

NorthSky v. Coastline: The Drone IP Dispute

Notes

1. No element of this scenario—including business names, product details, character identities, or the description of events—is based on reality. All components are products of fiction and should not be construed as reflecting any existing individuals, organizations, products, or incidents. Should any parallels to real-world scenarios exist, they are purely unintentional and designed only for instructional purposes.
2. The dispute at issue involves entities from the State of Northland and the Republic of Coastland, two countries of the continent of Aurora which are parties to the Paris Convention for the Protection of Industrial Property (Paris Convention), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Patent Cooperation Treaty (PCT) and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol).
3. The Coastland Intellectual Property Office (CIPO) and Northland Intellectual Property Office (NIPO) are competent to deal with all application and registration procedures for patents and trademarks in the Republic of Coastland and State of Northland, respectively.

I. The Rise of NorthSky's Drones

4. In the high-tech city of Lynnborg, the capital of Northland, nestled amid the crystalline towers of the Aurora continent's northern industrial belt, NorthSky Drones Ltd. ("NorthSky") had built its reputation on one core mission: *to make humanitarian aid fly farther, faster, and safer*. Founded in February 2018 by Dr. Lina Chen, a visionary engineer known for her quiet brilliance and uncompromising ethics, NorthSky specialized in long-range Unmanned Aerial Systems (UAS) – commonly known as drones - designed to reach places traditional aid convoys could not.

II. The "Lifeline UAS" and "NorthSky Red"

5. In August 2019, Dr. Chen and her two leading engineers - Mr. Jonas Okafor and Ms. Anya Solis - finalized the first working prototype of NorthSky's most ambitious project, "Lifeline UAS", a modular UAS system capable of delivering medical supplies and telemedicine¹ deep into disaster zones. As of late 2020, Lifeline UAS had not yet been commercialized; NorthSky was conducting pilot deployments and preparing for a commercial launch.
6. All NorthSky drones, regardless of model, share a common characteristic: bright red body and chassis. The chassis is the drone's structural frame, providing integrity and housing the drone's onboard systems and payload. Dr. Chen initially chose bright red to be the dominant color of her products because she wanted Northsky's drones to be more easily seen by people on the ground in need of help. However, she quickly realized that the

¹ "telemedicine" means the use of electronic information and communications technologies to provide and support health care.

bright red color could distinguish her drones from those of her competitors as well. With the support of an Angel Investor who provided 250 million Northland Dollar (NLD) (the equivalent of USD 500 million) capital investment in 2018, from its first year of operation NorthSky invested heavily in marketing to build brand recognition and to associate the bright red body and chassis (“NorthSky red”) with NorthSky as a source of humanitarian UAS solutions, even before Lifeline UAS was commercially launched. Since then, NorthSky has spent approximately NLD 25 million annually (the equivalent of USD 50 million) on advertising campaigns focused heavily on its products’ distinctive bright red color. These campaigns targeted primarily institutional decision-makers and procurement stakeholders—government agencies, ministries, emergency-response authorities, and NGOs—through Search Engine Optimizer (SEO) and targeted online advertising, as well as television and print placements aimed at the same professional audience, such as industry-specific television programming and sector-focused publications, rather than general consumer retail marketing.

7. To further bolster the association of the color red with its products, NorthSky uses the slogan RED IS ON THE WAY in its online videos and television advertising—a play on the phrase “Help is on the way.” On January 2, 2020, NorthSky applied for an international trademark registration for the word mark RED IS ON THE WAY in Class 12 of the Nice Classification System through the World Intellectual Property Organization (WIPO) Madrid System, based on a national application for the same trademark first filed and registered in Northland. That application resulted in the international registration No. 252526, designating various countries around the world, including Coastland. On February 12, 2021, it was granted protection by CIPO (see the Statement of Total Grant of Protection for International trademark registration No. 252526 in Annex A1). Through its significant advertising expenditures and continued and sustained use, NorthSky also obtained a registration for its trademark in the State of Northland for the bright red color of its drone chassis, which its employees refer to as “NorthSky red” (Hex code #ff3131). NorthSky presently has a pending trademark application for the color “NorthSky red” with the CIPO (see the trademark application No. 4-2021-02711 in Annex A2), which NorthSky asserts has acquired distinctiveness as from the start of the promotion in 2018.



