

FC2 – English law
FINAL Mark Scheme 2021

SECTION A

Question 1

The *Civil Procedure Rules Part 1.1* impose an overriding objective on the courts to deal with a “case justly and at proportionate cost”. State four separate aspects of this overriding objective NOT including factors the court takes into account when considering proportionality.

Total: 4 marks

Answer

CPR Part 1.1(2): Can include any of the following aspects but the answers must be sufficiently clear to indicate which is being referred to (each for 1 mark):

- a) ensuring that the parties are on an equal footing and can participate fully in proceedings, and that parties and witnesses can give their best evidence;*
- (b) saving expense;*
- (d) ensuring that it is dealt with expeditiously and fairly;*
- (e) allotting to it an appropriate share of the court’s resources, while taking into account the need to allot resources to other cases; and*
- (f) enforcing compliance with rules, practice directions and orders.*

Total: 4 marks

Question 2

a) What is meant by:

i) Ratio decidendi

1 mark

ii) Res judicata

1 mark

b) Which court has the exclusive jurisdiction to hear applications for judicial review?

You should indicate which part of this court has the responsibility for these cases to obtain the full mark.

1 mark

Total: 3 marks

Answer

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

a) *i) the legal rationale of a court’s decision on a matter of law*

1 mark

ii) where a lawsuit that is identical or substantially identical has already been adjudicated by a competent court.

1 mark

b) *CPR 54.1A: High Court (0.5) Administrative Court (0.5)*

1 mark maximum

Total: 3 marks

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Question 3

With reference to *Civil Procedure Rules* Rule 6.3, briefly describe three ways in which a company may be served with proceedings.

Total: 3 marks

Answer

Any three reasonable answers under CPR Rule 6.3 will suffice which may include, personal service on the company officer, first class post, personal service at the registered office, any method of service permitted under the Companies Act 2006, it is important that the target address (registered office or trading address) is indicated to gain the whole mark,

any method agreed by the court can gain a half mark

Total: 3 marks

Question 4

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

Total: 3 marks

Answer

Rule 1 of the IPREG Code of Conduct: “registered person” means:

a) a registered patent attorney;

1 mark

b) a registered trade mark attorney;

1 mark

c) a body (corporate or unincorporated) registered in the patent attorney register or the trade mark attorney register whether or not an ABS;

1 mark

Total: 3 marks

Question 5

State how Rule 2 of the *IPREG Code of Conduct* limits the applicability of Rules 12 (Complaints handling) and 17 (Professional Indemnity Insurance).

Total: 4 marks

Answer

Rule 2 of the IPREG Code of Conduct: Rules 12 and 17 are only applicable to registered persons “in private practice”;

1 mark

attorneys employed within industrial departments are not required to comply with these Rules;

1 mark

provided that such attorneys limit their professional activities to “corporate work”.

1 mark

In general, this means employed attorneys only undertaking work on behalf of their employer and individuals or companies associated with their employer.

1 mark

Total: 4 marks

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Question 6

With reference to Rule 6 of the *IPREG Code of Conduct*, describe what the Guidance to that Rule prescribes when a regulated person is unwilling or unable to provide services to an existing client.

Total: 3 marks

Answer

Rule 6 of the IPREG Code of Conduct: a regulated person should:

make reasonable efforts to enable the client to make other arrangements

1 mark

and bear in mind their obligations to put clients' interests foremost.

1 mark

A regulated person should co-operate with a client and any new representative of the client to ensure the client's interests are protected on any change of responsibility.

1 mark

Total: 3 marks

Question 7

With respect to an application for an ex parte interim search and seizure order, state at least three grounds that the applicant for the order must demonstrate to the court.

Total: 3 marks

Answer

*Any three of the following grounds [identified by the judge in *Indicii Salus Ltd (in receivership) v Chandrasekaran* [2006] EWHC 521 (Ch), at para [85], case details not required] which need to be satisfied before a search order is made:*

(1) "extremely strong prima facie case"

(2) "damage potential or actual must be very serious for the applicant"

(3) "there must be clear evidence that the defendants had in their possession incriminating documents or things"

(4) "there is a real possibility that the defendants may destroy such material before an on notice application is made"

(5) "the harm likely to be caused by the execution of the search order on the respondent in his business affairs must not be out of proportion to the legitimate object of the order"

(6) the applicant's obligation to make full disclosure.

