice of selling poke cuisine, Aloha Poke cannot let these uses continue without harming its valuable trademark rights in and goodwill associated with its Registered Mark."

Too often, parties grow overly concerned with protecting their "rights" instead of focusing on protecting their "goodwill." The rights are just a means to an end. What matters is the value of the brand and its reputation in the marketplace. In getting caught up in the moment, companies can lose sight of the fact that everything they do affects their reputation. These effects can be small or large, but it is important to remember that your method of protecting your brand is *also* part of your brand, so you need to act accordingly. As will be demonstrated below, enforcement of trademark rights can become its own method of marketing. Your brand is out in the public the minute a cease and desist letter is sent. How will that brand be perceived?

Aloha Poke Company's mistake





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was not in seeking to protect its brand. The mistake was in dramatically miscalculating how to do so and the negative impact such efforts could have. There are a number of factors that a company should consider when deciding whether and how to take enforcement action, and Aloha Poke Company appears to have ignored or misjudged nearly all of them.

First, Aloha Poke Company misjudged its audience. In the social media age, every cease and desist letter is just a few clicks away from being published to a much broader audience than merely its addressees. If the recipient is a small business, there is no guarantee that the person reading the letter is well-versed in the nuances of trademark law. Indeed, it would be safer to assume the opposite. And if the letter gets out to the general public, that assumption is even stronger.

Aloha Poke Company was actually correct when it pointed out in its July 30 public statement that there was a great deal of confusion in response to its letters. News accounts of the controversy are replete with people remarking on how no one should be able to “own” the word “Aloha” (or patent or copyright it, neither of which was ever at issue). People also seemed to be unaware that the trademarking of a brand name containing the word “Aloha” was not a new development when they argued that such activity should be banned despite the existence of over 1,000 such marks. Some people expressed a desire for a rule that “Aloha” could only be used in a trademark sought by Native Hawaiian-owned businesses or businesses with ties to the state. None of those are legitimate legal arguments, obviously. But the court of public opinion does



When sending a cease
and desist letter in
the age of social media,
imagine it as a viral
post on Reddit or
Facebook first.

not concern itself with statutes and case law. And when the only thing of value in a dispute is a brand’s goodwill and reputation in the public eye, legal arguments quickly fall by the wayside. From a public relations standpoint, it does not matter if what the people are shouting about you is legally accurate. It matters that they are shouting in the first place.

So, while there is no doubt that there was confusion and misinformation in the response to Aloha Poke Company’s actions, there is also no doubt that such confusion and misinformation were utterly foreseeable and should have been anticipated. In instances such as these, a company and its attorneys need to realize that their audience when writing a letter like this is not just other lawyers or judges, but the public at large. As lawyers, we often advise our clients to do things such as imagine reading an email aloud in a deposition before sending it. The rules are not all that different for attorneys. When sending a cease and desist letter in the age of social media, imagine it as viral post on Reddit or Face-

book first. If you see “angry face” emojis as a likely response, perhaps it is time to consider a different approach.

Second, Aloha Poke Company badly misjudged the context and circumstances. Here was a mainland company using an extremely powerful and symbolic Hawaiian word in its name, selling a uniquely Hawaiian product, and demanding that businesses based in Hawaii or, in some cases, owned by Native Hawaiians, stop using that same word. That such actions might lead to controversy could have been seen a mile away by anyone with any connection to

Hawaii or its culture. This situation called for an extremely delicate and respectful touch, not a letter out of the blue from a lawyer in Chicago.

Third, Aloha Poke Company similarly misjudged the tone it needed to take. Its letters demanded that the recipients immediately cease all use of the word “Aloha” and further that they “destroy all packaging, marketing materials, advertising, photographs, Internet usage, and all other materials and things that bear the designation of ‘Aloha’ or ‘Aloha Poke.’” This demand includes removal of ‘Aloha’ and ‘Aloha Poke’ from any company name, domain name, Facebook page or other social media site, or other source identifier.” This demand was needlessly heavy-handed and almost certain to garner a negative response.

Fourth, and perhaps most importantly, Aloha Poke Company misjudged the necessity or importance of taking this particular action. Some of the questions it should have asked itself were: (1) whether the companies it was targeting had any designs on expanding into Aloha Poke Company’s existing or planned markets and (2) whether Aloha Poke Company had any plans to

expand into the markets occupied by these businesses. For example, it seems unlikely that a Chicago-based poke company had any current intention of opening a franchise in Hawaii or Alaska. Similarly, the small businesses in Hawaii and Alaska likely had no desire to expand into the Midwest.

Granted, an argument could be made that by allowing these purportedly infringing operations to continue business anywhere in the United States, Aloha Poke Company risked being accused of acquiescence. But this merely leads to another point that a different remedy could have been sought. Companies with similar names and trademarks frequently resolve potential disputes through consent or coexistence agreements. These are simply contractual arrangements under which the parties lay out the parameters of who is allowed to use what names, on what products, and in what areas, among other things. It is true that by executing such agreements, the party with the potentially stronger claim would be giving up a slice of its intellectual property rights just as an owner of real property surrenders certain rights when granting an easement. But it gains peace of mind in return while avoiding the possibility of damaging reputational blowback from a protracted dispute. Another option would have been to provide a limited license to the allegedly infringing parties on terms agreeable to both sides.