NorthSky’s advertisement featured the slogan “RED IS ON THE WAY”

III. From Filing to Granted Patent: NorthSky's Patent Journey

8. On January 13, 2020, NorthSky's patent attorney filed a national patent application 62/856,322 (see Annex B) before the Northland Intellectual Property Office (NIPO), naming Ms. Lina Chen, Mr. Jonas Okafor and Ms. Anya Solis as both co-applicants and co-inventors. The application described a modular parent-and-child drone configuration. The parent drone or Unmanned Aerial Vehicle (UAV) transports, powers, and deploys multiple "smaller" child UAVs that are equipped with a hazard-resistant medical payload bay, environmental sensors, and a communication interface for rapid medicine delivery and immediate remote diagnostics. What sets it apart from existing UAS systems is the combination of multiple advanced technologies in one product, namely modular, docking UAV architecture, advanced environment sensing, secure automated medical payload handling and telemedicine communication suite.

[Under Northland law, in the absence of a specific written agreement, inventions made by employees belong to the inventors themselves; there is no statutory provision automatically vesting employee inventions in the employer.]

9. In early 2020, NorthSky's team began monitoring developments in the wider drone industry. Around that time, Dr. Chen recalled a science-fiction novel by an author from a distant country called Saruhan, first published approximately fifteen years earlier. The novel, titled "Dreams of Tomorrow's World" (see Annex C), depicted various imaginary future inventions, including an unmanned flying system that delivered food and basic supplies to remote mountain villages using miniature flying objects launched from a larger carrier craft. Although clearly fictional and lacking detailed technology, the book had been publicly available for years in print and in online library archives.

[Students shall assume that, aside from common general knowledge, the only prior-art document in the record is the "Dreams of Tomorrow's World" (see Annex C). No additional prior art may be relied upon for validity arguments].

10. In late 2020, NorthSky's management decided to pursue international patent filings based on the Northland application to support the future commercialization of Lifeline UAS and potential deployment beyond Northland. On December 1, 2020, Dr. Chen and Mr. Okafor each signed a written assignment (see Annex D1 and D2) in favor of NorthSky Drones Ltd., transferring their rights to be granted a patent and their rights to claim priority from the Northland national patent application. PCT Declarations under Rule 4.17(ii) and (iii) were added at the time of filing referring to the assignments. By contrast, NorthSky was unable to secure a corresponding assignment from Ms. Solis. On November 1, 2020, Ms. Solis informed her supervisor, Dr. Chen, that she needed to take an extended leave of absence for urgent personal reasons. She requested unpaid leave, indicating that she would be travelling abroad and might have limited access to email and phone for an undefined period. Over the following weeks and months, NorthSky repeatedly tried to contact her, but Solis could not be reached. Her friends reported that they did not know her whereabouts, and even the family members listed as her emergency contacts did not respond or were unable to provide any reliable information on her situation. She seemed to have disappeared completely, much to the dismay of her family, friends, relatives and

colleagues. As a result, she did not execute any assignment before the subsequent PCT filing.

11. On January 11, 2021, NorthSky Drones Ltd. filed a PCT application claiming priority from the Northland's national application No. 62/856,322. The PCT application, later published as WO 2020/004111 A1 under the title "*Modular unmanned aircraft system for remote aid delivery and telemedicine support*", designated all Contracting States of the PCT including Coastland. Unlike the Northland national application, the PCT application named NorthSky Drones Ltd. as the sole applicant.
12. After the PCT application entered the national phase in Coastland, the case was examined by the CIPO under the Law on Patents of Coastland. Following substantive examination, the CIPO granted protection to the invention under Patent No. 3 456 000 B1 (see Annex E) on February 29, 2024, with the same title as the PCT application.

