

FC2 (Law) UK Patent
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SECTION A

Question 1

Briefly describe three reasons why a court may refuse to grant an equitable remedy.

Total: 3 marks

Answer

Any three reasonable answers will suffice which may include the following but other correct examples demonstrating understanding of the principles of equity may be awarded marks, (maximum of 3 marks, 1 per reason):

Delay by the claimant in bringing the request to the court

Claimant coming to law in bad faith, with 'unclean hands'

If the court cannot ensure remedy will be observed / pointless order

If the remedy at law (such as damages) is inadequate

If the remedy (such as specific performance) would produce hardship

Total: 3 marks

Question 2

Explain how the *Contracts (Rights of Third Parties) Act 1999* alters the principle of 'privity of contract'.

Total: 7 marks

Answer

The answer should address each of these points in a reasonable way:

a person who is not a party to a contract (a "third party") (1 mark)

may in his own right (1 mark)

enforce a term of the contract (1 mark) if

(a) the contract expressly provides that he may, (1 mark) or

(b) the term purports to confer a benefit on him (1 mark), provided that on a proper construction of the contract (1 mark) it appears that the parties did intend the term to be enforceable by the third party (or the contract excludes operation of Act) (1 mark)

Total: 7 marks

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Question 3

The *Civil Procedure Rules* imposes an obligation on the parties to deal with cases proportionately. What factors should be taken into account when deciding whether an action is proportionate?

Total: 4 marks

Answer

The amount of money involved **1 mark**

The importance of the case **1 mark**

The complexity of the issues **1 mark**

The financial position of each party. **1 mark**

Total: 4 marks

Question 4

Describe the differences between an affidavit and a witness statement.

Total: 2 marks

Answer

An affidavit is a written statement made by an individual made under oath or affirmation. **1 mark**

A witness statement is a statement made by an individual with an accompanying statement of truth **1 mark**

Total: 2 marks

Question 5

With respect to an allegation of breach of confidence, state four defences that a defendant could consider.

Total: 4 marks

Answer

consent by the claimant (0.5marks) to the act giving rise to the particular breach alleged (to get the full mark the candidate must distinguish consent to the particular breach alleged, such as for example consent to disclose as distinct from misuse) **1 mark**

that the information is part of the defendant's stock of knowledge **1 mark**

that a disclosure was in the public interest **1 mark**

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that the defendant was exercising his freedom of expression **1 mark**

In pursuance of a legal duty **1 mark**

Alternative 1 mark

Total: maximum of 4 marks

Question 6

Give two characteristics of mediation when used in Alternative Dispute Resolution.

Total: 2 marks

Answer

*A reasonable answer covering the following two points (half marks possible):
Parties partake in without prejudice discussions with a formal meeting structure or use of mediator*

1 mark

The outcome of the discussions is non-binding unless the parties choose to contract a settlement agreement

1 mark

Total: 2 marks

Question 7

Give two characteristics of trading as a “sole trader”.

Total: 2 marks

Answer

A reasonable answer covering the following points (other reasonable points will be accepted):

Individual acting in business for themselves / under their own legal identity

1 mark

Individual is personally liable for all debts of the business

1 mark

Total: 2 marks

Question 8

Briefly distinguish between ‘tenants in common’ and ‘joint tenants’ including, but not limited, to the effect of the death of one ‘tenant’.

Total: 5 marks

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Answer

tenants in common

hold shares of the property

1 mark

in specified proportions

1 mark

joint tenants

their interests in the property are undivided

1 mark

each interest is equal

1 mark

both

the whole passes to the other co-owners if one of the joint tenants dies, but with tenants in common, the specified portion is transferred in accordance with normal rules of succession

1 mark

Total: 5 marks

Question 9

With reference to Rule 1 of the *IPREG Code of Conduct*, describe what is meant by “corporate work”.

