Sloan Plumb Wood

SOLICITORS

Legal Update

Contents

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Introduction

Welcome to the December edition of the Sloan Plumb Wood LLP legal update.

If you would like any advice or further information on any of the topics in this issue, or would like to suggest any subjects that you would like to see covered in future issues please get in touch with one of the following:

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We wish you all a Merry Christmas Party!

'Tis the season to be jolly and what better way to indulge in joviality than for employers to throw a Christmas party to reward staff for their hard work throughout the year. See below our special Christmas guide for a trouble-free Christmas Party.

Clear Policy - make sure you have a clear and accessible policy for all staff setting out standards of behaviour both inside and outside work and the consequences of what will happen if they fail to behave.

Harassment - everyone loves a bit of party banter but employers' need to be aware of their liability for the actions of their employees. Harassment claims can arise from sexist, racist or ageist jokes. Employers should encourage a culture of mutual respect between staff.

Religion - avoid discrimination, remember Christmas is a Christian holiday, and so do not pressure an employee to attend if they do not want to on religious grounds. When ordering food and drink, ensure that there are also non-alcoholic drinks available and other foods available other than meat dishes.

Inappropriate behaviour - if you get a complaint, take it seriously. Do not attempt to discipline an employee for their conduct whilst they are at the party. If their behavior warrants it then send them home. Once back at work deal effectively with complaints and take appropriate disciplinary action if necessary.

Secret Santa - make sure employees are told that gifts should be inoffensive. Some gifts may be very funny to the person giving the gift and the onlookers but not to the recipient.

The entertainment - if you are providing entertainment make sure this does not offend anyone with a protected characteristic under the Equality Act 2010.

Making promises - alcohol can cause people to say things they do not mean. Managers should avoid having conversations with employees about career prospects, increasing salaries or awarding bonuses. Remember a promise made at a Christmas party can still be a promise even if the employer was too drunk to remember the conversation.

Absence before the party - when planning the party do not forget to check who is absent from work due to long term sickness or injury or for family-related reasons and do not forget to invite those employees to the party. A failure to do so could result in a discrimination claim.

Sickies – if the party is being held on a week night there is a chance an employees may 'pull a sickie' the day after due to the level of alcohol consumption. Make sure that you have warned employees about the consequences of this type of absence and always act consistently when imposing sanctions.

If you have any questions or queries in relation to this matter or any other area of employment law please do not hesitate to contact Christina Merrington. Alternatively if you wish to invite Sloan Plumb Wood to your Christmas party we would be happy to help you manage a safe party and have fun ☺

Alongside our regular newsletter, we also post regular updates on our blog which can be found at www.spw-law.co.uk/blog. We write about lots of different issues which may affect your business and we welcome comments on them.

Also…SPW has taken to Twitter! Follow us @SloanPlumbWood

Recovering a Trade Debt: Business Briefing

This business briefing highlights the advantages and disadvantages of the main options available to a business when trying to recover a fairly modest trade debt.

Court proceedings

There are a number of points the business should consider before starting court proceedings:

- Check that the other party is good for the money – there is no point in incurring the cost of litigation if the business in unable to enforce the judgment.
- Be cautious about starting proceedings if the business does not intend to see them through. The business will almost certainly be liable for the other party's costs if it discontinues the claim.
- Be careful about threatening to start formal proceedings if the business does not intend to do so.
- Whether recovery of costs is likely.

Insolvency proceedings

The business may be able to recover a debt from a company by either:

- Serving a statutory demand.
- Threatening compulsory liquidation (also known as winding-up) by the court.

However, the business should be wary of threatening to start formal recovery proceedings if it does not intend to do so. The other party may call its bluff.

Reaching a settlement

It almost always makes sense to consider informal methods of recovering a debt (for example, using negotiation or mediation) as they can provide the quickest and simplest solutions. The court will expect the parties to have explored ways of settling the claim before they issue proceedings and may penalise a party in costs if they fail to do so.
The business should also think about the disadvantages associated with litigation. For example:

- Litigation can be disproportionately expensive to the sums being argued about.
- The outcome of litigation is uncertain.
- The court is only able to offer a limited range of remedies.
- The parties often destroy any prospect of resuming a commercial relationship.

Negotiation

Negotiation is a dialogue intended to resolve a dispute and produce agreement on a future course of action. One way in which a trade debt might be recovered is by opening a negotiation with the debtor. This can be done verbally (through a telephone call) or in writing (for example, by e-mail). Parties usually negotiate on a without prejudice basis. This rule generally prevents statements made in a genuine attempt to settle an existing dispute (whether made in writing or orally) from being put before the court as evidence of admissions against the interest of the party which made them.

Mediation

Mediation is a flexible, voluntary and confidential form of dispute resolution in which a neutral third party assists parties to work towards a negotiated settlement of their dispute. The parties retain control of the decision whether or not to settle and on what terms.

Do nothing

The business can always simply write off the sum that it is owed. Before taking this step, the business should consider the:

- Size of the debt.
- Likely cost of recovering the debt.
- Importance of the current relationship between the parties.
- Likelihood of maintaining an ongoing commercial relationship between the parties.