Total: 3 marks, 1 for each point

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Question 8

- a) In the law of contract briefly explain what is meant by the following terms:
- i) 'condition'; **1 mark**
 - ii) 'privity'. **1 mark**
- b) Distinguish between assignment and novation of a contract. **4 marks**
- c) i) describe what a misrepresentation is in the law of contract **1 mark**
- ii) distinguish between fraudulent misrepresentation and negligent misrepresentation. **2 marks**
- iii) briefly state the remedies for fraudulent and negligent misrepresentation. **1 mark**
- Total: 10 marks**

Answers

- a) See eg *Bettini v Gye* [1876] 1 QB 183
- i) a term of a contract which goes to the heart/root of the contract **1 mark**
 - ii) the principle that only parties to a contract may enforce the benefit or burden of its terms **1 mark**
- b) see eg *Scruples Imports Pty v Crabtree & Evelyn Pty* (1983) IP Reports 315:
- assignment is transfer of the benefit of a contract to another party **1 mark**
- novation is the transfer of the benefit and burden of a contract to another party **1 mark**
- novation requires consent of all parties to the original contract and the new party(ies), whereas assignment requires the consent only of the party having the benefit and the new party taking the benefit of the contract **1 mark (half marks may be awarded)**
- in a novation the original contract is extinguished and a new contract created **1 mark**

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- c) see eg *Burki v Seventy Thirty Ltd; Seventy Thirty Ltd v Burki* [2018] EWHC 2151 (QB)
- i) *A misrepresentation made in either case is a statement that is made prior to concluding a contract where the statement is made in such circumstances that a person is induced into entering the contract and it is reasonable that reliance should be placed upon it and it therefore becomes a term of the contract.*
1 mark (half marks may be awarded)
- ii) *Fraudulent: where the maker of the representation knows or is reckless as to the untruth of the statement.*
1 mark (half marks may be awarded)
Negligent: where the person making the representation is careless in making a statement that turns out to be untrue.
1 mark (half marks may be awarded)
- iii) *Both types of misrepresentation result in the injured party being able to rescind the contract and sue for damages.*
1 mark (half marks may be awarded)

Total: 10 marks

Question 9

Briefly contrast three differences between the small claims track and multi-track of the Intellectual Property Enterprise Court.

Total: 3 marks

Answers

CPR 63.17: Reasonable answers probably including (1 for each):

- *Multi track with a cap of damages at £500,000 with a small claims track to a below £10,000*
- *Multi track can grant injunctions, the small claims track cannot*
- *Multi track costs-shifting cap the small claims track no costs-shifting*
- *Possible other answers might include: the seniority of judge; complexity of cases, but depends on how detailed the answer is – half marks may be awarded for reduced detail*
- *the small claims track can't hear patent or registered design claims*

Total: 3 marks

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Question 10

Explain the information that must be contained in a Part 36 (CPR Part 36 (Offers to Settle)) offer.

Total: 4 marks

Answers

CPR Part 36: Any reasonable answers including the following:

- *the offer, (0.5 marks)*
- *the claim or part of the claim to which the offer is being made, (1 mark)*
- *state that it is a Part 36 offer, (0.5 marks)*
- *specify a period of not less than 21 days (0.5 marks) that within which, if the offer is accepted,*
- *... the defendant will be liable for the claimant's costs (1mark)*
- *state whether it takes into account any counterclaim (0.5 marks)*

Total: 4 marks

SECTION A Total: 40 marks

SECTION B

Question 11

Belinda has developed a new generation of domestic kettles that boils the water more quickly due to a unique arrangement of heating elements within the kettle and she claims design rights over the unique arrangement.

Belinda has a stand at a home lifestyle exhibition to launch the new kettle, displaying her design manufacturing drawings. As people arrive at the stand she gives each person a glass of wine.

