

SECTION A

Question 1

- a) Who may apply to the Company Names Tribunal to challenge an 'opportunistic' registration of a company name?

2 marks

- b) Briefly describe what is meant by an 'opportunistic' registration of a company name.

2 marks

Total: 4 marks

Answer

- a) *A person that has goodwill or a reputation*

1 mark

in a similar name or causes confusion

1 mark

- b) *'Opportunistic' includes suspicion:*

i) that name has been registered to extract money

1 mark

ii) or that it is being chosen to prevent registration of variation of a name;

1 mark

Total: 4 marks

Question 2

- a) Regarding Section 2, *Partnership Act 1890* (the Act), the receipt by a person of a share of the profits of a business is prima facie evidence that they are a partner in the business. Give one example from the Act in which the receipt of such a share, or of a payment contingent on or varying with the profits of a business, does not of itself make them a partner in the business.

1 mark

- b) Regarding Section 9 of the Act, state the liability of a partner in a firm towards their fellow partners.

2 marks

Total: 3 marks

Answer

- a) *Any one of (precise wording not required):*

(a) The receipt by a person of a debt or other liquidated amount by instalments or otherwise out of the accruing profits of a business does not of itself make him a partner in the business or liable as such:

(b) A contract for the remuneration of a servant or agent of a person engaged in a business by a share of the profits of the business does not of itself make the servant or agent a partner in the business or liable as such:

(c) A person being the widow widower, surviving civil partner or child of a deceased partner, and receiving by way of annuity a portion of the profits made in the business in which the deceased person was a partner, is not by reason only of such receipt a partner in the business or liable as such:

(d) The advance of money by way of loan to a person engaged or about to engage in any business on a contract with that person that the lender shall receive a rate of interest varying with the profits, or shall receive a share of the profits arising from carrying on the business, does not of itself make the lender a partner with the person or persons carrying on the business or liable as such. Provided that the contract is in writing, and signed by or on behalf of all the parties thereto:

(e) A person receiving by way of annuity or otherwise a portion of the profits of a business in consideration of the sale by him of the goodwill of the business is not by reason only of such receipt a partner in the business or liable as such.

1 mark

b) *(precise wording not required)*

jointly liable with the other partners, (0.5 marks)

for all debts and obligations of the firm, (0.5 marks)

incurred while they are a partner, (0.5 marks)

after their death their estate is also severally liable in a due course of administration for such debts and obligations, so far as they remain unsatisfied, (0.5 marks)

Total: 3 marks

Question 3

a) Explain what is meant by a deposition.

2 marks

b) What is the weight afforded to affidavit evidence where the person making the statement is not present at trial?

1 mark

c) Give one other way in which evidence may be given by a witness not physically present in court at trial.

1 mark

Total: 4 marks

Answer

a) *a person being examined on oath before the hearing takes place, before a judge, examiner of the court or other as the court may appoint, conducted in the same way as if the witness were giving evidence at a trial.*

2 marks maximum

b) *The evidence is treated as hearsay evidence if challenged.*

1 mark

c) *Either by live video or by telephone.*

1 mark for either

Total: 4 marks

Question 4

- a) State the two principal classes of legal professional privilege. **2 marks**
 - b) State who is the 'client' for the purposes of legal professional privilege. **2 marks**
 - c) Describe the materials to which the legal professional privilege enjoyed by patent attorneys applies. **2 marks**
 - d) Describe how legal professional privilege in England and Wales applies to in-house patent attorneys and their dealings with their client. **1 mark**
- Total: 7 marks**

Answer

- a) (1) Legal Advice Privilege ("LAP") **(1 mark)**; (2) Litigation Privilege ("LP") **(1 mark)**. **2 marks**
 - b) *"those individuals specifically tasked with seeking and obtaining legal advice"* Three Rivers (No 5) EWCA Civ 474. Candidates need not be precise but must demonstrate a distinction between this narrow formulation and the client organisation. **2 marks**
 - c) *communications as to any matter relating to (a) the **protection** of any **invention, design, technical information or trade mark**, or as to any matter involving **passing off**, and (b) documents, material or information relating to any matter mentioned in [(a)] (see CDPA 1988 s280 – the candidate need not be precise but must be aware of the range of types of communications to which s280(1)(a) & (b) refers.* **2 marks**
 - d) *LPP does not apply to communications between an in-house patent attorney and his in-house client where those communications are solely for administrative purposes.* **1 mark**
- Total: 7 marks**

