

HONG KONG / JUDGMENT

NATUZZI SPA v. DE CORO LTD

COURT

Court of First Instance

DECIDED

16 January 2007

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HCA1702/2001

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HCA 1702/2001

IN THE HIGH COURT OF THE

HONG KONG SPECIAL ADMINISTRATIVE REGION

COURT OF FIRST INSTANCE

ACTION NO. 1702 OF 2001

BETWEEN

NATUZZI SPA Plaintiff

and

DE CORO LIMITED Defendant

Before: Hon Lam J in Court

Dates of Hearing: 4, 7-11, 14-18, 24-25 & 28-30 November 2005; 1-2 & 5-6 December 2005; 18-20 April 2006; 2-4, 8-12, 15-19 & 22 May 2006; 14-15 & 23-25 August 2006 and 7

December 2006

Date of Judgment: 16 January 2007

J U D G M E N T

Natuzzi SPA is the holding company of the Natuzzi Group. The group was founded in 1959. The headquarters of the group is in Santeramo in Colle, a little town near Bari in the Puglia province of Italy. In 2000, it described itself in its annual report as Italy

s largest furniture manufacturer. The group designed, produced and sold residential upholstered furniture. Most of its employees came from Bari. According to its chairman

s report, the sale in the financial year of 2000 reached a record high of ITL 1,333 billion. North America and Europe are the major markets for its furniture.

In the recent years, Natuzzi increasingly encountered competitions from manufacturers operating at lower costs. In May 2005, it had to approve a Reorganization Plan to reduce operating costs. It planned to reduce the work force in Italy by up to 1,320 employees by the end of 2005.

One of the competitors is the Defendant. Although the Defendant is a Hong Kong company, its factory is in mainland China. The Chairman and Chief Executive Officer of the Defendant, Luca Ricci came from Italy. His father is also in the sofa business as proprietor of Tre Erre SpA. That company specialized in high quality sofas.

The Defendant set up its factory in Shenzhen in 1997. It had experienced substantial growth. In 2005, its annual sales was around US\$300 million, employing 3,600 workers.

The disputes between the parties in this action focused on events in March 2001 when both of them were preparing for one of the major trade exhibitions for the upholstery industry, viz. the High Point exhibition in the United States. In a nutshell, the Plaintiffs claimed that the Defendant had unlawfully procured the services of Natuzzi

s designer and prototypists and used the designs of the Plaintiffs in some of the exhibits.

In legal terms, the Plaintiffs sought relief against the Defendant based on the following causes of action,

procurement of breach of contract;

infringement of copyright.

Regarding the tort of procurement, the Plaintiffs alleged the Defendant wrongfully procured the breach of employment contract by its employees,

- (a) Mr Bosco and Mr Pennacchia, two prototypists, before their resignation took effect;
- (b) Mr Scarati, a designer, both before and after the termination of his employment.

Regarding infringement of copyright, by the time of closing submissions, the Plaintiffs confined the claim to five of its models: 1839, 1565, 2021, I100 and I104.

Procurement of breach of contract

A. The laws applicable

I have alluded to the rule of double actionability in Paragraph 40 of my judgment in HCA 4166 of 2003. Neither party addressed this court on the conflicts of law implications in their closing submissions in this case. I therefore proceed on the same basis as I did in HCA 4166 of 2003 and confine myself to Hong Kong law in deciding the claims of the Plaintiff under this head.

B. Bosco and Pennacchia

In February 2001, Mr Ancona the prototypist who had been working for the Defendant had to return to Italy. The Defendant had to get some Italian prototypists to work in its factory. There were emails between Mr Ricci and Mr Prati on the one part and Mr Baron on the other part in early February 2001 on this subject. Mr Baron suggested a prototypist called Giuseppe Lella. He also suggested enlisting the assistance of Mr Scarati in recruiting Italian prototypists. On 12 February 2001, Mr Ricci informed Mr Baron that the Defendant had located Mr Lella. Mr Lella agreed to visit the Defendant

s factory in Shenzhen on 25 February 2001.