Her cousin Sebastian is having a fun day out. Sebastian comes by the stand. Sebastian hasn't seen Belinda for many years and tells her about his home appliances manufacturing facility and how it is currently idle.

Sebastian has several glasses of wine and goes away again. At the end of the day Sebastian comes back to the stand to help Belinda tidy up and go out on the town to catch up.

In the cinema Sebastian says to Belinda, "I can make 10,000 of your kettles for you by the end of next month." Belinda who is tired says "Fine, whatever." Sebastian then says "I can make each for you at £20 a piece". Belinda says "Well, I'm getting them much cheaper than that already at £15 a piece". Sebastian says "Great, they'll be based on your design manufacturing drawings." Belinda again says, "Fine, whatever." The film begins and nothing more is said.

At the end of the following month Sebastian delivers 10,000 of Belinda's kettles. Belinda refuses to accept them saying she already has a supplier. Sebastian sells 5,000 of the kettles to a third party retailer at £10 per unit believing he has the right to do so.

Sebastian sues Belinda for breach of contract but Belinda says to there was never a contract between them.

- a) Advise Belinda whether there is a contract between her and Sebastian. Ignore any other potential claims**

11 marks

Belinda's in-house team creates the first sketches of the unique arrangement of heating elements. Later she arranges for a freelance draughtsman Sajit to create the design manufacturing drawings. The freelance agreement between Belinda and Sajit makes no mention of intellectual property rights. The commercial terms clearly envisage that Belinda has a growing business. Now Belinda wants to:

- i) use her new in-house draughtsman to adapt the manufacturing drawings to improve the kettles and
- ii) sell rights in the drawings onto another company.

Sajit however claims that he still owns copyright in the drawings and that he is refusing to give permissions to Belinda to do either of these acts. Belinda claims that she clearly intended to be free to do these acts.

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- b) Advise Belinda on whether she can claim to own copyright in Sajit's drawings to carry out her wishes. You should assume that copyright resides in the drawings and that adapting the drawings would infringe the copyright.

9 marks

Total: 20 marks

Answer

- a) See generally eg *Carlill v Carbolic Smoke Ball Co* [1893] 1 QB 256: A reasonable structure and discussion covering the following:

Intention to create legal relations.

Sebastian and Belinda have met at a trade event, however wine is being drunk.

Further the circumstances of their meeting up later is for family/social reasons not business.

Sebastian gives some detail but the lack of a detailed response (detailed or not) from Belinda suggests she is not discussing business at this point.

3 marks

Offer / Acceptance

Sebastian's offer needs to be certain as to its terms. Certainty as to subject matter / numbers to be manufactured / terms as to how many should be made (some aspects of quality control issues not concluded). Simplicity might suggest clarity of terms.

Possible counter offer can be discussed under this heading with marks from below.

No discussion of selling - statement by Sebastian only that he will supply Belinda at a particular price 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 Sebastian but counter-offer to make made by Belinda – lack of direct response by Belinda? Did Sebastian accept offer to make – did Belinda deny that Sebastian should make products? Belinda arguably accepted that Sebastian could make the kettles provided they were at the right price as well - could be interpreted as an acceptance but is a weak basis on which to make such a claim as she could have been merely batting off the conversation prior to the film starting and being tired at the end of the day.

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 Sebastian is aware that Belinda claims IP rights so she would be giving up

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exclusive rights and Belinda would be promising to purchase so forbearance to sue/mutual promises could be sufficient and can be considered consideration

(the price of the products will NOT be accepted).