Total: 7 marks

Answer

“corporate work” means:

professional work undertaken by an employed regulated person acting solely as an agent on behalf of:

1 mark

a) *their employer;*

1 mark

b) *a company or organisation controlled by their employer or in which their employer has a substantial measure of control;*

1 mark

c) *a company in the same group as their employer;*

1 mark

d) *a company which controls their employer;*

1 mark

e) *an employee (including a director or a company secretary) of a company or organisation under [(a) to (d)] above, where the matter relates or arises out of the work of that company or organisation; or*

1 mark

f) *another person with whom a person under (a) to (e) above has a common interest;*

1 mark

Total: 7 marks

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Question 10

With respect to Rule 3 of the *IPREG Litigator's Code*,

- a) How does the Rule describe a litigation practitioner's statutory duties? **3 marks**
- b) Explain the extent of those duties with respect to any other obligations the litigation practitioner has. **1 marks**

Total: 4 marks

Answer

- a) *The regulated person's duties are*
to the court to act in the interest of justice **1 mark**
to comply with these Rules and the Rules of Conduct for Patent Attorneys, Trade Mark Attorneys (1 mark) and other regulated persons (1 mark)
- b) *those duties override any obligation which the litigation practitioner may have if is inconsistent with them.* **1 mark**

Total: 4 marks

SECTION A Total: 40 marks

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SECTION B

Question 11

Priti has developed a new generation micro walkie-talkie to fit inside shirt collars to assist with spying on people, to which she has a valid patent. She meets James at a book launch party for a book entitled "What I learned about my family by eavesdropping on them." Both James and Priti are drinking alcoholic drinks.

James, a banker, said to Priti, "I'll make those for you at £20 a piece". Priti replied over the noise of the party, "I'll need you to make me 75,000 if I'm going to give you my patent rights to make those and charge me that much!" James says "I'll be tying up my factory for 6 months so I'll need to make 100,000 of them." They carry on talking to each other but don't speak any more about the walkie-talkies except, on the way out, James shouts to Priti "Because you're giving me such a good deal, I'll make you £2million on those" to which Priti replies "Hooray".

One month later Priti is told by James that, following the party, he continues to make the walkie-talkies and he is now selling the walkie-talkies for £40 each, and will send her the £20/unit royalty as soon as this month's accounts are made up.

Priti disputes that a contract exists between her and James.

- a) Advise Priti whether there is a contract between her and James**

10 marks

Priti waits a further 2 months to take action but is now worried about the quality of the products being made and wants to stop James from making and selling the walkie-talkies pending a full court action for patent infringement. James said he will make and sell only the 100,000 units he claims was agreed.

- b) Advise Priti on the likelihood of her obtaining an interim injunction against James.**

9 marks

- c) Give an example of a piece of evidence that James could bring to the court to persuade them not to grant an interim injunction.**

1 mark

Total: 20 marks

Answer

- a) *A reasonable structure and discussion covering the following:*

Intention to create legal relations.

Though James and Priti have met at a noisy social event and are drinking / the circumstances suggest an industry event and they are talking definite numbers /

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James' words could be interpreted as being jokey / but they are talking in detailed terms.

2.5 marks

Offer / Acceptance

A reasonable structure / reasoned conclusion covering the following:

James' offer needs to be certain as to its terms. Certainty as to subject matter / numbers to manufactured / terms as to how many should be made (though quality control issues not concluded). No discussion of selling - statement by James that he will make Priti £2million not certain as to its terms.

3 marks

Acceptance of all terms of the contract, needs to be communicated, but can be by conduct.

Offer by Priti but counter-offer to make made by James. Did Priti accept offer to make – Priti did not deny that James should make products. Priti arguably accepted that James could make money as well - could be interpreted as an acceptance but is a weak basis on which to make such a claim as he could have been merely happy after party or being friendly. To gain full marks candidates must distinguish treatment of making and selling even if the conclusion is the same for both.

3 marks

Consideration.

Must be sufficient but need not be adequate; no monetary consideration apparent, though James' giving over his factory and Priti's forbearance to sue/mutual promises can be considered consideration (the price of the products will not be accepted).