Question 5

With reference to proceedings in the Intellectual Property Enterprise Court (IPEC):

- a) Distinguish the cap on compensation available between the multi-track and small claims track. **3 marks**
 - b) Explain the cap on the award of costs in the multi-track and small claims track of the IPEC. **3 marks**
- Total: 6 marks**

Answer

- a) *Multi-track maximum damages £500,000*
This cap may be waived by agreement between the parties
Small claims track £10,000

3 marks

- b) *Any 3 of:*
Multi-track recoverable costs are capped at £60,000 for the trial on liability,
£30,000 for the trial on quantum of damages,
cap may be overridden by a successful part 36 offer,
Small claims track generally limited to court fees only.

3 marks

Total: 6 marks

Question 6

- a) State the difference in the general principles applied to the award of damages in contract and in tort.

2 marks

- b) State four different types of remedy available in IP infringement cases (remedies in the alternative will attract the same mark).

4 marks

Total: 6 marks

Answer

- a) *contract (to put the claimant in the position as if the contract had been fulfilled),*
tort (to put the claimant back in the position if the tort had not been committed).

2 marks

- b) *injunction*
damages/account of profits
aggravated or elevated damages
delivery up/destruction
advertisement of judgment
declaration of valid & infringement / non-infringement

4 marks

Total: 6 marks

Question 7

With reference to the *IPReg Core Regulatory Framework Chapter 2 Code of Conduct*, state:

- a) three ways in which client money must be kept safe; **3 marks**
- b) what information regarding client money must be provided to IPREG; **2 marks**
- c) what action must be taken regarding client money residual balances below the amount prescribed *which relate to a client*; **1 mark**
- d) the nature of any publicity in relation to a registered patent attorney's work; **1 mark**
- e) when clients must receive information from a registered patent attorney; **1 mark**
- f) exceptions to a registered patent attorney's obligation to keep a client's affairs confidential; and **1 mark**
- g) what must be done with workforce diversity data in relation to a registered patent attorney's practice. **1 mark**

Total: 10 marks

Answer

- a) *client money must always be identifiable and is kept separate from money belonging to the firm (1 mark).*
it must be returned promptly to the client as soon as it can be (1 mark).
it must be held in a bank account in the UK (1 mark). **3 Marks**
- b) *IPReg must be notified if a registered patent attorney holds client money (1 mark).*
IPReg must be notified when client money above the prescribed amount cannot be returned to the client (1 mark). **2 Marks**
- c) *Any residual balances below the amount prescribed which relate to that client must be donated by a registered patent attorney to a charity of their choice (1 mark).* **1 Mark**
- d) *Publicity in relation to a registered patent attorney's work is accurate, fair and not misleading.* **1 Mark**
- e) *Both at the time of engagement (0.5 marks) and, when the context applies, as work progresses (0.5 marks).* **1 Mark**

- f) *A registered patent attorney must keep their client's affairs confidential unless permitted by law (0.5 marks) or the client consents (0.5 marks).*

1 Mark

- g) *Workforce diversity data is monitored, reported and published, as prescribed (1 mark).*

1 Mark

Total: 10 marks

SECTION B

Question 8

Patricia makes a sales call at Nicholas' office, telling him about her goods wrapping technology. Nicholas explains that he is an expert in the manufacturing of goods but, over the years, he has used others to advise on packaging issues. She says that she has been researching ways to wrap goods for five years and that her technology will increase Nicholas' capacity to wrap his fresh food goods by 100%. Nicholas is impressed by this.