In the meantime, Mr Scarati indicated on 12 February 2001 that he could recommend some prototypists. After his visit to the Defendant

s factory in the end of February, Scarati contacted several prototypists who were then working for the Plaintiff. On 7 March 2001, Scarati informed Ricci by email that he had two prototypists available for hire and he asked for information about the remuneration package. In that email, Scarati referred to the need for both of them

to be constantly present in the factory for the pre-market and market stages and perhaps alternate their presence in the other periods.

Hence, Scarati understood there was a special need for the services of these prototypists for the High Point pre-market and market.

On the same date, Ricci responded by email asking Scarati for advice as to the package to be offered. He further said,

Let me know as soon as you can because it is a decision we have to make no later than tomorrow.

These emails have to be read in the context that by then, the Defendant had already secured the services of Giuseppe Lella and his brother Giovanni Lella (who was not a prototypist on his own, working more as an assistant or an assembler at that time). They had arrived at the Defendant

s factory on 3 March 2001. They also had the service of Giuseppe Quattromini on a short term basis. Thus, the Defendant had a demand for prototypists at that time over and above the need to have one prototypist replacing Mr Ancona. The preparation for High Point exhibition must be a matter of high priority in the Defendant

s factory during March 2001. Ricci did not correct Scarati about the Defendant
s special need of prototypists for the purpose of the High Point exhibition.

Mr Ruscigno gave evidence about Scarati

s approach on 10 March 2001. Despite submissions to the contrary by defence counsel, I do not find his evidence inherently implausible. I find him to be a credible witness and I accept his evidence about the meeting with Scarati. He was asked to go to Scarati

s home with Mr Bosco. During the meeting, Scarati told them the Defendant was looking for prototypists to work in Shenzhen on a collection for the High Point exhibition in April. Bosco agreed to visit the Defendant

s factory to meet Mr Ricci. Ruscigno subsequently declined as he did not want to leave Italy.

Scarati did not contemplate Ruscigno

s refusal. He wrote to Ricci on 12 March 2001 that the two prototypists would arrive at Shenzhen on the next Saturday, viz. 17 March. After he learnt of Ruscigno

s decision, Scarati approached Pennacchia. This is evidenced by an email around 13 March referring to the

Pennacchia operation

.

Bosco and Pennacchia came to the Defendant

s factory on 17 March 2001. The evidence shows that even though they were interested in working for the Defendant, no prior decision had been made about their employment either on their parts or on the part of the Defendant. The Supplemental Witness Statement of Bosco and the 2nd Affidavit of Pennacchia filed on behalf of the Plaintiff contained evidence to that effect. Naturally, they wished to learn more about the Defendant by visiting the factory. At the same time, Ricci also needed to test their skills and abilities. The air-tickets issued for them also covered a return journey on 18 March. Hence, they did not tender their resignations to the Plaintiff before they left Italy.

It was after a meeting with Ricci at the Defendant

s factory on 17 March 2001 that Bosco and Pennacchia decided to take up the jobs. Ricci also found them suitable for the Defendant

s purposes. This is evidenced by an email of 17 March 2001 from Scarati to Ricci. In that email, Scarati asked about what he was supposed to do with regard to their resignations from the Plaintiff.

On 20 March 2001 the Plaintiff received Bosco and Pennacchia's letters of resignation dated 19 March 2001 through post. Bosco's letter specified that resignation was to take immediate effect. However, Pennacchia's letter did not so specify. This prompted a response from the Plaintiff on 23 March 2001 that the termination of his employment would only take effect after three months in accordance with the provisions of the Collective Contract of the National Labour applicable to Pennacchia under Italian law.

On 1 April 2001, the Plaintiff wrote to Pennacchia again demanding him to resume his duty at the Plaintiff and reminding him of the requirement of three month

s notice and his resignation not taking effect until 30 June 2001. Pennacchia responded on 19 April 2001 saying that he intended his resignation of 19 March 2001 to take effect immediately as from 19 March.

In his closing submissions, Mr Smith SC contended that although Bosco

s employment was terminated on 20 March 2001 by his letter of resignation, Pennacchia

s employment was not terminated until 23

April 2001 when the letter of 19 April 2001 was received by the Plaintiff. That was also the position taken by the Plaintiff in a letter of 27 April 2001.

