



The need for legislation in business

Businesses have to operate within the laws of the country they operate in. There are many different laws that businesses have to consider when carrying out their activities, including:

- Employment law
- Consumer law
- Intellectual property.

Large scale businesses, including global multinationals, are often in the news for their actions. Some of these actions are not always considered legal and, at times, these businesses have been accused of breaking legal rules. Some examples include:

Employment law

A record £15.6m worth of underpayment to UK workers has been discovered by the government in the past year. In total, 200,000 workers missed out on being paid at least the minimum wage rate - the highest number since the statutory rate was introduced in 1999.

Social care, commercial warehousing and the gig economy were the sectors most likely to underpay staff, HMRC said. It said that it had prioritised checking these areas alongside apprentices, migrant workers and employment agencies. In total, the businesses found to have underpaid workers were fined £14m as well as having to reimburse their staff.

The Low Pay Commission chairman Bryan Sanderson said: "All workers are entitled to be paid at least the minimum wage, so it is good to see increased focus on enforcement bearing fruit and securing more arrears for more workers."

In 2018, restaurant chains Wagamama and TGI Fridays were fined an undisclosed amount for failing to pay staff the national minimum wage.

<https://www.bbc.co.uk/news/business-45608993>

Social care workers in Scotland often face "excessive" shifts and unfair conditions, an inquiry has found.



The Fair Work convention inquiry said staff frequently worked beyond contracted hours and did unpaid overtime. The convention, which advises the Scottish Government, called for a watchdog to monitor working conditions and draft a “fair work” contract.

The Scottish Government said it agreed that enhancing fair work was crucial to a future social care workforce and was publishing an action plan. They commented, “we are committed to improving social services and the quality of care, and we agree with the Fair Work Convention that enhancing fair work for social care workers is crucial to ensuring a workforce for the future - and to delivering high quality social care services to some of our most vulnerable citizens.”

More than 200,000 people worked in social care in Scotland - 7.7% of the workforce, including occupations such as home care workers, residential carers, social workers, nurses and childcare staff.

The Fair Work study found many of them were on zero hours contracts and expected to work excessive hours.

<https://www.bbc.co.uk/news/uk-scotland-47359944>

Consumer law

Boohoo, the online fashion retailer, broke advertising rules by using misleading promotions. The BBC’s investigative programme, Watchdog Live, recorded promotions on its website that did not end after the countdown clock reached zero. Time-limited sales put pressure on consumers to buy quickly. Keeping the clock running means the time limit - and the pressure - were false. This included a Black Friday offer for 30% off “absolutely everything” that urged customers: “Hurry - ends soon.”

In reality, the promotion did not end anytime soon and when the clock reached zero, it simply started again. Boohoo said it was never its intention to mislead. The company said customer demand drove it to extend certain offers.

<https://www.bbc.co.uk/news/business-46441526>

An online advert, offering a monthly contract for an iPhone XR for £36, has been criticised by the Advertising Standards Authority (ASA). It follows complaints from some consumers who placed orders but were told



they could not be processed. Carphone Warehouse said that unprecedented demand created a backlog with some people failing credit checks in error and having orders cancelled.

The ASA said users should have been notified about the issues. The ad, part of a Black Friday promotion, appeared on mobiles.co.uk - a division of Carphone Warehouse. The original promotion offered the latest Apple handset with 100GB of 4G mobile data for £36 a month and no upfront cost.

A spokesperson for mobiles.co.uk said: "We're disappointed by the ASA's decision but we take on board their recommendation to increase the level of communication to customers if something similar were to happen again."

<https://www.bbc.co.uk/news/technology-47623632>

Intellectual property

Fortnite attracts millions of fans worldwide, including the likes of Drake, Travis Scott and Joe Jonas. However, some other artists - including rapper 2 Milly - have accused Fortnite of stealing their dance moves. Audiences have noticed some of the dances within the game appear to reference dance moves performed by famous hip-hop artists.

The developers of Fortnite, Epic Games, told the BBC they had no comment to make on the issue. Dance steps such as Swipe It, originally known as the Milly Rock, and Hype, formerly known as Shoot, have been rebranded by Fortnite. Drake's Look Alive video - which features the Shoot dance - has accumulated 228 million views. Michael Jackson, Snoop Dogg, and Alfonso Ribeiro (who played Carlton from The Fresh Prince of Bel-Air) have all been associated with dance moves within the game.

But should these moves be credited to the artists that made them famous? Rapper 2 Milly, the creator of the Milly Rock, believes so, commenting "Instead of stealing these guys' moves that they create and naming it something else, add their song... if you're going to take someone's craft and add billions of dollars to it, why not give them a great percentage?"

Since 2017, Fortnite's revenue growth has earned its owner, Epic Games, over \$1bn (£770m) in sales.

Intellectual property expert Shanti Sadtler Conway, who is based in the USA, tells the BBC: "Copyright laws



do not protect any aspects of dance.” However, artists regularly create songs where the lyrics explain how to perform specific dance steps, for example Silentó - Watch Me. Which poses the question - if the song is copyrighted, are the dance moves too?

The Copyright Office has been clear that “social dance steps and simple routines” are not protected by copyright law.

<https://www.bbc.co.uk/news/entertainment-arts-45821530>

Jaguar Land Rover has won a landmark court case against a Chinese business that was selling a copycat of its Evoque model car for a fraction of the price.

A court in Beijing, China ruled Jiangling Motor Corporation’s (JMC) Landwind X7 had five specific features that were directly copied from the Range Rover Evoque, leading to confusion among customers. The court ordered that production of the Landwind, which cost £14,000 compared to the £40,000 Evoque, must stop immediately.

JMC will also have to pay compensation to Jaguar, which is the UK’s largest car manufacturer, but is ultimately owned by the Indian multinational company Tata.

Keith Benjamin, Jaguar Land Rover’s head of legal, said: “This ruling is a clear sign of the law being implemented appropriately to protect consumers and uphold their rights so that they are not confused or misled, whilst protecting business investment in design and innovation.”

Outside the car sector, the Danish toy firm [Lego](#) won an intellectual property suit after a court found that a Chinese rival copied its building blocks and figurines under the brand name Lepin.

<https://www.theguardian.com/business/2019/mar/22/jaguar-land-rover-wins-landmark-case-against-chinese-evoque-copycat>



Questions

1. Outline why there is a need for legislation in business. (2) (AO1 2)
2. State what is meant by:
 - Employment law (1) (AO1 1)
 - Consumer law (1) (AO1 1)
 - Intellectual property (1) (AO1 1)
3. With reference to the data, explain how employees are protected by employment law. (6) (AO2 3, AO3 3)
4. Explain how Boohoo were accused of misleading customers. (4) (AO2 2, AO3 2)
5. Outline why Carphone Warehouse were accused of using unfair selling practices. (3) (AO1 1, AO2 2)
6. With reference to the data, explain how the originator of inventions and artistic works are protected. (4) (AO2 3, AO3 1)
7. Consider the impact of legislation on businesses and their stakeholders. (8) (AO1 2, AO3 6)