



Partnership disputes mediation case study

Partnership disputes can happen in any partnership. In this case a solicitors firm fell into severe difficulty following the expulsion of two of their partners, the three remaining partners wanted to dissolve their partnership whereby a dispute arose over various issues concerning who would retain clients, IP rights, equipment as well as the lease.

Clearly none of the remaining three trusted one another, none of them wanted to take on the hefty lease which was due to expire in two years. It was suggested by one of the partners that they continue to pay the lease and operate from their own individual premises, this was protested by the other two partners as they did not want to increase their overheads, the object was to minimise them.

A clause in the lease allowed them to sub lease the premises with the landlords consent, whereby they agreed to do this, providing consent was given, if not then all three of them agreed to continue to operate from the premises until the lease expired.

The issue of IP rights was quickly resolved, due to the fall out and the bad taste this had left, none of them actually wanted the IP rights, even though originally all of them did, which was clearly being used as a negotiation tactic, they all agreed that any equipment they had purchased individually belonged to them and would be taken with them when they set up their own offices.

Any surplus equipment and furniture could be brought by whoever wanted it out of the three, or just sold on and the proceeds to be split equally between the three. Although no debts except service charges and utilities were anticipated in the spirit of being amicable as one partner contended they agreed to split any such debts equally three ways, any profit would be split according to who had billed for that work, any surplus funds would be paid according to their shareholding, all three would take their respective clients with them.

Facts & figures

- **The mediation took 1 day compared to the 10 months these partnership disputes had already gone on.**

- **The mediation cost each party £1400.00 each compared to the thousands they had already spent on legal fees and the thousands they would have had to spend had they continued with Court action.**