I do not accept that contention. Pennacchia

s letter of 19

March 2001 did not stipulate that he would resign in three month

s time. He simply said he resigned. This had to be read in the context that although he (as well as Bosco) initially asked leave of absence from the Plaintiff for several days before he went to Shenzhen, he never returned to work. The Plaintiff might have its reason to require a three months

notice period, but that was clearly not what Pennacchia tried to achieve in his letter of 19

March 2001. When an employee tendered his resignation and did not return to work thereafter, it must have been clear to his employer that he resigned with immediate effect.

The provisions in the Collective Contract could not assist the Plaintiff because taking that argument to its highest, it only means that there was a breach of the contract of employment by Pennacchia (and perhaps by Bosco as well). It does not mean that the resignation of Pennacchia was delayed by three months. As mentioned, Mr Smith confirmed to this court that the Plaintiff

s claim against the Defendant in this action for procurement of breach of contract does not include a claim based on the failure of Pennacchia to work for the Plaintiff.

I find that the employment of Pennacchia was terminated on the same day as Bosco, viz. 20 March 2001.

The Plaintiff relied on the implied duty of fidelity owed by Pennacchia and Bosco during their employment. Mr Smith indicated in his closing submissions that it is not the Plaintiff

s case that the Defendant committed the tort of procurement of breach of contracts by inducing Bosco and Pennacchia to terminate their employments. Quite properly, Mr

Smith also accepted that the mere attendance by Pennacchia and Bosco for job interview and demonstration of their skills at the Defendant

s factory during that interview did not amount to any breach of implied duty of fidelity. The Plaintiff also abandoned the claims based on the restrictive covenants in this action as far as Bosco and Pennacchia are concerned.

What the Plaintiff complains about is their commencement of work immediately at the Defendant

s factory after they accepted the offer of the Defendant at a time when their resignations had yet to be processed. They took up the Defendant

s offer on 17 March and their resignations with the Plaintiffs did not take effect until 20 March. During that short interim period, they were still the employees of the Plaintiff. It is said it follows that the undertaking of works for the Defendant, a competitor of the Plaintiff, constitutes breach of the duty of fidelity. Mr Smith relies on *Hivac Ltd v Park Royal Scientific Instruments* [1946] Ch 169 and *Kao Lee & Yip v Koo* [2003] 3 HKLRD 296 at 315 to 316. The former is not a case concerning employees about to leave their employment although it laid down some guidance as regards the extent to which an employee could use his spare time to work for a rival of his employer.

With respect, I derive greater assistance from the propositions set out in the judgment of Ma J (as he then was) in *Kao Lee & Yip*. As His Lordship said, ultimately it is a matter of degree and whether an employee had stepped beyond the proper bounds of preparatory steps in pursuing his new career has to be decided on the facts of each case.

In my view, there is ample evidence establishing that Bosco and Pennacchia did work for the Defendant during that interim period. It is a special feature in this case that several witnesses had given contradictory witness statements and/or affidavits for both parties: Giuseppe Lella, Bosco, Pennacchia and Ancona. Bosco and Pennacchia did not testify in the witness box. Pennacchia was employed by the Defendant at the time of the trial and the Plaintiff invited this court to draw adverse inference against the Defendant. I have discussed the proper approach in terms of drawing adverse inference in such circumstances in my judgment in *HCA 4166 of 2003*.

In their statement/affidavit made for the Plaintiff, Bosco and Pennacchia said they began working for the Defendant on High Point exhibits after they accepted the jobs offered. On the other hand, in their written evidence filed on behalf of the Defendant, it is said that they spent a few weeks to get to know Shenzhen and to consider whether to move to China to work. They also said they worked on some old frames for a couple of days to demonstrate their skills to Ricci. Their respective positions in this regard were also taken up by Giuseppe Lella in his written evidence filed on behalf of the Plaintiff and the Defendant respectively.