Patricia and Nicholas sign a twelve-month contract to use the new process. There is no mention in the signed document of the 100% increase. Afterwards, Nicholas shows Patricia around his factory and the way the factory works. On the way out, Patricia assures Nicholas that twenty other factories are using the new wrapping process. Nicholas is impressed that so many factories have installed the process and shakes hands with Patricia.

The contract commenced but the new process only increases production by 30%, and it is clear that a 100% increase could never have been achieved, as the process takes so long because the fresh food goods need multiple wrapping to keep them fresh.

It turns out that Patricia i) only used the process at home on clothing goods for her online shopping business and ii) that whilst she has shown the process at twenty factories, none of those have started installing the process.

- a) Prepare notes for a meeting with Nicholas in which you advise Nicholas whether he can bring claims for misrepresentation against Patricia. Whatever your conclusion, you should briefly discuss the remedies available.**

13 marks

In frustration, Nicholas goes onto an online forum for those engaged in small online sales of goods and says, 'Patricia's wrapping process only results in the goods being damaged in transit.' When asked how he knows this, Nicholas describes the food spoilage he experienced but fails to mention that Patricia sells clothing goods.

- b) Prepare notes for a meeting with Nicholas in which you advise Nicholas whether Patricia could bring claims for malicious falsehood against him.**

7 marks

Total: 20 marks

Answer

Half marks may be awarded for valid points that are not wholly developed. Discussion marks can be awarded to alternative reasonable points supported by the facts and law.

a)

Any reasonable discussion/conclusion covering the following:

A relevant representation is a statement that is made prior to concluding a contract.

1 mark

The statement concerning the 100% increase in production is prior to concluding the contract but the statement concerning the 20 other factories using the new wrapping process is not prior to concluding the contract and therefore not a relevant representation.

1 mark

Where the statement is made in such circumstances that a person is induced into entering the contract, and is not mere puff.

1 mark

We need further information but information that Nicholas is impressed by the 100% increase claim and that it will work with fresh foods give us a good reason to believe this induced him to enter the contract.

1 mark

Actionable representations might be:

Fraudulent: where the maker of the statement knows or is reckless as to the untruth of the statement.

1 mark

Negligent: where the person making the statement is careless in making a statement that turns out to be untrue.

1 mark

Patricia:

- *Does not have experience of wrapping fresh food goods.*
- *And is limited to home production levels only.*
- *She knows that no other factories have started using her process.*
- *Made no attempt to check out Nicholas' factory beforehand.*
- *And therefore, it is likely that the statement is made recklessly, ie is Fraudulent.*

Up to 2 marks for discussion

Reliance must exist and that it was reasonable that reliance should be placed upon the statement.

1 mark

A reasonable conclusion based on the following:

- *Whilst Nicholas is not an expert in wrapping/packaging,*
- *He should have brought in expertise to assess Patricia's claims and take time to do so before signing the contract,*
- *The statement is made prior to the parties reviewing the actual factory,*
- *And therefore it appears that it is not reasonable to place reliance on the statement.*

Up to 2 marks for discussion

Remedies:

- Both result in the injured party being able to rescind the contract and sue for damages.*
- Fraudulent: beyond reasonable doubt, Negligent: balance of probabilities.*
- Negligent misrepresentation can be excluded by contract term but fraudulent cannot be.*

2 marks for discussion including any 2 of these points

b)

Malicious falsehood is a false statement of fact and not of opinion.

Nicholas is making a particular statement of fact (in addition to the question of malice).

1 mark

Could be seen as 'mere puff' where the customers are unlikely to take the precise statement seriously but Nicholas' statement about the transit of the goods is specific and could be taken seriously.

1 mark

Published - required— Nicholas made the statement on social media.

1 mark

Statement must be made with malice, that is an intention to cause loss or a dominant improper motive by defendant including recklessness, 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'

1 mark for any one point clarifying nature of malice

It appears Nicholas wants to hurt Patricia's business, it is not specific to his experience but rather about goods in transit.

1 mark

Patricia 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'.

Nominal damages at least could be awarded if Patricia cannot show actual loss Patricia's (see eg George v Cannell and another [2024] UKSC 19).