1.5 marks

b) *Reasonable Discussion referring to the scenario as follows:*

The court will apply the principles established in the case American Cyanamid; is there a serious issue to be tried, Priti's patent is valid and James appears to be continuing two infringing acts so there is a serious chance of demonstrating that James is infringing Priti's rights

2 marks

are damages an adequate remedy; in the event James' behaviour continues and that behaviour were to be found at trial to be infringement, Priti could be awarded a licence fee, but Priti is losing control of quality control over James' products

2.5 marks

*where does the balance of convenience lie between Priti and James' activities; James has risked making over the production in his factory to just this product and appears to be selling at a profit he can hand over to Priti to make her £2million, but Priti's patent is being infringed and she is concerned over quality control
OR discuss result of Priti's delay*

2.5 marks

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*if all things equal objective is to preserve the status quo ante, so if quality is adequate and sales are clear and recorded then there is no reason to stop James;
discuss how court may consider merits of the claim*

2 marks

Any reasonable example, but most likely is to produce one of the walkie-talkies made to show that the quality is acceptable. Other examples could be accounting statements showing that it would be easy for the court to award damages.

1 mark

Total: 20 marks

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Question 12

Christopher is a patent attorney. His client, Sindy, has invented a novel fastener made of interlocking teeth but without the need for a slider to draw the teeth together. Sindy, a skilled technician in her field, gives Christopher a piece of prior art but left out the last page of the document. Before the last date for amending the patent application, Sindy discovers the last page of the document but decides it is not worth worrying Christopher about. Christopher does not investigate the missing page of the prior art document.

A court later invalidated the patent because the sole claim in the patent was considered to lack novelty as a result of what was said on the last page of the prior art document.

Sindy suffers damage. In particular:

- i) a competitor uses her fastener and reduces her market by 60%;
- ii) she fails to get to her best expected price for her products incorporating the zip (though Sindy admits she did not market the product properly);
- iii) Sindy loses her house as she can no longer afford to pay the mortgage on her property.

a) Advise Sindy whether Christopher is liable to Sindy for *all* this damage.

11 marks

Sindy threatens Christopher with court proceedings for his negligence. A week later Christopher and Sindy have a “without prejudice” meeting. During the meeting Sindy tells Christopher that she will not pursue her case against him for her house. Christopher says, “Thanks”, they shake hands and they move on to negotiate on the other issues.

A month later Sindy commences court proceedings including a claim to losses due to loss of Sindy’s house.

Christopher wants to put his notes of the meeting to the Court to demonstrate that he and Sindy have agreed that the claim to the house has been settled.

b) By explaining what the term “without prejudice” means including its limitations, advise Christopher whether he can include his meeting notes as part of his defence. (Do not refer to any issues concerning formation of a contract.)

4 marks

After the meeting Sindy sends to Christopher a first letter headed “without prejudice save as to costs” setting out a reasonable settlement proposal on head of damage i), and a second letter regarding head of damage ii), with the words “this letter is intended to have the consequences set out in CPR Rule Part 36”.

c) Explain what effect the term “without prejudice save as to costs” has for Christopher.

2 marks

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- d) Referring to the scenario, explain the key information to be found in the letter and, briefly, the consequence for Christopher of the statement “this letter is intended to have the consequences set out in CPR Rule Part 36” in the letter.

3 marks

Total: 20 marks

Answer

- a) *Any reasonable clear discussion covering:*

Negligence

Christopher must owe duty of care to Sindy for him to be liable

1 mark

It is an objective standard, depending on a relationship of sufficient proximity / neighbour principle

1 mark

Christopher must have breached this duty to be liable /discussion of reasonable man test.