In his oral testimony, Giuseppe Lella adopted the written evidence he had given for the Plaintiff and disavowed the written evidence he signed for the Defendant. He was subject to lengthy cross-examination by Mr Yan and Ms Tam and there are some unsatisfactory aspects in his evidence as highlighted in the defence closing submissions. I will go into some of the details of their criticism in my discussion on the copyright claims. For the purposes of resolving whether Bosco and Pennacchia did works beyond mere demonstration of their skills and abilities between 17

and 20 March, whilst I would not regard Giuseppe Lella

s evidence as conclusive by itself, I would not reject it outright. I will examine the surrounding circumstances and assess the inherent probabilities in the light of the other evidence.

Based on the contemporaneous documents, it is clear to me that a decision was made on 17 March 2001 by the Defendant to employ Bosco and Pennacchia. This is reflected in the email of Scarati of the same date. It is apparent from that email that Scarati had over the phone learnt from Giuseppe Lella the result of the interview before he wrote the email. Hence, there is no need for further demonstration of their skills and abilities by working on old models as claimed in their written evidence filed for the Defendant after 17 March 2001.

Neither is there any truth in the assertion that they took several weeks to decide whether to work in China. Their letters of resignation dated 19 March show that their decisions were made on or before that date. Under cross-examination, Ricci admitted that such assertion is untrue. In the email of 17 March, Scarati asked about matters relating to their resignations. This is another indication that Bosco and Pennacchia had reached their decisions. Further, Pennacchia said in his affidavit made for the Plaintiff that within a few days of 17 March, the Defendant credited his account with a sum of ITL 20 million. The Defendant did not produce any evidence to rebut that. Such remittance would only be made if Pennacchia had agreed to stay. In fact, if they did not agree to stay, the arrangement was that they could fly back to Italy on 18 March on the flight booked for them. They did not do so.

There is not a shadow of doubt in my mind that by the conclusion of the interview on 17 March 2001, the Defendant and Bosco and Pennacchia had reached an agreement on having them to work as prototypists for the Defendant. The question is when did they start working.

I have referred to the evidence regarding the Defendant

s urgent need for prototypists at that stage and Ruscigno

s evidence on the reason behind such need as communicated to him by Scarati. Having assessed all the evidence before me, I am of the view that on the balance of probabilities, Bosco and Pennacchia commenced works on some High Point exhibits of the Defendant not later than 18 March. It seems to me inherently incredible that given the Defendant

s urgent demand for prototypists, they would just let Bosco and Pennacchia idle doing nothing after they were hired.

Ricci and Prati gave evidence that Bosco and Pennacchia only started working a couple of days later. The first few days were taken up by them for resting, buying clothes and arranging accommodation. They emphasized it was simply too tiring after a long flight from Italy to start work immediately even though one traveled by business class.

On this point, I think it is fair to take into account of the failure of the Defendant to call Pennacchia as a witness at the trial. There is sufficient evidence before the court to warrant adverse inference being drawn from his absence. If he were called as a witness, he could surely tell the court what he was doing between 17 and 20 March 2001 and he would be cross-examined about the conflicting versions in his written evidence.

It is therefore my finding that whilst they might have been too tired to work on 17 March, Bosco and Pennacchia had worked on the High Point exhibits of the Defendant between 18 and 20 March 2001. Applying the criteria set out in *Kao Lee & Yip*, I hold that such works did constitute a breach of the implied duty of fidelity on the part of Bosco and Pennacchia.

The next question is whether the Defendant is liable for the procurement of such breach. The main defence, as put forward by Ms Tam in her closing speech for the Defendant, is that the Defendant did not have the requisite knowledge or intent. Mr Prati testified that the Defendant believed that Bosco and Pennacchia had told him that they had asked their respective wife to take care of their resignations with the Plaintiff before they commenced working for the Defendant. Ricci said the same.

The relevant principles of law were set out by Jenkins LJ in *Thomson v Deakin* [1952] 1 Ch 646 at p.693-4. For our purposes, the following propositions are of particular relevance. First, Jenkins LJ held that actionable interference with contractual rights is not confined to direct procurement, inducement or persuasion. It could be actionable where the contract breaker is a willing party (or may even be the more active party in events leading to the breaking his own contractual obligations). Hence, it is said at p.694,

But the contract breaker may himself be a willing party to the breach, without any persuasion by the third party, and there seems to be no doubt that if a third party, with knowledge of a contract between the contract breaker and another, has dealings with the contract breaker which the third party knows to be inconsistent with the contract, he has committed an actionable interference

The inconsistent dealing between the third party and the contract breaker may, indeed, be commenced without knowledge by the third party of the contract thus broken; but, if it is continued after the third party has notice of the contract, an actionable interference has been committed by him

Second, apart from cases involving conspiracy, lawful acts by a third party do not constitute an actionable interference with contractual rights merely because they bring about a breach of contract, even if they were done with the object and intention of bringing about such breach, see p.693 and 697.