IV. Coastline's Entry into the UAS Market

13. By the time Patent No. 3 456 000 B1 was granted by the CIPO on February 29, 2024, all three named inventors - Dr. Chen, Mr. Okafor and Ms. Solis - remained employed by NorthSky, although Ms. Solis had not returned. Within the industry, rumors spread that the Coastline Drone Logistics Ltd. ("Coastline"), a Coastland-based logistics company located in Riverton, Coastland, was expanding into advanced medical delivery services. Coastline's senior management viewed the humanitarian UAS market as a major growth opportunity.
14. Around this period, Coastline announced the creation of an "Advanced Medical Logistics Division" at its headquarters and hired a former NorthSky employee, Ms. Elena Marie Novak, to lead the division as its director. Ms. Novak was a control-systems and software engineer who had contributed to discrete aspects of NorthSky's Project Lifeline's navigation algorithms and environmental sensing integration. Although her role at NorthSky was limited in scope, Ms. Novak's move attracted attention within NorthSky's engineering team, particularly among those involved in flight-control software and stability testing.
15. Ms. Novak was a *protégée* of Dr. Chen. She was rumored to have had a falling out because Dr. Chen failed to include her as a named inventor when filing the national patent with the NIPO in 2020. Dr. Chen believed that Ms. Novak's contributions in drafting the algorithms that run Lifeline's navigation system, while proprietary to NorthSky, were not inventive concepts relating to any claim of the patent. Therefore, including Ms. Novak as a named inventor was not appropriate. In addition, NorthSky made the strategic decision not to include patent claims that would require disclosure of its navigation algorithms so those algorithms could be kept as trade secrets indefinitely. As a condition of her employment, Ms. Novak signed a non-disclosure agreement (see Novak's NDA in Annex F2) in which she stated that she would keep her work at NorthSky, including any work product generated during her employment, confidential and not disclose it to anyone (~~see Novak's Affidavit in Annex F1~~). The navigation algorithms developed for Project Lifeline have been used as the basis for the navigation systems of all NorthSky drones going forward.

16. On November 1, 2024, Coastline issued a press release unveiling its new flagship product, the “Medi-Scout Pro.” The release promised “next-generation medical delivery autonomy” and highlighted a modular system with a compact, lightweight carrier drone similar to a first aid box and smaller autonomous delivery units, equipped with modular, docking architecture allowing in-flight charging and deployment of multiple child UAVs for extended mission efficiency. The press release also announced that Medi-Scout Pro would be publicly demonstrated at the upcoming International Drone & Robotics Trade Fair in Velora, the capital city of Coastland, scheduled for the week of March 17 to 21, 2025, which is one of the premier platforms for drone and robotics innovation. NorthSky considered that the wording of the release seemed to be very similar to the description of NorthSky’s product, but there were still not enough technical details to support a clear infringement allegation. The press release included a picture of the Medi-Scout Pro, which was entirely red in color. Coastline’s products were traditionally blue in color to evoke both the ocean and the sky with its branding. The press release stated that the red was chosen for the new Medi-Scout Pro because several studies showed red created the greatest contrast with the sky during daylight hours, making it the most functional selection given the drone’s intended purpose. In addition, the press release cited common civil-aviation visibility recommendations that blue, white, and grey—being low-contrast against the daytime sky—are generally viewed as unsuitable colors for daytime UAV visibility in civilian airspace.

V. The Clash at the Velora Trade Fair

17. On March 17, 2025, Velora International Drone & Robotics Trade Fair began in the Coastland’s city of Velora. Coastline’s booth showcased Medi-Scout Pro under a banner reading: “Medi-Scout Pro – Next-Generation Medical Delivery Autonomy.” The Trade Fair being open to the public, including prospective clients, and one of the NorthSky systems engineers attended it as a visitor. During a live demonstration of Medi-Scout Pro, the NorthSky engineer recorded a video showing a parent drone flying over a simulated disaster zone, the deployment and landing of two smaller child delivery units over uneven ground, secure and automated (un)loading of medicines and first aid kits, along with real-time telecommunication and a built-in camera and microphone enabling remote medical guidance. On the recording, the parent box-shaped drone carried two box-shaped child drones inside and released them one by one upon receipt of the coordinates of targets. Medi-Scout Pro drones appeared to fly smoothly and stably in simulated harsh conditions (strong winds, hail, wildfires). The child drones landed precisely on their targets and only opened the bottom payload to release a medical package after landing.
18. Back at NorthSky’s headquarters in Lynnborg, the video was reviewed internally frame by frame. Dr. Chen remarked: “This is essentially our system. Our technologies cover all these features. Elena really gave them everything.” In addition, NorthSky further noted that under normal daylight conditions and at typical operational visibility, the red finish on Medi-Scout Pro appeared visually indistinguishable from the red used on NorthSky’s Lifeline drones. NorthSky’s in-house counsel, Mr. Daniel Brooks, considered that there was an obvious infringement of Patent No. 3 456 000 B1, but the difference in design of the drones might be our pain point given that the patent only claims protection over