2 marks

b)

without vesting of title in copyright with Belinda, Sajit still remains owner of any copyright in the drawings he made (see Ray v Classic FM [1998] EWHC 333 - case name not required but can be taken into account in the discussion below if present)

1 mark

i)

it might be possible to imply a term into the freelance contract that Sajit has given a licence to Belinda to adapt the drawings

Sajit certainly has given an implied a right to Belinda to use the drawings in the manufacturing process

the question is what is necessary for the freelance contract to be fulfilled

the commercial terms suggest that the contract would have implied some right or licence to develop the business further using the design requiring amendment of the design drawings, but unclear and further review of the contract required

an assignment will not be implied where a licence is sufficient to fulfil this

3 marks

ii)

rights in the drawings will need to vest in Belinda for her to sell rights in the drawings to another as a chain of title must exist

the implication of an assignment in the terms of the contract must be necessary for the freelance contract to have this effect

2 marks

these circumstances are, however, only likely to arise if Belinda needs in addition to the right to use the copyright works in manufacturing her kettles the right to exclude Sajit from using the work himself in his own manufacturing and Belinda needs the ability to enforce the copyright against third parties

1 mark

the two possible relevant examples given by the court in Ray of when copyright might vest by implication of such a term into a contract may include

(a) where the purpose in commissioning the work is for Belinda to multiply and sell copies on the market for which the work was created free from the sale of copies in competition with Belinda by Sajit or third parties; or

(b) where Sajit creates a work which is derivative from a pre-existing work of Belinda, e.g. when a draughtsman is engaged to turn designs of an article in sketch form by Belinda into formal manufacturing drawings, and the draughtsman could not use the drawings himself without infringing the underlying rights of Belinda;

[describing how the examples are referred to by the court in Ray need not be explicitly stated but an explanation reflecting these is needed to obtain full marks; either example a) or b) from Ray v Classic FM is sufficient to obtain these marks]

2 marks

Total: 20 marks

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Question 12

Zara is a patent attorney. Her client, Bao, has invented a novel container for screen wipes permitting easy extraction of one wipe at a time from the top of the cylinder whilst keeping the remaining wipes damp. Bao's invention also had an added benefit being the ability to extract wipes from the side of the cylinder. Bao described this added benefit in a meeting to Zara. Zara asked Bao for his drawings describing the added benefit but Bao failed to send them.

Zara drafted a patent application that included claims to the cylinder allowing extraction from the top of the cylinder but failed to include claims to the added benefit being the extraction of wipes from the side of the cylinder.

A court later failed to make a finding of infringement on an article using the added benefit on the basis that the resulting patent failed to cover the variant.

Bao suffers damage. In particular:

- i) the article that was found not to infringe reduces Bao's market for his primary invention, extracting wipes from the top of the cylinder, by 20%;
- ii) he fails to expand his market to include cylinders with the added benefit. Bao argues that this was because a venture capitalist withdrew extra funding for a marketing assistant because of the finding of non-infringement by the variant and also because Bao is not good at marketing. Zara argues that she shouldn't be responsible for Bao not being good at marketing;
- iii) Bao can no longer afford to pay his rent.

a) Advise Bao whether Zara is liable to Bao for *all* this damage.

10 marks

Bao was operating as a sole trader. His fortunes have changed and now he wants to expand the business to include an office stationery supply business requiring him to buy a premises from which to store, organise and ship stock, develop a portfolio of registered intellectual property, borrow money and employ staff. His accountant advises that he now trades as a limited company.

b) Explain to Bao why his accountant has advised that he operates as a limited company rather than being a sole trader.

6 marks

Bao wants members of his family to benefit from the business but does not want them to run the business. Also he is not sure about the essential paperwork to create the company.

c) Explain to Bao the basic structure and paperwork required to establish his limited company to enable him to meet these aims.

4 marks

Total: 20 marks

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Answer

- a) *Eg generally Caparo v Dickman [1990] 2 AC 605: Any reasonable clear discussion covering:*

Zara must owe duty of care to Bao for her to be liable in negligence

1 mark

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

1 mark

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

1 mark

Discussing whether Zara has failed to investigate fully Bao's invention when she has been alerted to it in the meeting

1 mark

Zara should be communicating further with Bao to ask for further information / include a broader claim

OR for very good detail on objective standards of legal test

1 mark

Heads of Damage (some flexibility of marks between these heads of damage & contributory negligence)

- 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 the 20% of Bao's market similarly the damage is of a reasonably foreseeable type as it relates to the monopoly flowing from the nature of patents with no intervening acts*