In *Unique Pub Properties v Beer Barrels & Minerals* [2004] EWCA Civ 586, Chadwick LJ commented on the combined effect of these two principles at Para.28 of the judgment of the Court of Appeal in the context of a willing contract breaker,

In such a case the tort of actionable interference will not be made out unless the breach of contract by the tenant is brought about by some act of the defendant company

which is itself unlawful

; but that requirement will be satisfied where the defendant

with knowledge of a contract between the contract breaker and another, has dealings with the contract breaker which the third party knows to be inconsistent with the contract

. It is the defendant's knowledge that the supply of tied product to the tenant is inconsistent with the tenant's contract with the claimant that makes the act of supply unlawful. And it is the knowledge that the supply of tied product is inconsistent with the tenant's contract with the claimant, coupled with the supply made in that knowledge, which satisfies the requirement that the defendant must act with the intention of bringing about a breach of the tenant's contract.

As regards the requisite knowledge or intent required for the tort, Lord Diplock observed in *Merkur Island Corporation v Laughton* [1983] 2 AC 570 at 608 G that it is two-folded: (1) knowledge of the existence of the contract; and (2) intention to interfere with its performance.

On the intention to interfere, shutting one

s eyes to the obvious will be sufficient. In *Unique Pub Properties*, Chadwick LJ cited at Para.29 the following headnote in *British Industrial Plastics Ltd and others v Ferguson and others* [1940] 1 All ER 479 as correctly summarizing the law as embodied in the decision of the House of Lord,

Where a contractual relationship exists between parties, it is a tort for anyone wrongfully to induce one of the parties to break the contract so as to cause damage

The word "wrongfully" in such a case is here construed to mean knowingly rather than maliciously. It would seem to be sufficient that a party should act bona fide in the matter, and he will not be liable to an action by reason of the fact that he has acted mistakenly, so long as it cannot be said that he was wilfully shutting his eyes and excluding a means of knowledge. Thus,

where a party suspects that there is a possibility that an act of his will in effect induce a breach of contract, and he adopts means of testing that possibility which he honestly believes to be a proper test, he does not render himself liable to an action because he is mistaken as to the efficacy of that test.

See also *Emerald Construction Ltd v Lowthian* [1966] 1 WLR 691, 700H.

Other than a case of recklessness, there is a difference between knowledge and means of knowledge, see *Unique Pub Properties* Paras.35 and 36. The claim against the Defendant was not formulated on the basis of recklessness. Paragraph 17 of the final version of the Statement of Claim pleaded the Defendant

knowingly induced

Pennacchia and Bosco.

Ms Tam submitted what happened was that after the Defendant told Bosco and Pennacchia that they would be employed, they went away to attend to their resignations. They came back telling the Defendant their resignation letters had been sent and the Defendant believed they had resigned and were therefore free to start working for the Defendant.

Mr Smith referred to the email of 17 March as clear evidence of knowledge on the part of the Defendant that resignations of Bosco and Pennacchia with the Plaintiff were something that needed to be dealt with. Taking into account of the time difference between Italy and Shenzhen, the email was sent early in the morning of 18 March, Shenzhen time.

I accept that the Defendant must be aware on 17 March that Bosco and Pennacchia had yet to hand in their resignations with the Plaintiff. The question is whether the Defendant knew that it still had not been attended to when it instructed Bosco and Pennacchia to work. Although I am able to conclude from the circumstances pertaining to the Defendant

s recruitment of prototypists that Bosco and Pennacchia actually worked for the Defendant on 18 March, I am not prepared to infer from such circumstances that the Defendant did not give any time to Bosco and Pennacchia to attend to their resignations. I have to look for some other evidence to resolve the question raised by the defence as to lack of knowledge.