2 marks in total for discussing these issues

Total: 20 marks

Question 9

William owns a patent covering a new child's feeder cup. Maria has been manufacturing her own feeder cup for six months now. William is insistent that Maria's cup is an infringement, and in pre-action correspondence William's patent attorney is able to convincingly rebut Maria's arguments against the novelty and inventive step of his claim. The parties dispute infringement.

Maria refuses to stop making her cup. William has other products he is manufacturing in his own factory. He is concerned that quantifying his loss will be difficult because he will have to increase the manufacture of the cup, a product with lower profit margin than his other products, in order to counteract Maria flooding the market with her cup.

This is Maria's first-ever product, which she is manufacturing using a friend's factory in the UK by using another friend who has a startup business in importing plastic into the UK and needs this project to continue to develop her business in other markets. Maria has three months' supply of plastic that must be used in that period, otherwise it becomes brittle without going through the manufacturing process.

William's level of market share fluctuates, whereas he has just discovered that Maria's has recently grown exponentially. William doesn't want to wait to draft complex pleadings to start a claim – he just wants the court to stop Maria's manufacturing.

- a) Write notes for a meeting with William to advise on the type of court order that would stop Maria producing her feeder cups, including the principles that the court will apply in considering the undertakings that William is likely to have to give to the court.**

13 marks

Maria has been selling her own cup now for six months but for the first two months struggled to get sales moving. Maria also sells a tabletop holder that fits the specific dimensions of the cup as an accessory, making it easier for younger children to steady the cup when placing it down. Maria gets a profit of £3 on her cups and £1 on the holder. Maria has sold 2,000 of her cups so far and 1,000 of her holders so far.

At present, William is selling each of his cups for £10 each and each cup costs him £2 to sell (incl. £4 manufacturing and £1 marketing).

In the past four months, his sales have reduced by 50%. Maria argues that this is because he is only selling in bricks and mortar shops in London, some of which have recently closed. Maria sells online and in shops across the country.

- b) Advise William of the court's approach to calculating damages in this case were the court to find infringement of his patent at trial. You should use the relevant figures to illustrate your approach; however, marks will not be awarded for calculations.**

7 marks

Total: 20 marks

Answer

Half marks may be awarded for valid points that are not wholly developed. Discussion marks can be awarded to alternative reasonable points supported by the facts and law.

a)

With notice, interim injunction, applying the principles of American Cyanamid.

1 mark

Is there a serious issue to be tried?

0.5 marks

*The parties have had an opportunity to correspond about this and William has had the "better of the argument" (see eg *Dos Santos v Unitel SA* [2024] EWCA Civ 1109) – this is the acceptable application of the "a serious issue to be tried" test; that a frivolous or vexatious claim will not be allowed can be given **0.5 marks** as it is not an application of this test to the facts of the case.*

1 mark

Are damages an adequate remedy in the event the defendant's behaviour continues and that behaviour were to be found at trial to be wrongful?

0.5 marks

Damages should be an adequate remedy as Maria likely to have to pay a royalty on production/sales

1 mark

Discussion that just because quantifying the loss might be difficult, this does not affect the assessment under this heading / as an alternative candidate can argue that Maria can be compensated for loss of her stock of plastic or discussion of loss of market / comparable quality.

1 mark

Where does the balance of convenience lie as between the parties?

1 mark

William

- *has other products he can sell to offset-the sale of these cups, and*
- *these are low priced goods,*

however, Maria

- *is in the first 6 months of her first ever product and so has established a supply chain,*
- *her cheaper goods are capable of undercutting William's market.*

2 marks for discussion

Her friends' businesses will likely fail if Maria is not able to manufacture and William's undertaking in damages will not extend to these businesses (this latter point must be made to get this mark).

1 mark

If otherwise balanced between the parties, objective is to preserve the status quo ante in which case, the court may not order production to be stopped as arguably William's market continues to fluctuate which is the normal state of his market. One of these marks can be awarded if the candidate refers to the attention a court may give to the merits of the case if all other factors are balanced.

