

INTELLECTUAL PROPERTY FINAL EXAM

Fall 1992

INSTRUCTIONS

Professor Mueller

1. The exam is open book/open note, that is, any material required for the course (Goldstein text and statute supplement), any material handed out by the Professor, and any notes/summaries/outlines, etc. prepared by the student may be used during the exam.
2. Please place your exam number on the exam and return your exam with your blue book(s) at the end of the exam.
3. If you use any paper or blue books to make notes or an outline for the answers, please turn them in also.

GOOD LUCK

CAPITAL UNIVERSITY SCHOOL OF LAW
Final Exam for Intellectual Prop
Professor Mueller

1. In 1971, Jim Smith was employed as a boat salesman by Knight Boats, Bucyrus, Ohio. They made bass boats and ski boats, primarily ranging up to 22' in length. Every Monday morning, Jim would hitch a boat and trailer to his car and take off. He would not return until the boat was sold. He was such a good salesman, that he returned frequently to the factory for another boat. But, what was good for the Knight boat business was not good for his marriage or for his wallet. Jim figured that he was doing all the selling, but not making the profit.

So in February, 1973, he bought two used molds from Knight Boats and started his own boat business across town. He selected "BAJA" as the company name and trademark. At first he sold strictly the two boat models that were made from the molds he bought. Again, Jim hitched up his car on Monday morning and stayed on the road until the boat was sold. Only, now, he was working for himself. Soon Baja Boats, Inc. had established dealers in Columbus, Toledo, Bellefontain, and Mansfield, Ohio.

Jim was such a good salesman and the boats were so well made that some boat dealers wrote to him wanting to be "BAJA" dealers too. In February, 1974, he established a dealer in Tampa, Florida. In March, 1974, he added two dealers in Indiana and three in Pennsylvania. In February-June, 1975, two dealers in Miami were added, as well as dealers in Kentucky and Texas. By May, 1976, dealers were added in Illinois, Wisconsin, Puerto Rico, and Michigan. By August, 1977, dealers were added in New Jersey, Buffalo, New York, and Tennessee. Business was so good that Alabama and Georgia were added in 1978; and Louisiana and Virginia were added in 1979.

Jim, being a smart businessman, as well as a good salesman, hired you as his trademark counsel in 1976. You immediately advised him to file a trademark application. The application was filed on August 19, 1976; published for opposition on October 25, 1977; and registered December 25, 1977. The combined Sections 8 & 15 Affidavits (15 U.S.C. 1058, 1065) were filed and accepted January 15, 1983. By this time, Jim had dealers in 32 states. The BAJA? boat line still consisted of ski boats (up to 26) and fishing boats (up to 32). At these sizes, the fishing boats were intended primarily for lake fishing and ocean fishing close to shore. Really big boats (35' and larger, deep "V" design) are needed in ocean away from land. However, in 1984, Jim added ocean fishing boats up to 55' long.

In 1973, Charlie Jones was on a fishing trip in Mexico. He and his friends had a great time fishing in the Baja Gulf. Charlie became fascinated with deep sea fishing and the 42' flying bridge fishing boat they had chartered. Upon return to New Jersey, he started a boat building business with his brother George. From April, 1973, until August, 1974, they built "BAHA" boats (45' only for deep sea fishing) and sold them only in New Jersey and Long Island, New York. Charlie selected the "BAHA" name to commemorate his fishing trip in the Baja Gulf (Charlie changed the "J" to an "H" so everyone would know how to pronounce the name).

In August, 1974, the company went bankrupt. Charlie also was a poor salesman and businessman but he sure loved to fish. So in August, 1974, I.M. Slick bought the name "BAHA" and one mold from the bankrupt company and starting selling "BAHA CRUISERS" 42' boats in Panama City, Florida (located in the Florida Panhandle). This was the only sales location.

Slick was a better businessman than Charlie, but not much of a boat salesman. He too liked to fish. Business was steady and Slick had plenty of time to fish. However, in September, 1976, Slick re-activated the Long Island, New York, dealer that Charlie had set-up earlier. Sales increased and Slick liked the extra money. In the Spring of 1977, Slick added dealers in Texas, Louisiana, and Alabama. In 1979, he added a dealer in Virginia; in 1980, Georgia; and in 1983, he added a dealer in Sandusky, Ohio, on Lake Erie. Slick still made only the 42' boat.