“unmanned aerial vehicle having an airframe structure” (Claim 1 of Patent No. 3 456 000 B1). There was also suspicion that Medi-Scout Pro was manufactured with the same coating material that had been only partially disclosed in Claim 9 of the patent while the whole manufacturing process is preserved as the company’s trade secret.



One of the frames capturing Medi-Scout Pro in Velora International Drone & Robotics Trade Fair

19. The timing increased the pressure since the International Humanitarian Procurement Agency (IHPA) and several Ministries of Health were present at the Trade Fair and indicated that they were preparing major tenders for humanitarian UAS services. A successful public demonstration by Coastline could strongly influence those procurement decisions. After urgent internal discussions, NorthSky decided to initiate legal proceedings against Coastline.

VI. Provisional Measures Before the Coastland Commercial Court – IP Chamber

20. On March 18, 2025, the second day of the Velora Trade Fair, NorthSky filed an *ex-parte* application with the Vineapolis Commercial Court – IP Chamber, seeking provisional measures based on Patent No. 3 456 000 B1. The Vineapolis Commercial Court is located in Vineapolis, the main city of the judicial district in which Riverton, the place of Coastline’s headquarters, is located. The application was filed on the basis of Articles 3.01 *et seq.* of the Intellectual Property Enforcement Law of Coastland.
21. In its *ex-parte* request, NorthSky asked the court to order urgent provisional measures against Coastline, namely: An on-site inspection and description of Medi-Scout Pro units by a court-appointed expert at the Trade Fair venue (including, if applicable, any booth of a potential customer of Coastline), with taking of sample, in order to secure evidence of the alleged infringement.
22. NorthSky argued that provisional measures were necessary because there was an obvious threat of patent infringement, in addition to an obvious threat of trademark infringement and trade secret misappropriation, and that it had to occur during the Trade Fair in order

to be able to see the Medi-Scout Pro Drones in action during the demonstrations. The provisional measures were urgent because the Trade Fair was still ongoing, key potential buyers were present, and any delay would allow Coastline to “lock in” strategic contracts and shape market expectations before the court could decide on the merits.

23. Acting in *ex-parte* proceedings, the President of the Court granted the requested provisional measures the same day (March 18, 2025). In its order (see Order of President in Annex G1), the President:

- appointed and authorized an expert - a patent attorney recommended by NorthSky- to carry out an on-site inspection of Medi-Scout Pro at the Trade Fair, including the taking of drones as sample;
- ordered that Coastline shall not remove, conceal, alter or otherwise interfere with the inspected units in a way that could affect the description;
- authorized the attorney of NorthSky to attend the operation (implementation of the provisional measure);
- ordered the appointed expert to submit his/her expert report within fifteen working days following the implementation of the provisional measures in the Trade Fair; and
- required NorthSky to file an action on the merits before the competent court within 20 working days or 31 calendar days (whichever is longer) from the submission of the expert’s report, failing which the provisional measures would automatically lapse.