2 marks for discussion

William's undertakings:

- *Cross-undertaking in damages if injunction should not have been granted.*
- *To commence proceedings as soon as possible.*

2 marks

b)

Damages for IP Infringement eg see Alfrank Designs Ltd v Exclusive (UK) Ltd [2015] EWHC1372 (IPEC). Marking will take into account typographical error in "£2" figure in question.

Stolen sales:

The proportion of sales of infringing cups by Maria which are to be treated as having caused equivalent loss of sales by William, ie £1 for £1 damages.

Evidence suggests that Maria's sales when her sales took off were taken directly from William. But her evidence of her selling across the country and not in William's stores will be highly relevant to this argument.

So likely only a small % of Maria's 2000 cups could be classed as stolen sales, ie William's £8 profit x unit x (small)%.

3 marks for discussion

Reasonable royalty:

The royalty to which William is entitled in relation to Maria sales of infringing cups which caused William no loss of sales – reasonable royalty.

Reasonable royalty based on willing licensor – licensee % of Maria's £2 per cup profit that are not lost sales, ie Maria's 2,000 x £2 x %.

2 marks for discussion

Convoyed sales of the cup tabletop stand:

Causative link must be shown – eg desk stand only fits those particular cups.

If it does only fit those particular cups and no others then could be up to 100% of 1000 sales, ie Reasonable royalty of Maria profit on 1000 sales x % for those convoyed sales.

2 marks for discussion

Total: 20 marks

Question 10

Sangita, Edward and Parvati are in a wine bar late one Saturday night. They are old work colleagues, meeting at an industry event. Parvati makes it known to the others that she is now a patent attorney and soon to be promoted to partner. Neither Sangita nor Edward are lawyers.

Edward owns a patent and is chatting to Sangita about selling the patent to Sangita. For some of the conversation, Parvati was at the bar buying drinks when Sangita and Edward discussed an option for Edward to get out of any deal they made. Sangita leaves and afterwards Edward says to Parvati that he is worried that he has given away all rights to his patent. Parvati doesn't ask about any details and simply tells Edward not to worry as it was a conversation in a pub between friends.

Edward goes home and takes no further action, even when Parvati sends him an email suggesting a follow-up drink to talk about the matter. Edward believes his previous discussion with Parvati was sufficient.

A court later finds that there was a contract between Sangita and Edward to sell part of Edward's patent and that Edward had a two-week option to get out of the contract. It turns out at trial that Edward and Sangita had done business before and Parvati knew this.

Edward has lost out financially:

- i) He had an immediate opportunity to sell his patent for a higher price to someone else, which he cannot now redeem.
- ii) Sangita's immediate use of Edward's patent is so poor that Edward suffers reputation loss for his other inventions.
- iii) Edward is unable to repay his business loan and loses his factory because the deal with Sangita is so bad.

- a) Prepare notes for a meeting in which you advise Edward whether he can take action against Parvati for these financial losses, setting out the requirements to establish actionable negligence.**

13 marks

Edward has now lost all his money. To try to earn some new money, Edward wants to start manufacturing and sell his new adjustable spanner, on which he has a patent. As he has no factory any more, initially he will use third parties to manufacture large quantities of spanners. He needs to borrow money to pay for the manufacturing and to employ people to sell the spanner. He is currently a sole trader. Rosemary, a potential investor and experienced freelance director, has expressed interest in giving money to Edward's business, but is concerned about getting security for it. She also wants to control his actions whilst he runs his business. As a result, she wants Edward to form a limited company.

- b) Make notes to advise Edward why Rosemary might want him to form a limited company.**

7 marks

Total: 20 marks

Answer

Half marks may be awarded for valid points that are not wholly developed. Discussion marks can be awarded to alternative reasonable points supported by the facts and law.

a)

Candidates may analyse the scenario relying on basic requirements for negligence or negligent misstatement. Marks allocated across duty/breach and causation remains the same.

Parvati must have a duty of care to Edward - relationship of sufficient proximity (objective standard).

1 mark

Existence of a duty of care is likely because she accepted responsibility as a professional advisor.

Parvati following up with her email suggests she is aware that there might be an issue.

