

CH 1998 -D- No.

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

B E T W E E N :

JOHN ALFRED DONOVAN

Plaintiff

- and -

SHELL UK LIMITED

Defendant

Writ of Summons
(Unliquidated Demand)

Date issued 9th April 1998

Acknowledgment of Service
lodged

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Fleet Street,
LONDON EC4A 2BL

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Plaintiff's solicitors

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Statement of Claim

Introduction

1. Don Marketing UK Limited ("Don Marketing") is a company incorporated under the Companies Acts 1948 to 1989 which at all material times has carried on the business of originating, designing, planning and managing promotional games and devising promotional concepts under the trading style Don Marketing. Prior to 1986 the business was carried on by an associated company, Don Marketing Management Limited ("DMML"), under the same trading style.

2. Since about 1981 Don Marketing or DMML has originated the following promotional games that is to say:

- (a) "Make Money" 1981
- (b) "Mastermind" 1984
- (c) "Make Merry" 1984
- (d) "Bruce's Lucky Deal" 1985
- (e) "Star Trek: The Game" 1991
- (f) "Nintendo" themed promotion 1992
- (g) "Hollywood Collection" 1992

and offered the same to the Defendant for use by the Defendant to promote its products through garages and petrol stations and the Defendant so used the said promotional games and each of them in consideration of a fee known as a "concept fee" and a commission based on the cost of printing the promotional material involved paid by the Defendant to Don Marketing or its said predecessor in business. In addition, DMML originated the promotional game "Let's Go Racing" in 1985 for which the Defendant paid a concept option fee of £15,000. The option was never taken up.

3. On or about 23 October 1989 Don Marketing acting by one Roger Sotherton and by the Plaintiff disclosed to the Defendant acting by one Paul King, the Defendant's then Promotions Co-Ordinator, at a meeting held at Shell-Mex House on or about the said date a promotional concept comprising a multibrand loyalty programme. The said concept was set out by Don Marketing as Concept 4 in a document entitled "A Presentation of Promotional Ideas to Shell UK Oil" dated 23 October 1989, a copy of which was left with Paul King at the end of the said meeting. Further details of the said concept were disclosed by the Plaintiff acting on behalf of Don Marketing during the course of discussions with the said Paul King, one Tim Hannigan and one Stuart Carson both of the Defendant over the period 23rd October 1989 to 24th July 1990 and such disclosures are evidenced in a letter dated 24th July 1990 from the said Roger Sotherton acting on behalf of Don Marketing to one Brian Horley of J. Sainsbury Plc and copied to the said Paul King and to Stuart Carson, the Defendant's then National Promotions Co-Ordinator.

4. Don Marketing's multibrand loyalty programme concept as disclosed in the said document dated 23rd October 1989 and in the said letter dated 24th July 1990 is and at all material times has been confidential information. At all material times up to 4th April 1998 the said confidential information was the property of Don Marketing and since 4th April 1998 has been and is the property of the Plaintiff by virtue of an Assignment in writing dated 4th April 1998. Notification of the said Assignment was given to the Defendant on or about 6th April 1998. Hereinafter the said multibrand loyalty programme concept is referred to as "the Plaintiff's multibrand loyalty programme concept".

5. The Plaintiff's multibrand loyalty programme concept as disclosed to the Defendant comprises the following features set out below:

1. Shell would be the lead partner in organising the "ultimate loyalty building scheme", which would be a "multi collection as partnership" scheme.

2. Shell could give potential consortium members the option to

be partners in the scheme.