1 mark

Discussing whether Christopher has failed to investigate the missing page of the prior art document

1 mark

Communicate further with Sindy to chase the missing page OR for very good detail on objective standards of legal test

1 mark

Damage/Causation

Head of Damage

- i) *discuss application of the ‘but for’ test and that there appears to be a direct factual link between not having a valid patent and losing a monopoly on the marketplace similarly the damage is reasonably foreseeable as it flows directly from Christopher’s breach*

1.5 marks

- ii) *candidate should discuss whether there is causation in fact for Sindy obtaining the best price for her products as Sindy hasn’t marketed her products properly (candidate should base their discussion on causation in fact (break in the chain of causation / but for), but a discussion of causation in law (remoteness) can attract some marks but must be reasoned*

1.5 marks

- iii) *candidate should discuss that even if there is causation in fact (consider whether there is a break in the chain of causation where the loss of her home was caused by factors other than an invalid patent) it is likely that there is no causation in law as the damage is too remote and not directly connected to the invalidated patent*

1.5 marks

Contributory Negligence

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Sindy decided not to alert Christopher to the missing page of prior art, effectively hiding it from him. Christopher would likely claim a significant reduction in the overall award based on Sindy's contributory negligence

1.5 marks

- b) *Means that the court will not consider the contents of such correspondence or discussions including any admissions made when considering the merits of the case at trial;*

1 mark

it is a public policy based on encouraging parties in a dispute to attempt settlement discussions, so

- 1) there must be a real dispute whether proceedings commenced or not
2) the correspondence or meeting must be genuine attempts at settlement.*

2 marks

As it is a public policy not a rule, it cannot be used to hide evidence of a properly obtained settlement agreement so Christopher can arguably use his notes in respect of damage heading iii) in his defence.

1 mark

- c) *Means that when the judge is considering the costs in the case, having decided the liability in the case already without use of the letter,*

1 mark

he has discretion whether to take into account the reasonableness of the parties' attempt to settle in determining whether to affect his decision on the award of costs to the parties in the case

1 mark

- d) *Means that the letter is an attempt to settle the dispute in accordance with CPR Rule 36 and the attendant cost consequences set out in the Rule putting Christopher under pressure to accept a reasonable offer should he decide that his case on damage heading ii) 2 is weak OR a very detailed discussion of costs effect of rule.*

Up to 1.5 marks

provided the letter accords with the formal requirements set out in the Rule, such as setting out (pieces of information referring to the scenario plus indication that they are formally required, 0.5 marks each)

- *the head of damage to which the letter refers (ie head iii)*
- *whether it takes into account any counterclaim / reduction for contributory negligence*
- *21 day period (will be accepted as an alternative)*

1.5 marks

Total: 20 marks

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Question 13

Patrick is employed by MegaMix Concrete Ltd (“MegaMix”). He has worked for MegaMix for many years and is skilled at mixing concrete in the best proportions of ingredients so that it sets firmly and is less prone to cracking in the frost. This advantage is helped by an ingredient called Dentist’s Mix that MegaMix adds to its concrete. Dentist’s Mix is well known to help with teeth filling. It is generally not known to help with the concreting industry, although some academics have suggested it might be worth a try, the problem being obtaining the product in sufficient quantities.

MegaMix openly stores its bags of Dentist’s Mix by the side of the road at its concrete mixing plant.

Patrick moves employment to become an employee of a competitor, SlowSet Concrete Ltd (“SlowSet”).

MegaMix writes to Patrick telling him not to take a position with SlowSet mixing concrete and not to tell SlowSet about the use of the Dentist’s Mix ingredient. MegaMix alleges that these are both trade secrets and that Patrick is not allowed to use them at SlowSet.

a) Advise Patrick whether the following can constitute trade secrets under *The Trade Secrets (Enforcement, etc) Regulations 2018 number 597 implementing the EU Directive on Trade Secrets (Dir 2016/943)*:

- i) The best proportions of concrete ingredients so that the concrete sets firmly and is less prone to cracking in the frost.**
- ii) The use of Dentist’s Mix in adding to the concrete mix.**

10 marks

b) Advise Patrick on his obligations to MegaMix whilst working at SlowSet.

4 marks

SlowSet is enthused by Patrick coming on board and now wants to raise finance to expand the business. SlowSet has one concrete mixing factory. It regularly buys and sells concrete delivery lorries as they need the mixers on the lorries to be renewed regularly. SlowSet has patents on its mixing machinery at its factories which it regularly licenses to bring in extra income.