Normally, an employer would leave his new employee to handle the resignation from his former employer. The law does not require him to check whether such resignation had been properly executed before he engages the service of an employee. His ignorance about the defects in his employee

s resignation would not render him liable for procurement of breach of contract. Is there any reason why the Defendant in the present case should be held liable on account of the defects in Bosco and Pennacchia

s resignations?

The written evidence of Bosco and Pennacchia filed on behalf of the Plaintiff shed little light on the details about their job interview and the subsequent starting of work at the Defendant

s factory. They merely asserted that they were asked to work upon arrival. I do not find such general assertions to be of much assistance in resolving the point that I am concerned with.

Bosco said in his Supplemental Witness Statement of 23 July 2002 that their resignations were handled by Scarati. At the same time, I note the difference in the wordings of the letters of resignation. It is unlikely that the letters were drafted by the same person. The written evidence of Pennacchia and Bosco filed on behalf of the Defendant stated that they asked their respective wives to post their pre-signed letters of resignation on their behalf. On the evidence before me, I conclude that although Scarati could be involved in posting their letters of resignation, I do not think the letters were drafted by him. Those letters were probably prepared and signed in advance by Bosco and Pennacchia respectively. However, given the involvement of Scarati, I would infer that Scarati knew that the resignations did not become effective until 20 March 2001.

Can Scarati

s knowledge in this respect be imputed to the Defendant? The Plaintiff relied heavily on the email of 17 March. Scarati referred to his telephone conversation with Giuseppe Lella in that email and I do not have any evidence that the latter was acting on instructions of Ricci or Prati regarding his communication with Scarati about the resignations of Bosco and Pennacchia. Although Giuseppe Lella had been called by the Plaintiff to give evidence at the trial, he did not give any evidence about this conversation with Scarati.

The email of 17 March from Scarati had to be read in the context of the concern of the parties at that time. It was obvious to me that both Scarati and the Defendant were concerned about the question of restrictive covenants in Bosco

s and Pennacchia

s employment contracts with the Plaintiff. This is borne out by references to that topic in other emails. Their attention was not focused on the date on which the resignations took effect.

Given that their concern was focused on another point, I do not regard the email of 17 March as an adequate basis for drawing an inference that Scarati had kept the Defendant informed as to the progress of the resignations of Bosco and Pennacchia.

Mr Smith submitted that we should take into account of how the Defendant conducted itself generally and invited this court to conclude that the Defendant did not wait to do things in the proper manner. Counsel said the Defendant just did things in the way that best suited its interests at the time and then tried to sort out problems arising from that later.

As said earlier, I have taken the circumstances leading to the recruitment of Bosco and Pennacchia into account in concluding that they started working for the Defendant before 20 March 2001. However, I do not think the evidence warrants an inference that the Defendant

deliberately or recklessly engaged the services of Bosco and Pennacchia without any regard as to their resignations with the Plaintiff. Mr Ricci took the view that the restrictive covenants were not enforceable (and he might well be correct as far as Bosco and Pennacchia are concerned). I do not think one can infer from that the Defendant knowingly engaged their services in breach of their duty of fidelity towards the Plaintiff.

Even though I would not accept the evidence of Prati and Ricci on some other points and the Plaintiff made strong submissions as to their general lack of credibility, I am not prepared to reject their evidence about Bosco and Pennacchia telling them that their wives had put in the resignation letters. Since the Plaintiff had not advanced a case of recklessness in the pleadings, I do not need to consider whether Prati and Ricci should have made further enquiries. In any event, I do not think the email of 17 March from Scarati could generate a duty on their part to look further into the matter.

Hence, I am not satisfied that the Plaintiff has discharged the burden of establishing the requisite intent on the part of the Defendant.

Another line of defence advanced by the Defendant is the lack of proof as to any damages suffered by the Plaintiff as a result of the alleged breach. Given the narrow time frame that we are concerned with, Ms Tam argued that the Plaintiff could not have suffered any real damage due to the deprivation of the service of Bosco and Pennacchia for those few days. Since damage is an essential ingredient to the cause of action, Ms Tam submitted that the claim under this head should be dismissed on the Plaintiff

s failure to establish any damages.