24. The provisional measures were executed on March 19, 2025. The appointed expert, the bailiff and the attorney for Northsky came to the Coastline booth at the opening of the Trade Fair and proceeded to the inspection despite the large number of visitors. The bailiff served the order on Coastline's representatives, who then asked him and the expert to wait until both Coastline's attorney and in-house legal adviser could arrive before executing the order. However, the expert, prompted by NorthSky’s attorney, refused to wait, considering that it would take at least four hours before Coastline’s attorney and in-house legal counsel could arrive from Riverton. The expert asked Coastline’s representatives to proceed to a demonstration of the Medi-Scout Pro drones, which they did in compliance with the order. The expert then asked the Coastline engineers technical questions and took some drones as samples (see Bailiff’s Report in Annex G2). The expert submitted his report with the Court’s registry on April 3, 2025, with a copy thereof sent to NorthSky and Coastline (see Report of the Expert in Annex G3). Said report includes the following findings:

Regarding Claim 1:

“The Medi-Scout Pro exhibits substantial resemblance to the combination of elements claimed in Claim 1. The box-shaped geometry cited by Coastline does not affect the functional alignment with the protected features.”

Regarding Claim 9:

“The coating sample collected during the Trade Fair and subsequently analyzed confirmed the presence of an acrylonitrile-type resin rather than the PVC-based resin specified in Claim 9, creating a literal material difference.”

Scientific literature shows that both acrylonitrile-type resins and PVC-based resins are selected in engineering practice for roles requiring lightweight structural stability, heat resistance, and reduced flammability in composite skins. Sources such as Fink (High Performance Polymers, 2014), Camino & Costa (Polymer Degradation and Stability, 1991), and Hull (Fire Retardant Materials, 2001) describe the suitability of these resin families for fire-mitigating, thermally stable outer layers.

Taken together, these sources indicate that acrylonitrile-type resins and PVC-based resins are both selected in engineering practice for applications that require lightweight structural stability, resistance to heat, and fire-mitigating behavior in composite outer skins.

Accordingly, although the resin identified in the seized sample differs from the resin explicitly mentioned in Claim 9, the performance characteristics relevant to the claim—such as thermal insulation, vibration damping, and resistance to fire exposure—can also be obtained with acrylonitrile-type formulations, as reflected in the materials-science literature.”

25. Stunned by the order of the President of the Commercial Court and its implementation, Coastline fired back with a public declaration that their products did not infringe any of NorthSky’s IP rights, and that this was merely an attempt to prohibit legitimate competition and ruin Coastline’s reputation. Coastline stated it would respond to NorthSky’s behavior – which it considered to be abusive - through legal proceedings and seek compensation for the damages suffered from NorthSky’s meritless claims.
26. On April 22, 2025, NorthSky lodged an action on the merits against Coastline in front of the Vineapolis Commercial Court – IP Chamber . In its action, NorthSky argued
- that Coastline infringed its patent rights (infringement of Patent No. 3 456 000 B1);
 - that Coastline infringed its international trademark registration No.252526 RED IS ON THE WAY and its claimed rights in the red color mark application pending before the CIPO (trademark application No. 4-2021-02711);
 - that Coastline misappropriated its trade secrets covering navigation algorithms;
- and claimed for all possible corrective civil remedies.

Coastline filed an answer, including affirmative defenses, and counter-claims, asserting that:

- There was no valid reason to have provisional measures implemented at and during the Trade Fair other than to ruin the reputation of Coastline, so that the implementation of these provisional measures should be considered as an abuse of a procedural right and an act of unfair competition
- There is no valid title on which NorthSky can base its request for provisional measures because the patent invoked by North Sky is invalid due to (i) NorthSky’s lack of entitlement to claim priority right, and (ii) a lack of novelty
- In the alternative, even if the patent were to be considered valid, Coastline alleges that the patent infringement claims are devoid of merit because they did not infringe claim 9 in terms of drone coating material as they use acrylonitrile-type resin instead of polyvinyl chloride-based (PVC) resin.