3. The Scheme could use a multipurpose smart card to accumulate points and fulfil a data capture function.
4. Full partners would issue and redeem a common promotional currency.
5. Some businesses would only be linked to the Scheme to redeem the common promotional currency.
6. As a secondary feature it foresaw the need for a multi-currency facility to cater for Air Miles redemption option.
7. The scheme could be operated as a separate business venture.
8. The Scheme could be operated under a universal brand name, but with provision for partner branding.
9. Each partner was to be a leading company in its business sector, with national representation.
10. The Scheme would have a wide range of gifts and redemption options.
11. Partners would be free to issue the common currency against a purchase value of their own choosing.
12. Each partner would enjoy exclusivity within their business sector.
13. Could achieve economies-of-scale to minimise marketing and merchandise costs.
14. The founding company would issue and redeem the common currency.
15. Shell could exploit the concept on a multi-national basis.
16. Benefits would be reaped by the first such consortium.

17. The Scheme would be run as a continuous loyalty Scheme.
18. The proposed Smartcard could be used for financial transactions.

The Plaintiff will also refer at trial to the "Opinion on the Originality of the Shell Smart Multi-Partner Loyalty Scheme" by David Christian dated November 1997 and the Opinion Letter by Professor Steve Worthington dated September 1997, copies of each of which have already been supplied to the Defendant.

6. The said concept was disclosed to the Defendant under express terms of confidence. The express terms of confidence were set out on the cover of the said 23 October 1989 document which was marked "Strictly Confidential" and bore the warning:

"Supplied in strictest confidence. No details to be revealed to third parties without written permission of Don Marketing UK Limited who retain full intellectual and proprietary rights to all promotional concepts, designs and all other information detailed in this proposal document and any accompanying visuals."

Further the said letter dated 24th July 1990 from the Plaintiff on behalf of Don Marketing to the said Brian Horley of J. Sainsbury Plc was marked "Strictly Confidential".

7. Further and in the alternative the said disclosure to the Defendant was subject to implied terms of confidence which arose from (a) the relationship of the parties namely that it was the business of Don Marketing to devise for reward promotional games and ideas suitable for exploitation by the Defendant and to disclose the same to the Defendant for reward (b) the history of the relationship of the parties namely that Don Marketing had in the past disclosed to the Defendant a number of promotional games and ideas suitable for exploitation by the Defendant all subject to express obligations of confidence (c) the circumstances of the disclosure, namely a meeting at the Defendant's premises to discuss future promotional vehicles for the UK retail petroleum

market suitable for exploitation by the Defendant, of which the Plaintiff's multibrand loyalty programme concept was but one of four concepts presented to the Defendant.

8. Pursuant to the disclosure to the said Paul King, the Defendant authorised Don Marketing to and Don Marketing did approach in or about mid 1990 potential consortium participants in confidence with a view to assessing the viability of such a multibrand brand loyalty consortium. Sainsbury Plc was one of those approached by Don Marketing. Further pursuant to the said disclosure in or about early to mid 1990 with the consent of Don Marketing, the Defendant itself approached potential consortium participants in confidence for the same purpose. Tesco Ltd was one of those approached by the Defendant. At the Defendant's request made on or about 24th July 1990 Don Marketing granted to the Defendant an option on the Plaintiff's multibrand loyalty scheme concept, the effect of which was that Don Marketing was not at liberty to offer the said scheme elsewhere whilst the Defendant retained the said option. The Defendant decided not to pursue the concept further at this time.

9. Further on or about 12 May 1992 at a meeting held at the Defendant's premises between the said John Donovan and the said Roger Sotherton acting on behalf of Don Marketing and Andrew Lazenby acting on behalf of the Defendant, Don Marketing disclosed to the said Andrew Lazenby a proposal for a multi-brand promotional game known as "Megamatch" in the course of which meeting Don Marketing disclosed to the said Andrew Lazenby the Plaintiff's multibrand loyalty programme concept.

10. The said disclosures were subject to express terms of confidence. The Megamatch proposal was set out in a document entitled "Proposal for National Promotional Activity" and bore the warning:

"Don Marketing retain full intellectual and proprietary rights to all promotional concepts, designs and all other relevant information detailed in this outline proposal document and any accompanying visuals."