That Edward might believe Parvati has advised him, is not conclusive of whether there is a duty objectively.

However, it is possible to argue that they are meeting as friends and so no formal discussion took place and Parvati not there as an advisor.

2 marks for discussion (these marks can be shared with the discussion on breach)

Parvati must have breached this duty, on an objective standard.

1 mark

She has failed to advise correctly nor to ask further questions of Edward and to advise accordingly, particularly because she has advised when not being present during the conversation.

1 mark

Heads of Damage (some flexibility of marks between these heads of damage and how candidate refers to tests for causation in fact and law)

i)

Discuss application of the 'but for' test and that there appears to be a direct factual link between not retaining his patent and losing the better deal he could sell at.

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.

2 marks

ii)

It appears from the question that there is causation in fact.

Candidate should discuss causation in law (remoteness) regarding damages for loss of reputation – Sangita's poor work with the patent is not likely to be reasonably foreseeable / discussion of the risk of doing business.

Candidates may make the point that Parvati would likely not have been asked to advise on whether Sangita's ability to work the patent was high or not.

2 marks

iii)

Candidate should discuss that, even if there is causation in fact,

Causation in law – arguably the damage is too remote but candidate can argue either way:

Edward should have considered the deal he was making.

However, Edward will argue that he wasn't serious in making this deal and if he had known about the option he would have got out of the deal.

2 marks

Contributory negligence

Edward failed to follow up with a further discussion with Parvati on the matter and therefore possible contributory negligence

1 mark

if contributory negligence then some % reduction to damages awarded

1 mark

b)

Nature of Security:

Rosemary can place a charge on Edward's assets as security for her lending. This can be a fixed charge on particular specified property such as IP rights, real property which usually restricts the owner's ability to deal with that property, but the only such asset is likely to be the patent.

1 mark

So, if Edward sets up a limited company, Rosemary can also take a floating charge, which is an equitable charge available only to companies or LLPs.

Or

Floating charges do not attach to specific assets but rather over classes of assets that are changing, such as stock.

1 mark

These assets are usually of such nature as will be dealt with frequently in the course of business by the Edward, making it impractical for the owner to seek permission of the debenture holder each time the asset is bought or sold - these assets will be the spanners manufactured and about to be sold.

1 mark

Edward has a patent on which a fixed charge could be applied

1 mark

The floating charge only crystalizes 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.

1 mark

Nature of Control:

Also, Rosemary will be able to take shares in his limited company as an investor

1 mark

Which could allow her to appoint someone (or herself) as a director to help Edward manage the business

1 mark

Total: 20 marks

Question 11

Alexander is a lamp designer and has worked for the last two years at Floral Lighting Ltd (Floral) as an employee. He has no written terms as to confidentiality. Floral develops lamp shades with different combinations of coloured glass panels, allowing specific wavelengths of light. Floral continues with research into the combinations of coloured lights that can alleviate seasonal affective disorder (SAD).

The combination of colours changes as public attitudes change and relies on past history of changing attitudes. Alexander mostly dips into the last two years of information to which he is directed in his job but the last 20 years of research by Floral is left lying around the office.

Floral is about to launch this year's current lampshade, which it has been telling all its employees is going to be the market leader this year. Floral holds i) the results of tests which are contained in a series of 20 years of research notebooks and ii) a list of the current coloured glass wavelengths.

Having worked on this year's current lampshade, Alexander leaves Floral and joins Passive Ltd (Passive), which specialises in designing hospital lights which assist patients' recovery. Passive has its own body of research in the emotional needs of patients. Alexander remembers the current configuration of coloured panels and has developed a knowledge of Floral's research from the last 20 years.

Passive asks Alexander to use its own body of research on which to base new hospital lighting. Alexander's new design uses similar but not identical colour combinations, except for one coloured pane, which is of an identical wavelength to Floral's current combination.