1 mark

- ii) *it appears from the question that there is causation in fact the type of damage which relates to the market covered by the patent claim that was not included by Zara – candidate should discuss causation in law (remoteness) Zara must be responsible for the claimant as they are so the fact that Bao can't market his products properly is relevant – egg shell / thin skull principle (see eg Owens v Liverpool Corp [1939] 1KB 394)*

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 narrow patent) it is likely that there is no causation in law as the damage is too remote and not of a type envisaged by getting a patent monopoly*

1.5 marks

Bao failed to send Zara details of the added benefit, candidate can discuss whether Zara should have followed up Bao's drawings and is in fact part of Zara's breach and not contributory negligence – but some discussion of contributory negligence is required

if contributory negligence then some % reduction to damages awarded

1 mark

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b) tax –

Bao's expanded business will be taxed as corporation tax rather than the higher rates of income tax, with claims against for investment purchases

1 mark

borrowing money –

a limited company can offer a mix of fixed and floating charges (sole traders cannot offer floating charges – no marks for discussion of fixed charges as these are available to sole traders)

floating charges - do not attached to specific assets but rather over classes of assets that are changing (so eg here the stock and IP portfolio that is held at any particular time, but not the premises)

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.

3 marks

limited liability -

protection against losses from employing staff and buying expensive premises as well as business risk

liability is limited to a shareholding and to the amount of that shareholding

2 marks

c) *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 detailed knowledge:*

a limited company is created by:

*process of incorporation set out in its Memorandum of Incorporation,
ongoing management governed by its Articles of Association,*

1 mark

managed by its Directors (directors' can only be found personally liable for reasons of misconduct in fulfilling the Directorship liability)

owned by its shareholders to the stated allotment of shares who can receive dividends from profits of business

1.5 marks

Bao can be a sole director without company secretary provided this is stated in the Articles of Association

family members can benefit as shareholders but only those who are trusted could be made [directors /] company secretary to help run the company

1.5 marks

Total: 20 marks

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Question 13

Patrick is employed by Spineless Ltd (“Spineless”). He has no written employment contract. He has worked for Spineless for many years and is skilled at re-binding old physical books and manuscripts.

Only Spineless’ small number of book binding employees use a method of re-binding that Spineless revealed to them was used in the industry over 100 years ago but because of the effects of time and the reduction in use of physical books, this method is a lost art to other bookbinders (the “Spineless method”).

Using this method results in bindings with greater longevity for which Spineless has developed a reputation as part of its trading for over 10 years. Also Patrick has developed with his colleagues his own particular skilled way of binding books as a result of using this method (“Patrick’s method”). His way works best when using the Spineless method but does not rely on the Spineless method.

Patrick is planning to leave the employment of Spineless to start a new company in the business of bookbinding. He sets up the company before leaving his employment and starts using Sheena in the new company as a bookbinder to get his new business going.

Whilst still an employee he trains Sheena using the Patrick method but does not teach the Spineless method to Sheena. From Patrick’s method, Sheena develops a number of different book services competing with Spineless.

Two months later Patrick then leaves Spineless to work for his new company using a mix of:

- i) the Spineless method, and
- ii) Patrick’s own method.

Spineless discover what Patrick is doing and writes to him demanding that Patrick and his freelancer stop providing book binding services using these methods.

- a) Advise Patrick whether Spineless can demand that he stops book binding using these methods in his new business after leaving his job at Spineless (do not discuss any issues relating to enforcement).**

10 marks

- b) Outline the potential significance on enforcement of the training Patrick gave to Sheena prior to his leaving his employment?**

5 marks

Patrick names his new company Spinebind UK Ltd. Spineless is worried by this use of this new company name because they were about to register the name “Spinebind Ltd” for a subsidiary company. All the employees were aware that Spineless was about to set up this new subsidiary. Spineless has threatened to apply to the Company Names Tribunal to prevent Patrick using this name.

- c) Advise Patrick on the threat by Spineless to apply to the Company Names Tribunal to prevent Patrick using ‘Spinebind UK’ as his company name. Ignore any other potential claims.**

5 marks

Total: 20 marks

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Answer

a)

any reasonable structure will do:

as Patrick is an employee and no terms relating to confidentiality of information / post-employment restrictive covenants therefore this matter must be decided by implied term of employment contract, Faccenda Chicken Ltd v Fowler, Court of Appeal 1986, recognising case name can add to certainty of mark award.