11. Further and in the alternative the said disclosure to the Defendant was subject to implied terms of confidence. The Plaintiff will rely on the facts and matters set out in paragraph 7 above *mutatis mutandis* and on the fact that the disclosure of the Plaintiff's multibrand loyalty programme concept to the said Andrew Lazenby took place during the course of a meeting called to discuss other confidential proposals of the Plaintiff.

12. Further on or about 14 May 1992 under cover of a letter dated 14 May 1992 the Plaintiff acting on behalf of Don Marketing disclosed to the said Andrew Lazenby a copy of the said document entitled "A Presentation of Promotional Ideas to Shell UK Oil" dated 23 October 1989 marked "Strictly Confidential" and bearing the said warning referred to in paragraph 6 above to be retained on file by the Defendant for the Defendant's further consideration at some appropriate time in the future.

13. Further on or about 24 November 1992 Don Marketing disclosed in confidence to and at the request of the said Andrew Lazenby acting on behalf of the Defendant further details concerning the proposed operation of the Plaintiff's multibrand loyalty programme concept and in particular that the proposed multibrand loyalty scheme could utilise plastic swipe cards and that a multipurpose "smart card" could not only process the common promotional currency but also provide other functions such as data capture and financial transactions. The said details were contained in a letter dated 24 July 1990 written by the said Roger Sotherton on behalf of the Plaintiff to J Sainsbury Plc. in confidence, which letter was handed to the said Andrew Lazenby by the Plaintiff at a meeting held at the Defendant's premises on or about 22 November 1992. The obligations of confidence attaching to the original disclosure to Andrew Lazenby were not waived by the Plaintiff and continued to attach to the disclosure of the said 24 July 1990 letter.

14. By reason of the above facts and matters the Defendant came under an obligation not to use for its own benefit the Plaintiff's multibrand loyalty scheme concept without the permission of Don Marketing or of the Plaintiff and under an obligation not to disclose the said concept to third parties

without the permission of Don Marketing or of the Plaintiff.

15. From about 1991 every promotional game and/or promotional idea offered to the Defendant by Don Marketing has been in accordance with its Standard Terms and Conditions. The said Standard Terms and Conditions include the following express terms:

3. (A) TERMS ON WHICH PROPOSALS ARE SUBMITTED TO PROSPECTIVE CLIENTS. All promotional game concepts and ideas submitted to a company, organisation or individual are submitted in accordance with the terms stated on the proposal and on the understanding that they will be considered in strictest confidence and that no use shall be made of the relevant game concepts or ideas, or any game format variation thereof, nor any disclosure made to any third party, without the express prior consent of Don Marketing. Designs, formats and mechanics illustrated on visuals supplied with or without a proposal are proprietary to Don Marketing and are provided as initial examples of possible executions of the basic proposed concepts and ideas.

10. No custom usage or course of dealing at variance with or contrary to the terms and conditions hereof shall constitute a waiver or estoppel with respect to the terms and conditions hereof, and in the event of any conflict with these terms and conditions and any custom, usage or course of dealing, the terms and conditions hereof shall govern.

20. EXCLUSIVE AGREEMENTS, PATENT, TRADE MARKS AND COPYRIGHT - Don Marketing retain all proprietary interest in all promotions devised by them or proposed by them whether verbally or in writing. Don Marketing reserve the rights to offer such promotions or similar promotions to other customers. All Don Marketing games are copyright and may also be protected by exclusive agreements with third parties including football pool

companies and/or T.V. networks.

In the premises the disclosure of the Plaintiff's multibrand loyalty programme concept to the Defendant was expressly subject to the said terms and conditions; alternatively was impliedly subject thereto arising out of the course of dealings between Don Marketing and the Defendant since about 1991.

16. In or about July 1996 the Defendant began to seek partners for a so-called Shell Smart card consortium. Pending discovery herein the Plaintiff will rely on:

(i) an article entitled "Shell plans Smart card consortium" in the 21 July 1996 issue of the "Sunday Times".

(ii) an item entitled "Shell is seeking partners" in the Stop Press Section of the 25 July 1996 issue of "Marketing Week".