Additionally, a trademark owner needs to carefully consider whether an infringement action would be too risky before sending off a letter carrying an implicit or explicit threat that it will take such action. An infringement action could and commonly does lead to a counterclaim seeking invalidation or cancellation of the plaintiff's mark. If the mark is not particularly strong in

the first place—because it is merely descriptive, for example—it may not be worth the risk of forcing that issue. Of course, this potential risk is a good reason to avoid choosing a weak mark in the first instance, both because it might not survive an attack and because an unoriginal mark will be copied more frequently, thus requiring more costly defensive actions to police it. But the point is that there is little sense in sending a cease and desist letter that you do not intend to back up with further action. Indeed, a letter that gets ignored or unenforced can put the owner in a worse position than having sent no letter at all in terms of the defenses of acquiescence and laches. So, if the threat will be an empty one, there is little to no value in making it.

Compromise solutions like consent and coexistence agreements or licensing arrangements can often be pursued more informally, and less confrontationally, before resorting to a cease and desist letter. Initial contacts can be made between the business owners themselves rather than through outside attorneys. In certain situations, this can help prevent things from getting off on the wrong foot. In the case of Aloha Poke Company, given the sensitive cultural posture, this type of respectful non-confrontational outreach was far more likely to be successful while avoiding the sort of hurt feelings that lead to angry responses.

In short, while Aloha Poke Company sought to protect its brand, it ended up suffering extremely serious

In Fond Memory of



Harvey Henderson,

Harvey E. Henderson, Jr. passed away on Friday December 21, 2018, at the Straub Medical Center surrounded by family and dear friends. His passing leaves a void which will be hard to fill. He will always be remembered as a good guy. Harvey practiced law in Hawaii for over 45 years and, in semi-retirement, he served as the Board Chair of Easter Seals Hawaii. Harvey will be missed by all who knew and loved him. A memorial service will be held on Sunday, February 17, at 2:00 p.m. at the Pacific Club, 1451 Queen Emma Street, Honolulu.

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self-inflicted wounds instead. The lesson to be learned from all of this is that companies and their attorneys must always keep in mind that the ultimate goal is protection and enhancement of the brand and its reputation and goodwill. If the action being considered risks causing more harm than the threat being confronted, it is time to reconsider tactics. However one runs the calculations, it is safe to say that allowing the Aloha Poke Stop in Anchorage, Alaska to continue doing business under that name would have resulted in far less harm to Aloha Poke Company's bottom line than was caused by the public relations nightmare it unwittingly unleashed upon itself by forcing the issue. Indeed, in a somewhat ironic twist, the Anchorage establishment is now perhaps better off having changed its name so as to avoid any association with the now-tainted Aloha Poke Company brand. While the whole controversy started with Aloha Poke Company being worried that its brand could be harmed by others using similar names, it now could sorely use some of the goodwill those businesses bring to the table.

Having pointed out a powerful example of what *not* to do, we now move to a discussion of some companies who managed to finesse some tricky intellectual property problems into win-win situations with a little creativity and good humor.

A BETTER PATH

In recent years, several companies have demonstrated a keen awareness of how to manage the viral social media age and use it to their advantage. In these instances, the companies were not only able to obtain the outcome they wanted with respect to protection of their intellectual property but they also managed to score positive publicity

that further enhanced the value of their brands.

In 2017, a Chicago business sought to capitalize on the success of the Netflix television series "Stranger Things" by creating a pop-up bar devoted to the show. This action inevitably got the attention of Netflix, but instead of firing off a strongly-worded threatening letter, the company showed that its creativity extends beyond its content-developers. Netflix sent a tongue-in-cheek letter in-keeping with the 1980s middle school aesthetic of the show. In it, the company's in-house counsel included phrases like "I don't want you to think I'm a total wastoid" and signed off by saying "please don't make us call your mom." Importantly, the letter also avoided making heavy-handed demands, asking only that the bar not extend beyond its scheduled six-week run and that it seek permission in the future before doing anything similar. Perhaps most clever of all, Netflix acknowledged the fandom that led to the copying in the first place and squeezed in a plug for the show's then-forthcoming second season. Somewhat predictably, the letter went viral and drew positive media coverage for Netflix while also serving to provide free advertising for season two which was released shortly afterwards.

In December 2017, Anheuser Busch, the brewer of Budweiser and Bud Light among other brands of beer, got in on the act as well. At the time, Bud Light had begun running a series of advertisements centered around a fictional medieval kingdom with a penchant for Bud Light. The ads featured the king and his subjects toasting each other with the phrase "Dilly Dilly" while anachronistically quaffing Bud Light—the sort of thing you might expect to see multiple times while watching a televised football game.