1 mark

Spineless can only succeed on the basis of an implied term if it can show improper use of confidential information tantamount to a trade secret, based on breach of the duty of good faith

1 mark

A number of factors must be considered (allocation of marks can be flexible for reasonable discussion):

- the nature of employment – where the alleged ‘confidential’ material is habitually handled by Patrick this imposes a high obligation of confidentiality because Patrick is expected to realise its sensitive nature to a greater extent than if he were employed in a capacity where such material reaches him only occasionally or incidentally

Patrick is employed in a specialist position at Spineless that is core to Spineless’ commercial business

2 marks

- the nature of the information – must be classed as trade secret rather than mere confidential information ‘is in all the circumstances of such a highly confidential nature as to require the same protection as a trade secret’

The Spineless method:

is not known to industry generally and adds commercial value to the books on which it is used and is hidden away

knowledge of it is restricted to a number of individuals

Patrick’s method:

Is either general confidential information or his own general skill and he cannot be prevented from using this in later work

3 marks

- has Spineless impressed on Patrick the confidential nature of the information

The Spineless method: arguably yes, it is been made known why the method is valuable

Patrick’s method: unlikely

1 mark

- can the information be readily separated from other information which Patrick is free to use Spineless method is specific and Patrick knows this and is separable from Patrick’s general skills

it is a commercial process to create better bound books

2 marks

b)

(allocation of marks can be flexible for reasonable discussion):

during his employment Patrick has a duty of good faith or fidelity to Spineless

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by analogy to the court in Faccenda Chicken stating that the duty is broken where an employee makes or copies a list of the customers of the employer for use after his employment ends or deliberately memorises such a list, even though (except in special circumstances) there is no general restriction on an ex-employee canvassing or doing business with customers of his former employer, - that duty will be broken if Patrick during his employment takes steps to take away confidential information in order to set up after his employment and has done so by setting Sheena up with this method before his departure

IN THE ALTERNATIVE

Up to two marks may be awarded for a discussion from Sheena's point of view namely

The rule on confidential information binds the conscience

Whether, objectively, it was reasonable for Sheena to be aware that the information that Patrick was using to train her was confidential information

3 marks

a "springboard" injunction therefore may be granted reflecting the advantage for Patrick's new business competing with Spineless prior to his leaving employment

may be possible for the court to include in the injunction the use of derivative products developed by Sheena

2 marks

c)

Section 69 (1) (a) & (b) Companies Act 2006: the Company Names Tribunal provides a remedy for

i) a person aggrieved by 'opportunistic' registration of a company name for a similar name

ii) in which that person has goodwill or a reputation;

1 mark (total)

Spineless will have to demonstrate goodwill or reputation at time that new company name was adopted – Spineless is said to have developed a reputation

1 mark

opportunistic includes

a) suspicion that the name has been registered to extract money

b) or preventing registration of variation of a name

either will be difficult to show unless Spineless can show that Patrick knew of the intention to register the particular new name "Spinebind Ltd" and/or Patrick would demand monies from Spineless to change his own company name.

if candidate discusses a comparison on marks and how similar they are this can be awarded an alternative mark to the above

3 marks

Total: 20 marks

Question 14

Aksana holds a valid patent for a new laser pointer with a special lens allowing the pointer to transmit a beam over 50 meters (because of the special lenses used), thereby allowing it to be used in very large conference rooms. This is her first business and she hasn't started manufacturing products yet. Aksana is nervous about marketing her new product because she is uncertain of the market for a long range laser pointer and hence the best sales price.

Aksana reads in the newspaper that Gregory is going to launch a new laser pointer at an exhibition centre in 2 days' time with plenty of stock to sell. The description of the laser pointer matches that of Aksana's and the claim made by Gregory in the newspaper is that he will be able to point a beam across the exhibition centre in a dramatic public demonstration to prove how good it is.