SlowSet approaches Other Bank plc (“Other Bank”) for the finance.

c) Discuss what SlowSet can offer Other Bank by way of security for the money it is going to borrow.

6 marks

Total: 20 marks

Answer

a) *The Trade Secrets (Enforcement, etc) Regulations 2018 number 597 implementing the EU Directive on Trade Secrets (Dir 2016/943)*:

A trade secret is defined as information which is

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- i) *Secret in the sense that it is not as a body or in the precise configuration and assembly of its components, generally known among, or readily accessible to, persons within the circles that normally deal with the kind of information in question*
3 marks (maximum)
- ii) *Has commercial value because it is secret*
1 mark
- iii) *Has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.*
2 marks (maximum)

it would be known that the best proportions of ingredients would make better concrete so it depends if there are particular measured quantities used by Patrick but it is difficult to quantify the precise proportions so may be a lack of certainty

it does have commercial value if it were secret as it is technical information

has MegaMix tried to get Patrick to record best proportions or given her contractual obligations?

arguably not a trade secret – but open to candidate to justify why it might be
2 marks

the use of Dentist's Mix is certain, technical and is commercially valuable, the fact that some academics have suggested using it suggests that it is not a trade secret but if it is really "not generally known amongst the industry" then it could be a trade secret, however MegaMix has not been taking steps to prevent others knowing about its use by them as it leaves bags of it by the side of the road at its mixing factory

2 marks

- b) *Candidate must recognise Patrick as an employee or the rule under Faccenda Chicken – case name required*
1 mark

*After leaving MegaMix Patrick has no obligation to MegaMix wrt his general skill and knowledge as distinct from trade secrets
his knowledge as to best proportions is likely to be considered as his general skill and knowledge not a trade secret,
but use of the Dentist's Mix could raise an obligation if it is a trade secret*

3 marks

- c) *Other Bank can place charges on SlowSet's assets as security for its lending such as,
as it is a limited company SlowSet can offer a mix of fixed and floating charges -
candidate may structure their answer flexibly*

Fixed charges

*applied to identifiable & specific property that is not dealt with regularly
which usually restricts the owners ability to deal with that property*

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*such as patent rights – these are a continuing source of income of SlowSet so unlikely to transfer them and are likely to renew them (which are still owned by SlowSet even if they licence them),
and on real property/factory*

2.5 marks

Floating charges

*do not attached to specific assets but rather over classes of assets that are changing (so eg not the patents here but TM rights – not asked by question but a good candidate might pick up on this distinction)
usually of such nature as will be dealt with frequently in the course of business by the owner, making it impractical for the owner to seek permission of the debenture holder each time the asset is bought or sold,
only crystallises or attaches to the property when the debenture specifies (including, eg, non-payment) and catches only property held at that moment, at which point it becomes a fixed charge.
such as mixing lorries which are being bought and sold regularly (and which will depreciate in value)*

**3.5 marks
Total: 20 marks**

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Question 14

Ernest works for Strong Bottles Ltd (“Strong”). Strong makes wine bottles with toughened glass so that the bottles can be dropped and not shatter. Amy is a competitor who makes wine bottles out of plastic.

Both Strong and Amy are present at a recent trade show promoting their products.

It turns out Ernest went to school with Amy and doesn’t like her. At the show Ernest goes around telling potential customers he thinks that, because Amy’s plastic bottles are made of faulty plastic, they will break “as soon as they are picked up”. No one seriously believes the bottles will break, however, because they know Ernest is a rival who doesn’t like Amy.

Amy’s bottles don’t in fact break as soon as they are picked up. She employs a plastics expert who makes excellent plastic material.

- a) Advise Amy whether Ernest could be liable for malicious falsehood.**
10 marks
- b) Advise Amy whether, if it comes to court, she can use her plastics expert to give an opinion on how good the plastic actually is.**
2 marks

During a lunchbreak Ernest is chatting to Katie who is an old school friend of both Ernest and Amy. When chatting generally about old times at school Ernest says in an offhand manner, “oh, I saw Amy earlier; her business is losing money and will soon collapse”. Unknown to Ernest, Katie is Amy’s largest customer. Katie withdraws her business from Amy and Amy’s business fails.