- a) Prepare notes for a meeting in which you advise Floral whether they can take action for misuse of confidential information, against Passive. Do not discuss remedies available.**

13 marks

Floral's in-house team is too busy to create the first sketches of next year's lampshade, which will require a new 3-D arrangement of glass panels. Floral arranged for a freelance draughtsman, Takla, to create the first sketches for the new lampshade. The freelance agreement between Floral and Takla makes no mention of intellectual property rights. Once the initial sketches are completed, Floral's in-house team develops the sketches into manufacturing drawings. Now Floral wants to sell the copyright in the manufacturing drawings on to another company.

Takla, however, claims that he still owns copyright in the initial sketches and is refusing to give permission to Floral to sell on copyright in the manufacturing drawings. Floral claims that it clearly intended to be free to do so.

- b) Advise Floral on whether it can claim ownership of copyright in Takla's drawings to carry out its wishes. You should assume that copyright resides in the sketches.**

7 marks

Total: 20 marks

Answers

Half marks may be awarded for valid points that are not wholly developed. Discussion marks can be awarded to alternative reasonable points supported by the facts and law.

a)

Any reasonable structure will do. Where the candidate has relied on tests other than Faccenda Chicken (ie Coco or statutory tests) some marks can be awarded where the significance of the fact coincides with the Faccenda test (eg nature of the information and value to Floral) but full marks cannot be awarded.

As Alexander 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

Floral 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 – would the employee be expected to realise the sensitive nature of the information handled?

Alexander should have realised that the most recent information he uses and the most recent design are of a sensitive nature

Whereas historic information is less likely to be considered sensitive, (though Floral may argue that the continuity of the research is the value here).

2 marks for discussion

- the nature of the information – must be classed as trade secrets 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'

Distinguish with Alexander's being permitted to develop his own body of general knowledge

The Research notebooks:

Others have carried out research in this field and arguably the value is time dependent – though it does add commercial value to the current lampshades on which it is used

the research from the past 2 years is valuable

but knowledge of it is not restricted to a limited number of individuals, rather it is left lying around the office

Current Lampshade Wavelengths:

This is valuable secret information, especially as it has not yet been launched and the wavelengths change every year

3 marks for discussion

- has Floral impressed on Alexander the confidential nature of the information

The Research notebooks: arguably no, rather it is left lying around the office, though Floral may argue that by directing him to use the past two years research Alexander should know about the value of the most recent information

Current Lampshade Wavelengths: yes, the value as the next market leading design is clearly high

2 marks for discussion

- can the information be readily separated from other information which Alexander is free to use

The Research notebooks: arguably the last two years research cannot be separated from the historic research as the knowledge is cumulative

Current Lampshade Wavelengths: Yes, there is clear commercial value in the most recent design

2 marks for discussion

Breach by Passive

(see eg *Mulsanne Insurance Company Ltd v Marshmallow Financial Services Ltd* [2022] EWHC 276 (Ch))

Alexander's knowledge of the Research notebooks: arguably no breach as Passive has attempted to avoid breach by directing Alexander to use their own research.

Current Lampshade Wavelengths: arguably similarities are 'incidental' so no breach.

Candidates can also obtain marks by discussing possible vicarious liability (see eg *Pintorex v Keyvanfar & ors* [2013] EWPC 36: If confidential information has been taken by Alexander it is likely Pintorex can defend itself claiming Alexander is on a frolic of his own as they did instruct him to work from their own body of research.

2 marks for discussion

b)

Without vesting of title in copyright with Floral, Takla still remains owner of any copyright in the sketches he made.

1 mark

Copyright in the sketches will need to vest in Floral for it to sell rights in the manufacturing drawings to another as a chain of title must exist.

1 mark

So, an implied assignment in the terms of the contract must be necessary for the freelance contract to have this effect (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

These circumstances are, however, only likely to arise if Floral needs:
in addition to the right to use the sketches in manufacturing its lampshade,
the right to exclude Takla from using the work himself, and
Floral needs the ability to enforce the copyright against third parties.

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 Floral to multiply and sell copies on the market for which the work was created free from the sale of copies in competition with Floral by Takla or third parties; or

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

Use of scenario (a) by candidates is better.

4 marks for discussion

Total: 20 marks