Gregory has many different products on the market. Aksana reads in another newspaper that Gregory has been associated with some poor quality products in the past. Aksana wants to obtain an urgent injunction against Gregory to stop him launching his pen, without warning him.

- a) **Advise Aksana whether she is likely to be able to obtain such an injunction.**
10 marks

- b) **Advise Aksana on at least two undertakings she will have to give to the court should the court consider granting such an order to Aksana.**
2 marks

- c) **Explain one type of evidence that Gregory's lawyers are likely to advise him to show to the court when defending the injunction application explaining the issue(s) the evidence goes to. You should include the nature of the evidence, the likely type and form of the information in order for it to be admitted to the court.**
4 marks

Aksana believes she is likely to achieve 500 sales this year. She believes Gregory can sell 1000 of his pens this year at £10 per pen. Gregory has been known to refuse accepting technology licences for less than 20% but this does appear high when many companies in this industry accept 10%.

- d) **Advise Aksana of the basis of the court's approach to calculating damages in this case were the court to find infringement of her patent. You should use the relevant figures to illustrate your approach however marks will not be awarded for calculations.**
4 marks

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Answer

- a) *American Cyanamid v Ethicon [1975] UKHL 1: 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, Aksana's patent is valid does Aksana have much evidence that Gregory is going to infringe her patent? Probably not sufficiently serious and court is likely to require further information that Gregory is likely to be infringing Aksana's rights [could be discussed under 'merits of claim below in which case marks transferred to the points below]

2.5 marks

are damages an adequate remedy; in the event Gregory's behaviour continues and that behaviour were to be found at trial to be infringement, Aksana could be awarded a licence fee, but Aksana is

- i) uncertain of how the market is quantified*
- ii) is losing control of potential poor quality products being released onto the market / high profile launch / reputation damage*

2.5 marks

where does the balance of convenience lie between Aksana and Gregory's activities; Gregory has many products on the market but this is Aksana's first business / Gregory can fall back on his other products for income concerns over quality control but only because of Gregory's other products not because of any information about this one

2.5 marks

if all things equal the objective is to preserve the status quo ante, Aksana is not in danger of losing sales because she hasn't started production Gregory has manufactured stock so if quality is adequate and sales are clear and recorded then there is no reason to stop Gregory;

discuss how court may consider merits of the claim – but no marks for this if candidate has already discussed the need for further evidence of infringement above

2.5 marks

- b) *any two of the following:*

*to pay damages to Gregory should the injunction be found to have been granted in error
to commence infringement proceedings as soon as possible
to bring notice of the ex parte application to Gregory's notice as soon as possible so as to arrange for an inter partes hearing of the application*

2 marks

- c) *either of the following is acceptable:*

*adequacy of damages:
evidence of definite sales price/damages, accounting statements showing cost price and adverts showing retail pricing that it would be easy for the court to award damages.*

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FINAL Mark Scheme 2021**

OR

of quality of product / and likelihood of infringement:

*produce one of the laser pens / accounting statements etc (1 mark)
made to show that the quality is acceptable and whether the product infringes (1 mark)*

each attached as annexes to a witness statement (0.5 marks) probably by Gregory signed with a statement of truth (0.5 marks)

that the statement explains the significance of the item produced in relation to the test for an interim injunction – eg is there a serious case of infringement to be tried, a good quality product reduces the likelihood a court would want to protect Aksana's commercial reputation (0.5 marks), accounting statements etc as documentary evidence, product as real evidence (0.5 marks)

d)

Mention but must discount: stolen sales / lost profits on claimant's sales - none as Aksana hasn't started manufacturing / selling, candidate can mention account of profits as alternative mark to 'stolen sales / lost profits' (1 mark) (a degree of flexibility for this mark where there is a good reasonable discussion of the issue of damage)

Aksana's projected sales for 500 irrelevant (1 mark)

*reasonable royalty –
willing licensor – licensee (1 mark)*

*irrelevant that Gregory refuses in fact to agree to licensing
usual royalty likely to be 10% on sales (1000 x £10) (1 mark)*

Total: 20 marks