17. From a precise date unknown to the Plaintiff but from about June 1996, the Defendant launched and has thereafter continued to run a multibrand loyalty programme involving the use of a smart card and has operated such a programme through the Shell smart card consortium being a consortium of retailers and other provides of goods and/or services with itself as the lead partner of the consortium.

18. The said multibrand loyalty programme operated through the Shell Smart card consortium comprises all the features of the Plaintiff's multibrand loyalty programme concept disclosed in confidence by Don Marketing to the Defendant.

19. The Defendant did not approach or ask Don Marketing for permission to use the Plaintiff's multibrand loyalty programme concept through the Shell Smart card consortium or at all.

20. Further or in the alternative, from a precise date unknown to the Plaintiff but from about June 1996, the Defendant has

without the licence of Don Marketing or of the Plaintiff wrongly disclosed the Plaintiff's multibrand loyalty programme concept to third parties which have launched multi-partner loyalty schemes based and/or modelled upon the Defendant's Shell Smart Card Consortium.

PARTICULARS

Pending discovery and interrogatories herein the Plaintiff will rely on the following:

- (i) The launch by Shell Thailand in or about January 1997 of a SMART bonus loyalty programme in Thailand. The Plaintiff will rely on an article entitled "Chip bonus card makes impact" published in the 5th March 1997 issue of Cards International and an article entitled "Thai smart card to expand abroad" published in the 18th September 1997 issue of Cards International.
- (ii) The launch by Shell France Retail in or about June 1997 of a multi-partner loyalty scheme in France. The Plaintiff will rely on an article entitled "Retail on a Roll" published on page 7 of the February 1998 issue of Shell World.

21. In the premises the Defendant has misused and/or wrongly disclosed the Plaintiff's confidential information to the detriment of Don Marketing and of the Plaintiff and has acted in breach of Don Marketing's said Standard Terms & Conditions and in particular in breach of clause 3 (A) thereof.

22. By an assignment in writing dated 4th April 1998 made between Don Marketing and the Plaintiff, Don Marketing assigned with full title guarantee to the Plaintiff inter alia:

- (i) all vested contingent and future intellectual property rights in or relating to the Plaintiff's Concepts (as therein defined) whether existing at law or in equity including without limitation all copyrights and all rights arising whether in law or in equity to prevent

or restrict the misuse and wrongful disclosure of confidential information.

(ii) all accrued and future rights of action arising by way of infringement, breach, wrongful disclosure and/or misuse of the Rights or any of them and the right to prosecute the same including without limitation Don Marketing's claims that the Defendant has misused and/or wrongly disclosed the confidential information in and relating to the Concepts or any of them by among other things launching and running the Shell Smartcard Consortium.

(iii) all accrued rights of action for breaches by the Defendant of Don Marketing's Standard Terms and Conditions in using and/or wrongly disclosing Don Marketing's information in and relating to the Concepts or any of them by among other things launching and running the Shell Smartcard Consortium.

"The Concepts" as defined in the said Assignment comprised (i) the Plaintiff's multibrand loyalty programme concept (as defined herein) and (ii) the "Mega Match Concept" that is to say the promotional concept whereby half-notes of a promotional currency received from all participating outlets (which would include both Shell and non-Shell outlets) would be interchangeable as set out by Don Marketing as "Mega Match" in a document entitled "Proposal for National Promotion Activity" dated 12th May 1992 and presented to the Defendant on or about 12th May 1992.

23. Notice of the said Assignment was given to the Defendant by letter dated 6th April 1998 from Royds Treadwell to DJ Freeman.

24. In the premises the Plaintiff is the owner of the confidential information in and relating to the Concepts including the Plaintiff's multibrand loyalty programme concept and of the rights of action previously vested in Don Marketing and set forth in paragraph 22 above and is entitled to sue in respect of the same.

25. Further in support of the Plaintiff's allegation that the Defendant has misused the Plaintiff's confidential information aforesaid the Plaintiff will rely on similar fact evidence.