Mr Smith contended in his reply that the damage suffered by the Plaintiff stemmed from the benefit that the Defendant derived in terms of the contribution by Bosco and Pennacchia to the preparation of the exhibits for the High Point Exhibition during that short period. Since the Plaintiff and the Defendant were trade rivals and there was a time element in meeting the deadline for preparing the High Point exhibits, such benefit to the Defendant was likely to cause some loss to the Plaintiff. Counsel relied on Paragraph 25-59 of Clerk & Lindsell on Torts (19th Edn) and Hivac Ltd v Park Royal Scientific Instruments [1946] Ch 169. Given that there was a direction for split trial, the quantum of damages should be left for assessment.

The exhibition took place in mid April and the shipment documentations and the schedule at Bundle 3-1 p.130-1 showed that some exhibits left the Defendant

s factory at a very late stage. Ricci testified that Bosco and Pennacchia had worked on some exhibits like model Nos.2096, 2116, 2140 and 2129. These were shipped by air on 3, 12 and 14 April respectively. He did not say they worked on those models between 18 and 20 March.

As I said above, my finding is that Bosco and Pennacchia did work on some High Point exhibits between 18 and 20 March. However, there is no specific evidence on how critical those three days services were on the Defendant

s overall preparation for the High Point exhibition. Should I infer that due to the tight schedule, in the ordinary course of business, some loss must have been caused to the Plaintiff along the line submitted by Mr Smith? In my judgment, the contention of Mr Smith is simply not open on the pleadings. The Particulars of Damages pleaded in Paragraph 18(a) of the final version of the Statement of Claim is not along that line. Hence, the question as regards contribution to High Point preparation attributable to the services of Bosco and Pennacchia during that limited period of time was not explored at the trial.

As regards the particulars pleaded in Paragraph 18(a), the evidence is not clear as to which particular items Bosco and Pennacchia were working on during the period relevant to this head of claim. Mr

Smith did not make any submission on this aspect.

For these reasons, this head of claim fails.

C. Scarati: pre-termination of employment

Scarati was the senior designer of the Plaintiff until he resigned on 14 March 2001. By a further letter of 26 March 2001, he asked his resignation to take effect from 25 March 2001. Mr Smith said in his closing submissions that the resignation was therefore only effective as from 25 March 2001.

What happened was that like the case of Pennacchia, Scarati did not specify any effective date in his letter of 14 March. The Plaintiff wrote to him on 23 March 2001 referring to the provision in the Collective Contract for 120 days

notice. The Plaintiff asserted that the contract of Scarati would only be terminated on 13 July. The Plaintiff further reminded Scarati as regards the restrictive covenant prohibiting him from certain activities after the termination of his employment. Scarati responded on 26 March stating that the resignation should be with immediate effect and he treated 25 March as his last working day for the Plaintiff. In the same email, Scarati also referred to the restrictive covenant in his employment contract and said he had not undertaken any work.

The emails between Scarati and Ricci show that Scarati had been trying to solicit the Defendant

s interest in him for quite some time. However, the Defendant began to give his proposal serious considerations in late 2000. A trip by Scarati to the Defendant

s factory was eventually arranged and Ricci met Scarati in Hong Kong on 27 February 2001 and they visited his office in the factory on 28 February. Scarati flew back to Italy on the same date. Before that trip, on 19 February, Ricci wrote to Scarati asking him to bring along some material so that the Defendant could have some idea as to how Scarati worked. He went on to say,

if we can agree, we can

already

do something for High Point.

After the visit at the end of February, Ricci wrote to Scarati on 3 March expressing the view that he was impressed with Scarati

s ability. Subsequently, there were discussions between Scarati and Ricci by emails about the remuneration package if the former were to join the Defendant. The two of them came to an agreement on that on 13 March 2001.