As all things do (especially in Law School exams), Jim found out about the Sandusky "BAHA" dealer. He was furious. He again contacted you. You wrote a cease and desist letter to Slick in August, 1984. After a fruitless exchange of letters, you have been requested to draft a complaint.

(a) What causes of action would you put in the complaint? Knowing all of the facts, comment on your chances of success on each cause of action.

(b) As Slick's attorney, list all of Slick's defenses. Next, discuss the relative strengths/weaknesses of each defense and the chance of success of each defense. Would your position change if you knew that Slick never used the mold he bought from Charlie, but only kept it in a warehouse? Explain.

2. (a) The process of peacock feather dressing consists of cleaning and treating raw peacock feathers to transform the stiff, oily and noisome feather received from farmers or auction houses into supple, clean and attractive feathers used in the production of feather hats. You may assume for purposes of this problem that the peacock feather dressing industry is confined to seven firms, all situated in the metropolitan New York City area.

Your client, Dante Feathers, Inc., is the most successful of these seven firms. Dante attributes its success, in part, to two processes it uses in dressing feathers. One process, which Dante developed four years ago involves alternating the temperature of the fluid in which the feathers are cleaned and the air in which they are dried at specified times. This process, though it in no way affects the quality of the feathers, does expedite the dressing operation and produces considerable savings in both labor and materials. Although the details of the process have never been communicated to persons outside the company, Dan Dante, the company's President, knows for a fact that at least four competitors employ a similar process. Each of the four, like Dante, developed the process on its own, and details of the process have not been communicated to persons outside each company.

The second process, which Dante adopted one year ago, consists of spraying each dressed feather with a powder--the composition of which is similar to that of common baking soda--and then, after one hour, brushing the powder off the feather. The process, which enhances the color and general appearance of the dressed feather, was developed by a Dante employee. He got the idea from the generally known fact that spraying trout flies with baking soda enhances their color.

After considerable trial and error, the employee arrived at the proposed composition for use with like results on peacock feathers. Dan Dante knows for a fact that none of his competitors employs this process.

None, that is, but Dandy Feathers, Inc. which entered the peacock feather dressing industry just last month. Dan Dante is concerned because it appears that Dandy Feathers is employing precisely the two processes-temperature alteration and chemical spraying that have contributed to Dante's success. Dante has discovered that the president of Dandy is Michael Mayer, who had until two months ago been a reporter on the staff of Peacock's Monthly, the peacock feather industry trade journal. In connection with an article he was writing on the peacock feather industry, Mayer had, three months earlier, toured the Dante, Inc. plant and had viewed all of Dante's operations, including the use of the two processes. An employee has told Dante that during Mayer's visit he observed the newsman secreting in an envelope some of the powder used in the chemical spraying process and placing the envelope in his jacket pocket.

What rights and remedies, if any, does Dante have against Dandy Feathers, Inc.?

*Caveat trout fanciers: This is, remember, a hypothetical problem. Aside from possibly contributing an effervescent quality, baking soda has, to my knowledge, no fly-altering attributes.

2. (b) Since last speaking with you, Dan Dante has received written resignations from two employees, Arthur Able and Bob Baker. Although they have tendered their resignations only now, it appears that both had entered the employ of Dandy Feathers, Inc. one month ago. Able had been vice-president in charge of operations at Dante. It was he who had developed the second process referred to in Problem 2(a). Baker had been one of Dante's two salesmen. Because staff is small, both Able and Baker had the opportunity to become thoroughly acquainted with all aspects of the firm's operations. The following clause appears in the employment contract between Able and Dante Feathers,

...Upon the termination of Able's employment from Dante, for any reason, Able shall, for a period of eight years from the date of termination, serve as consultant to Dante, at an annual salary equivalent to one-quarter of his annual salary at the time of termination. Able agrees not to enter into any business which competes with that of Dante for a period of eight years from the date of termination...

No such provision appears in Baker's employment contract.

Dante believes that Able and Baker brought information to Dandy Feathers, Inc. relating to all aspects of Dante's operation-customer lists, advertising programs, billing methods and the like in addition to the two peacock feather treatment processes, and that this accounts for the ease with which Dandy Feathers started operations. Dan notes that patents have been obtained for none of the products or processes used in his business. Although patents had been sought for the two processes, the patent attorney he retained had performed a patentability search and advised Dan that, in her opinion, neither process was patentable.

What rights, if any, does Dante Feathers, Inc. have against Arthur Able, Bob Baker, and Dandy Feathers, Inc.?