

Court tailors interim injunction to reduce client impact

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An employer has been granted an interim injunction restraining its former employees' use of confidential information and

intellectual property at a competitor. However, it has limited those restraints so as not to cause harm to a customer.

Allfiled UK created a data storage system allowing for the secure storage of confidential information such as bank details. A number of employees (including directors) left Allfiled and created a new company, Port Tech. Port Tech contracted with a client company, Magpie, to provide a data storage system which Allfiled alleged was based on its own system. Allfiled alleged that the employees had breached the confidential information and intellectual property covenants in their contracts and, on that basis, applied for an injunction.

The High Court held that imposition of an interim injunction pending a final hearing was justified. However, it tailored the prohibitions in the injunction to ensure that Port Tech was capable of carrying on a degree of business in the interim. This was partly due to the fact that, if Port Tech were driven into liquidation before trial, Allfiled's claim for damages would be rendered worthless. Interestingly, the High Court also took into account evidence provided by Magpie which demonstrated the significant detriment Magpie would suffer if all business under its contract with Port Tech were to cease.

This case demonstrates that courts approach the question of whether to grant interim injunctions pragmatically and taking into account the prejudice caused to all interested parties. Considering the weight given to Magpie's intervention in this case, companies facing an injunction may wish to consider asking key clients to provide evidence on the impact an injunction would also have on them.

Allfiled UK Ltd v Eltis and others [2015] EWHC 1300

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