- Regarding the allegation of trademark infringement, Coastline states that it had conducted a trademark clearance search before launching its Medi-Scout Pro. The trademark search report did include NorthSky's registrations in the Republic of Coastland and the State of Northland for the word mark RED IS ON THE WAY. However, the search report showed no registration for a red color mark relating to drone products in Coastland, only Northland. Because Coastline wanted to ensure that its use of red as the color of its drone for functional purposes did not infringe the rights of others, it took the extraordinary step of commissioning a consumer survey to determine whether the color red served as a source identifier for drone products. Coastline hired a respected, third-party vendor to conduct an online survey of 1,000 respondents in Coastland drawn from the relevant purchasing and procurement population for humanitarian and governmental drone services (including NGO procurement staff, public-sector logistics officials, emergency-response coordinators, and employees of commercial drone-service purchasers). The survey showed the participants a single-color sample as well as a neutral, unbranded drone silhouette rendered in that color, and then asked whether the color indicated a single commercial source and if so, which company or product it brought to mind. When shown the red hue of the NorthSky drones, 25% of participants said "drone", "UAV", or "NorthSky." Coastline argues that this low-level of recognition definitively proves that the red color does not serve as a source identifier for NorthSky's drone products in Coastland. Consequently, because red does not function as a trademark, Coastline contends it could not have infringed NorthSky's rights by using red as the color of its Medi-Scout Pro. Coastline further asserts that, even if red functioned as a trademark for NorthSky, its products only have a red chassis whereas Coastline's Medi-Scout Pro was completely red. Coastline also asserts that NorthSky's trademark rights relating to its chassis cannot be used to prohibit others from using the color red on all products in the drone industry. Finally, Coastline argues that the colors are different so there is no likelihood of consumer confusion: Hex code of the red color used by Coastline is #cc00000 while NorthSky's pending trademark for its red color has Hex code of #ff3131.



Regarding the allegation of trade secret misappropriation, Coastline claims that Ms. Novak never disclosed NorthSky's navigation algorithms in her position as head of Coastline's Medi-Scout Pro project. While Ms. Novak supervised the Coastline employees who were developing the navigation algorithm, she did not disclose NorthSky's algorithm to any member of the Coastline team (see Novak's Affidavit in the Annex F1). She managed the team members but did not personally draft any of the algorithms running the Medi-Scout Pro navigation system. Coastline further asserts that the algorithmic material at issue was not a NorthSky trade secret. Ms. Novak stated that NorthSky stored her work, including all drafts of the algorithms, in a shared drive accessible by every member of NorthSky's Lifeline team. Consequently, the material could be accessed by those not working on the navigation system, including the temporary, unpaid interns who worked at NorthSky for only a few weeks in the summer months. In support of Coastline's contention, Ms. Novak stated

that Dr. Chen thought that allowing anyone on the Lifeline project to access all aspects of its R&D was important because her motto was “you never know who will have the next great idea.”

Defiant, Coastline pledged to fight the case to the end—not just to clear their name, but to recover every loss and restore their reputation in the eyes of the market.

Your team is required to prepare **two written submissions (memorials)** for both the applicant and the respondent in front of the Vineapolis Commercial Court – IP Chamber addressing the following:

a. Provisional Measures

- Were the *ex parte* provisional measures granted and executed at the Velora Trade Fair legally justified, and did their implementation comply with the requirements of the Coastland law?
- Did NorthSky’s actions constitute an abuse of procedural rights making them liable to Coastline?

b. Trademark

- Can NorthSky enforce its trademark rights, including the registered word mark RED IS ON THE WAY and the pending CIPO application for the “NorthSky red” color mark, against Coastline’s use of red and related branding for the Medi-Scout Pro, and does that use constitute trademark infringement?

c. Trade Secret

- Do NorthSky’s navigation algorithms qualify as protectable trade secrets, despite their broad internal accessibility at NorthSky?
- If so, did Coastline (including through Ms. Novak) misappropriate those trade secrets by improperly acquiring, using, or disclosing them in developing the Medi-Scout Pro?

d. Patent

- Is Patent No. 3 456 000 B1 valid, including with respect to entitlement to priority and novelty over the cited prior art?
- Does Coastline’s Medi-Scout Pro infringe any of the asserted claims, particularly Claim 1 and Claim 9?

In addition to the provided legal provisions, teams are allowed to refer to relevant, well-established legal doctrines, academic commentaries/journals, and case law that are internationally accessible and available in English or in authoritative English translation. The authorities relied on by teams (other than the legal provisions) must be listed in Table of Authorities as part of two written submissions (memorials).