- c) Assuming both statements are actionable malicious falsehoods, advise Amy whether she can take action directly against Ernest’s employer, Strong, including whether there is a distinction to be drawn between the two statements made by Ernest.**
5 marks

Amy was operating as a sole trader. She wants to start her business again. She had found it difficult to raise finance even though she had offered the bank her vast stock of bottles as security. In light of this and her recent experience, her accountant advises that she trades as a limited company this time.

- d) Explain to Amy the advantages of operating as a limited company over that of being a sole trader.**
3 marks

Total: 20 marks

Answer

- a) *malicious falsehood is a false statement of fact and not of opinion – the statements is said to be an opinion but Ernest is relying a particular statement of fact (in addition to the question of malice)
could be seen as ‘mere puff’ where the customers are unlikely to take the precise statement seriously*

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*but
the statement about the plastic being faulty could be taken seriously*

2 marks

published - required- statements not in writing

1 mark

the statement is made with malice (an intention to cause loss or a dominant improper motive by defendant including recklessness) – we need to show more than just that the statement is false but that is made with malice, that is more than negligence, must have a ‘dominant improper motive’

Ernest appears to want to hurt Amy’s business

And

Unlikely he has checked on the nature of the plastic

3 marks in total for discussing these issues

claimant must show that identifiable damage (special) is caused as a result of the oral statement

however Amy should be able to rely on the exception in s3(1) Defamation Act 1952 the gist of which (where the said words are calculated to cause pecuniary damage to the claimant in respect of any office, profession, calling, trade or business held or carried on by him at the time of publication), “calculated” meaning ‘more likely than not’) means that the statement is actionable

wrt to the statements there is no loss identifiable unless Amy can show they were calculated to cause damage

3 marks in total for discussing these issues

hurt feelings - aggravated damages can be awarded for injury to Amy’s feelings

1 mark

- b) *opinion evidence which the court will not generally admit into proceedings but expert evidence is one type the court will admit into proceedings; expert must be impartial and owes their first duty to the court; candidate must apply answer to scenario to get full marks*

2 marks

- c) *Vicarious liability of Strong depends on whether Ernest could be considered to have performed the work in ‘the course of his employment’.*

1 mark

And explanation of the following:

Either ‘a close connection’ or ‘within the field of activities’ test

But should distinguish that the issue is not a ‘temporal or causal connection’ that is relevant, but whether he is furthering his employer’s business

Up to 1.5 marks

Any reasonable discussion that distinction between situations should be highlighted (precise language need not be used):

Ernest’s marketing to potential customers at the trade show is within his field of activities’

However, his sitting down for a lunchbreak with an old school friend is probably not a seamless episode combined with his marketing in the sense that he is not talking in his capacity as an employed marketer, or could be viewed as “in relation to a

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personal matter affecting his personal interests” (eg Warren v Henlys Ltd - case name not required just included here as one possible approach by candidates).

2.5 marks

- d) *A reasonable discussion of the following but reference must be made to scenario to get full marks / some flexibility if candidate raises novel reasonable reason or demonstrates particular detail of an issue showing stated advantage (eg corporation tax v income tax):*

*a limited company has individual and separate legal identity governed by its Articles of Association, is created by a process of incorporation set out in its Memorandum of Incorporation, managed by its Directors
Amy can be a sole director without company secretary*

1.5 marks

Reference must be made to the scenario with a reasonable discussion impacting on the following:

*company owned by its shareholder, Amy, who will have limited liability, (unless as a Director she can be found personally liable usually for reasons of misconduct in fulfilling the Directorship)
as a limited company Amy can offer floating charges over her stock that can be dealt with in day to day trading, that is not open to a sole trader to offer*

Up to 1.5 marks

Total: 20 marks