Enter Modist Brewing Company, a Minneapolis craft brewery, that decided to create and market a beer called the Dilly Dilly Mosaic Double IPA, using a font and color scheme similar to the one used by Bud Light. It is important to bear in mind the context here. With one of the largest breweries in the world squaring off against a small local operation—coupled with the ongoing macrobrew vs. microbrew dynamic that is prevalent in the industry at the moment—the stage was set for Bud Light to come across as the big corporate bully trying to squeeze the little guy. Had Bud Light come in with a standard threatening cease and desist letter, the risk was high that it could suffer social media blowback. What it did instead was inspired. On the day of the release event for the Dilly Dilly Mosaic Double IPA, Bud Light sent an actor dressed in medieval garb to Modist’s brewery tasting room. The actor proceeded to read a cease and desist “letter” from a scroll of parchment complete with the “hear ye hear ye” language of a renaissance faire town crier.

While noting that Bud Light was “flattered by the tribute,” the scroll stated that “‘Dilly Dilly’ is the motto of our realm, so we humbly ask you keep this to a limited edition, one time only run. This is by order of the king. Disobedience will be met with additional scrolls, then a final warning, then a private tour of the Pit of Misery.” The scroll concluded by offering Modist two tickets to the Super Bowl taking place in Minneapolis two months later. The whole presentation was captured on video and posted to Modist’s Facebook page where it has since been viewed over 600,000 times. *See*

<https://www.facebook.com/modistbrewing/videos/1769474706456277/>

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Modist complied with the request, ultimately changing the name of the beer to “Coat Tails” in reference to the incident. They then took a signed copy of the scroll and had it posted on the wall of their tasting room. Bud Light got what it wanted—protection of its intellectual property—and a great deal more in terms of goodwill and free marketing by coming across as a good sport that does not take itself too seriously. And Modist came out ahead too with a good amount of publicity for itself (plus Super Bowl tickets). This sort of scenario in which everybody wins should be the goal.

In another beer-related example, San Francisco-based Seven Stills Brewery created a barrel-aged beer called “In-N-Out Stout.” The company doubled-down on the obvious homage to the California burger chain of the same name by adding a label that mimicked In-N-Out’s cups and posting a picture of it to its social media pages. Unsurprisingly, this garnered a response from In-N-Out. As with Bud Light, though, rather than come in with guns blazing, the company opted to take a softer approach by sending a letter replete with beer-related puns (“we felt obligated to hop into action in order to prevent further issues from brewing”) and a polite request to change the name and labels. Seven Stills agreed to re-label the beer ahead of its release and then it purchased a hundred In-N-Out burgers to serve at its kickoff event. As a result of the media coverage surrounding the pun-laden letter, Seven Stills expected the release to be its most popular to date.

This case raises an interesting side issue regarding whether efforts by bigger companies to play along might be exploited to the point where they prove counterproductive. After all, Seven Stills admitted that it *expected* to receive a cease and desist letter and had already made plans for alternative packaging. Their trademark transgressions, and the publicity that followed, then led to their biggest sales. Smaller companies who witnessed this event and the one involving Bud Light might justifiably be tempted to intentionally come close to or even cross the line in the hopes of gaining some free publicity (and possibly even Super Bowl tickets) when a big company takes the bait. This could create a kind of perverse cycle in which the bigger company’s reaction actually draws more of the activity it is trying to stem.

But this just goes back to the earlier discussion of the purpose for seeking trademark protection in the first place—to enhance and secure the value of the company’s brand. While it may be true that certain compa-

nies could try to take advantage of another company to gain publicity for themselves, if the end result of the exchange is a net increase in the bigger company’s public reputation there is little to complain about. The risk of these sorts of incidents becoming an overwhelming trend is minimal, and any such risk is still outweighed by the potential upside of demonstrating that your company has a sense of humor or at least can handle a situation smoothly and without unnecessary conflict.

Importantly, while the above examples may be amusing, a company can still take a less aggressive stance without self-consciously seeking social media attention or having a viral video opportunity at the ready. As an example of an understated approach, Jack Daniels whiskey received attention for simply sending a polite and cordial letter. When Patrick Wensink’s satirical novel “Broken Piano for President” went to press in 2012, it featured cover art that looked remarkably similar to the famous Jack Daniels whiskey bottle label. Attorneys for Jack Daniels responded with a cease and desist letter that hit all the relevant legal points, but did so in a way that did not come across as unnecessarily aggressive. It politely asked that future printings of the book be revised, and it offered to help pay for the cost of changing the design if the publisher decided to do so even sooner. The letter even appealed to the author’s status as an artist to point out their shared interest in protecting creative ideas.

Unlike these other examples, this letter did not seem explicitly aimed at garnering media attention, but it did so just the same. In so doing, it helped enhance Jack Daniels’ reputation for southern gentility, while giving Wensink’s book a sales boost to boot. Another crisis averted and another win-win scenario for all involved.

Obviously, not every case will lend itself to these sorts of tactics. There may not have been an especially clever or artful way for a mainland poke company to ask a Hawaiian company to drop its use of the word “Aloha.” But, at the very least, reaching out more informally and with an atmosphere of respect and aloha could have helped to head off the sort of sentiments that fed the backlash.

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