PARTICULARS OF SIMILAR FACT EVIDENCE

- (i) On or about 4th June 1992 Don Marketing disclosed in confidence to one Andrew Lazenby of the Defendant a proposal for a promotional game involving the use of Nintendo video games. The said proposal was set out in a document marked "Strictly Confidential" and entitled "Proposal for a Nintendo Themed Promotional Game". In or about June 1993, the Defendant launched a Nintendo themed forecourt promotion. The said promotion was under the control and direction of the said Andrew Lazenby. Don Marketing issued proceedings against the Defendant in Action No. CH2259 in which it alleged that Don Marketing's said proposal was confidential information and that the Defendant's Nintendo themed promotion made use of the said confidential information. The Defendant's defence alleged that Don Marketing's proposal was too commonplace and trivial to constitute confidential information, that it was not a fully worked up proposal and that the idea of using a Nintendo themed forecourt promotion had been suggested by others. The said action was settled (along with Action No. 5417 as to which see paragraph (iii) below) on terms favourable to the Plaintiff. Further by a letter dated 21st October 1996 from one Dr. Christopher Fay, the Chairman and Chief Executive of the Defendant, to the Plaintiff acting on behalf of Don Marketing, Dr. Fay acknowledged that it was unfortunate that the Defendant in its dealings with Don Marketing appeared not to have met the high standards it set itself and which its long relationship with Don Marketing had led the latter to expect of the Defendant.
- (ii) In or about June 1981 DMML, Don Marketing's predecessor in business devised a promotional game for

the Defendant involving the use of two detachable half notes of "money" known as the "Make Money" promotion. The "Make Money" promotion was run by DMML for the Defendant and was enormously successful. It was agreed between DMML and the Defendant that the rights in the "Make Money" promotion would be jointly owned. In or about April 1992, Don Marketing recommended to the said Andrew Lazenby that the Defendant run another "Make Money" promotion and in or about June 1992, the said Andrew Lazenby promised Don Marketing that if the said promotion was re-run that Don Marketing would be automatically involved. In about March 1994 the Defendant began preparations to run a "Make Money" promotion based on the original promotion but without making further payment to Don Marketing as DMML's successor in business. The said 1994 promotion was under the control and direction of the said Andrew Lazenby. The said Andrew Lazenby on behalf of the Defendant contended that there were no rights in the "Make Money" promotion concept as it was, he claimed, itself based on an earlier 1966 promotion, that Don Marketing did not own any rights and that the Defendant was free to run the "Make Money" promotion without payment to Don Marketing. Following the issue of a Writ on or about 6th April 1994 in Action No. CH 1994 No. 1927, the Defendant settled the said Action on or about 18th April 1994 by the payment to Don Marketing of a substantial sum of money and upon Don Marketing releasing the rights in the "Make Money" concept to the Defendant.

- (iii) On or about 24th November 1992 Don Marketing disclosed in confidence to one Andrew Lazenby of the Defendant a proposal for a promotion based on a motion picture theme. The said proposal was set out in a document marked "Strictly Confidential" entitled "Promotional Proposals to Shell UK Ltd for 1993 Activity" under the heading "Q3 Concept Proposal" with a proposed title of "The Hollywood Collection". In or about July 1994, the

Defendant launched a motion picture themed forecourt promotion under the title "Now Showing The Collector Card". The said promotion was under the control and direction of the said Andrew Lazenby. Don Marketing issued proceedings against the Defendant in Action No. CH 5417 in which it alleged that Don Marketing's said proposal was confidential information and that the Defendant's motion picture themed promotion made use of the said confidential information. The Defendant's defence alleged that Don Marketing's proposal was too commonplace and trivial to constitute confidential information, that it was not a fully worked up proposal and that the idea of using a motion picture themed forecourt promotion had been suggested by others. The said Action was settled (along with Action No. 2259 as to which see paragraph (i) above) on terms favourable to the Plaintiff. Further by letter dated 21st October 1996 from one Dr. Christopher Fay, the Chairman and Chief Executive of the Defendant, to the Plaintiff acting on behalf of Don Marketing, Dr. Fay acknowledged that it was unfortunate that the Defendant in its dealings with Don Marketing appeared not to have met the high standards it set itself and which its long relationship with Don Marketing had led the latter to expect of the Defendant.