Trade Mark Case Law: Cadbury (The Colour Purple) and Mattel (The Scrabble Tile)

On 4 October 2013, the Court of Appeal handed down Judgment in two cases in the areas of trade mark law which were decided together: *Societe des Produits Nestle SA v Cadbury UK Limited* and *JW Spear & Son Limited, Mattel Inc, Mattel UK Limited v Zynga Inc.* In both cases, the central issue was whether trade marks which had already been registered should remain so registered. In the *Cadbury's* case, the issue was whether the colour purple, as registered by Cadbury, could remain as a trade mark. In the *Mattel* case, the issue was whether the tile mark (as it was so described in the case), should remain registered.

LEGAL POSITION

Under the law a trade mark must satisfy the three following conditions before it can be registered:

1. It must be a sign;
2. The sign must be capable of being represented graphically;
3. The sign must be capable of distinguishing the goods or services of one individual or business from those of another.

In both cases, the owners of the trade marks i.e. Cadbury and Mattel, argued that their marks were validly registered.

CADBURY: THE COLOUR PURPLE

Cadbury had a mark registered for "*the colour purple… as shown on the form of application, applies to the whole visible surface, or being the predominant colour applied to the whole visible surface of the packaging of the goods*". The Court held that, on interpreting the requirements under the law, the trade mark was not a sign that was capable of graphic representation. The use of the word "predominant" really did not help as the Court held that this suggested that other colours may be used in combination with the purple claimed. The Judge that gave the leading Judgment said that there was a lack of certainty, which meant that the trade mark, as registered, did not satisfy the requirements of the law. He went further to say that "*to allow a registration so lacking in specificity, clarity and precision of visual appearance would offend against the principle of certainty*".

MATTEL: THE TILE MARK

The trade mark which was described as "the tile mark" consisted of "*a three-dimensional ivory coloured tile, on the top surface of which is shown a letter of the Roman alphabet and a numeral in the range one to ten*".

The Court held that the tile mark was not a sign as required by the first condition (above). He held that the registration potentially covered many signs achievable by numerous permutations, presentations and combinations of the subject matter of the registrations. He further went on to say that there was no graphic representation of a sign, as required by the law that met the requirements of clarity, precision and objectivity had not been met.

CONCLUSION

Whilst these two cases were decided very specifically on their facts, it is clear that when looking at registering a trade mark, in order to obtain the best and most secure protection, the description of the trade mark is vital. A trade mark can be a valuable tool in your business brand and protection, and therefore should be carefully thought about when applying for such protection.

It is rare that Intellectual Property issues arise when you are eating chocolates and playing board games on a Christmas afternoon with our families! But this year they have done just that…

If you have any questions in respect of trade mark law, please contact Emma Hayward.

Case Management in the Technology and Construction Court – Willis v MRJ Rundell & Associates Ltd & Anor

Knowing whether your cost budget crosses the fine line between what is proportionate and disproportionate is no easy call, but the recent judgment of Coulson J gives some guidance as to what the courts will deem acceptable. Given the new costs provisions relevant in this case, this is a welcome addition to other case law in this area.

The claimant in this case brought proceedings against the defendant, Grovecourt Limited, in respect of the defendant's building works to the claimant's property. These claims principally concerned the cost of rectifying defects and the overpayment of monies to the defendant, and after reducing the original claimed sum of approximately £1.6 million, had a maximum value of £1.1 million. The parties were ordered by the Court to attend a Case Management Hearing to deal with the issue of costs. The Claimant had submitted a budget of nearly £900,000 plus Vat and the Defendant's was in the region of £700,000.

These cost budgets were not short of examples of disproportionality. In terms of the costs already incurred, the claimant's sum of over £300,000 is considered to be too high especially given that there was no pre-action mediation. Coulson J made point of saying that the fact that there is no breakdown makes it harder to justify that it is proportionate. A budget of over £100,000 for disclosure of documents was also said to be disproportionate, which came down to the particular facts of the case, as the defects were found post-contract and not during the works, therefore meaning that extensive disclosure would not be warranted.

Wording of budgets cannot be overlooked. Coulson J stated that for a proper analysis to take place, costs which are incurred must be separated from those estimated. Therefore, where items in the claimant's budget were said to be both incurred and estimated, this could not be deemed proportionate.

The claimant's experts' fees were estimated at £100,000. Coulson J would have expected such a figure to be half this amount, and he notes that this disproportionality in relation to experts' fees is all too familiar in such cases. Again, in terms of the contingent costs for £54,590, it is stressed that although it is expected that there be a contingency, these sums need to be detailed so it is clear to the courts how they have been calculated. It is clear that Coulson J did not believe that a single lump sum is appropriate. This hinders certainty, and any extra costs should be shown under the relevant line in the budget.

Coulson J in his conclusion refused to approve either party's cost budget due to their disproportionality and unreasonableness.

Finally, it is important to address the point Coulson J makes in his conclusion. He states that some people consider that in absence of an approved costs budget, like in this case, the party will not be able to recover any costs at any point in the future. However, in contradiction to these rigid views, which will come as a relief to most, he believes that this would not be in accordance with 'the letter or the spirit' of the new rules relating to costs.

Although this judgment is not an extensive guide as to how to ensure costs are proportionate, it emphasises important principles that the courts will expect, such as clear figures and their breakdown. As with this case, if it is going to cost more to fight the case than the claimant would be likely to recover, this is likely to be an indicator to the courts that your cost budget may be disproportionate!

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