26. By reason of the Defendant's misuse of confidential information and/or breach of contract Don Marketing and the Plaintiff have suffered loss and damage.

PARTICULARS

Pending discovery the best particulars the Plaintiff can give are as follows:

- | | |
|-------------------------|--|
| (1) Loss of concept fee | To be assessed at an inquiry as to damages |
|-------------------------|--|

(2) Agency commission on merchandise, promotional materials and advertising To be assessed at an inquiry as to damages

(3) Damages for the use of the concept by the Defendant in the United Kingdom To be assessed at an inquiry as to damages

(4) Damages for wrongful disclosure by the Defendant to inter alia Shell Thailand and to Shell France Retail To be assessed at an inquiry as to damages

27. The Plaintiff is entitled to and claims interest pursuant to section 35A of the Supreme Court Act 1981 or under the inherent jurisdiction of the Court at such a rate and for such a period as to this Honourable Court seems fit.

28. At all material times the Defendant had acted in flagrant disregard of Don Marketing's and the Plaintiff's rights in its concepts for promotions suitable for the Defendant as set out above. In support of the allegation of flagrancy the Plaintiff will rely on the following facts and matters:

(a) that it was clear at all times to the Defendant that Don Marketing claimed proprietary rights in its concepts. The Plaintiff will rely on Don Marketing's said Standard Terms and Conditions and upon the confidentiality notice on its Proposal Documents

(b) that the Plaintiff on behalf of Don Marketing made complaint to the Defendant on a number of occasions concerning the use of its concepts without permission, namely Don Marketing's Nintendo themed promotion, (the subject of Action No CH 1994 D No 2259), Don Marketing's Make Money promotion and Don Marketing's "Hollywood Collection Proposal" (the subject of Action

No CH 1994 D No 5417) all of which Actions were settled in favour of the Plaintiff.

29. The Plaintiff fears that unless restrained by this Honourable Court the Defendant will seek to make wrongful use of other proposals disclosed by Don Marketing to it under equitable and/or contractual obligations of confidence and in particular that the Defendant will make wrongful use of the Plaintiff's "Mega Match" Proposal disclosed by Don Marketing to the Defendant on or about the 24th November 1992 as aforesaid.

AND THE PLAINTIFF CLAIMS:

1. An injunction to restrain the Defendant (whether acting by its directors officers servants or agents or any of them or otherwise howsoever) from misusing and/or wrongly disclosing the Plaintiff's confidential information in promotional concepts disclosed by the Plaintiff to the Defendant and/or acting in breach of the Don Marketing's Standard Terms and Conditions by making use of and/or wrongly disclosing such concepts without the express permission of the Plaintiff.
2. A declaration that the Plaintiff's multibrand loyalty programme concept was confidential information the property of the Plaintiff and that the Plaintiff's said confidential information was misused and/or wrongly disclosed by the Defendant.
3. An Order that the Defendant do at the Plaintiff's request forthwith on all promotional materials and advertising literature for the Shell Smartcard credit Don Marketing UK Limited as the deviser and originator of the concept for the Shell Smartcard.
4. An inquiry as to damages for misuse and/or wrongful disclosure of confidential information and/or breach of contract with payment to the Plaintiff of all sums due upon taking such inquiry together with interest thereon pursuant to section 35A of the Supreme Court Act 1981 or under the inherent jurisdiction of the Court.

5. Costs.
6. Further or other relief.

MARY VITORIA QC

This Writ was issued by Royds Treadwell
of 2 Crane Court, Fleet Street, London, EC4A 2BL

Solicitors for the said Plaintiff whose address is Maplebank, 4
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