On 14 March, Scarati sent an email to Ricci informing him about his resignation from the Plaintiff. He further said,

as soon as I have settled the legal problems with the company (non-competition covenant) that I have told you about and which Peppino can confirm (he went through it himself), I will fly out to you with lots of ideas

Later, after some emails about arrangements regarding Bosco and Pennacchia, Scarati wrote on 23 March 2001 to Ricci about designs. He said he would send an email with sketches Ricci asked for, chosen from material that was already ready and that Ricci had seen. He intimated that he could do the full-scale drawings after Ricci made his selection. He mentioned about the need for caution since the Plaintiff had evoked the restrictive covenant. He further said the Plaintiff wanted a 120 days

notice but he already decided he would not adhere to that. Later on the same day, Scarati told Ricci by another email that his scanner was slow and he would send the designs along with the technograph.

From these emails, it can be seen that as far as the Defendant

s knowledge between 14 and 25 March was concerned, Scarati told them he had resigned on 14 March and he would not stick to the 120 days

termination notice. By the same parity of reasoning as in the case of Pennacchia, I hold that the Defendant did not have knowledge that Scarati was still an employee of the Plaintiff between 14 and 25 March. In so concluding, I have not overlooked that in the contract made between Scarati and the Defendant on 12 April 2001, reference was made to Scarati

s employment being terminated on 25 March. However, there is no evidence to suggest that the Defendant had acquired that knowledge prior to 25 March.

Although Mr Smith advanced several heads of claims on breach of duty of fidelity on the part of Scarati in his opening, counsel confined to one matter in his closing submission. It is contended that Scarati had supplied some drawings to Ricci for production purposes during the time he was still under the employment of the Plaintiff.

The Defendant does not dispute that some drawings were shown by Scarati. However, it is said that those were supplied only to demonstrate the skills of Scarati and those drawings were not used by the Defendant for production purposes.

Mr Smith placed great reliance on the emails of 19 February and 3 March. However, the visit by Scarati on 28 February was a brief one. It can also be gathered from the subsequent emails, although Ricci was impressed, the parties had not yet reached agreement on the terms of Scarati's employment during the visit. Whilst Scarati did assist the Defendant in finding prototypists for the Defendant in early March, it does not follow that he had supplied designs to the Defendant before the terms of his remuneration were agreed on 13 March.

There is no concrete evidence that Scarati had supplied designs for High Point exhibition during the visit on 28 February. The email of 19 February can equally be read as an intimation of the hope that if agreement could be reached on employment of Scarati in good time, he could work out something for High Point.

When the parties were about to reach agreement on remuneration, Scarati wrote to Ricci on 12 March. Apart from putting forward a counter proposal regarding his remuneration, Scarati said he wanted to send a technograph to the Defendant

s factory to facilitate him in making 1:1 scale drawing. When Ricci agreed to his remuneration on 13

March, he also told Scarati to contact a person called Vito for arranging the shipment of the same. But there was no reference to designs supplied around the same time.

The emails of 23 March are evidence of designs being made by Scarati and sent to the Defendant on or shortly after the same date. However, although he initially said he would send it by email, he subsequently changed his mind and said he would send those together with the technograph. By then, as far as the Defendant

s then knowledge was concerned, Scarati had resigned from the Plaintiff.

Further, the designs did not reach the Defendant before Scarati

s arrival at the Defendant

s factory in early April. Ricci testified to that effect. Given reservations as to his general credibility, I do not take his evidence on its face value. However, in this regard, his evidence is corroborated by the evidence of Giuseppe Lella in his Supplemental Witness Statement of 23 July 2002 made for the Plaintiff. He confirmed that he had been told the shipment of the technograph had been delayed. More importantly, he did not suggest that there were designs from Scarati that the Defendant was working on in March 2001. Instead, he said in Paragraph 21 that Scarati brought some drawings with him when he arrived in Shenzhen at the beginning of April 2001. Before that, he said in Paragraphs 16 and 17 that he, Bosco and Pennacchia were working on imitation of actual Natuzzi models present at the Defendant

s factory and some prototype works previously done by Ancona. In contrast, regarding the situation after April 2001, he said in Paragraph 22 that Scarati sent sketches by email or telefax when he was not there physically.

By the time of Scarati

s arrival on 1 April 2001, his employment with the Plaintiff had been terminated even on the Plaintiff

s own case. Since the designs did not reach the Defendant before then, even if there had been any procurement of breach of the duty of fidelity, no damage had been caused to the Plaintiff along the argument advanced by Mr Smith in the context of the claim relating to Bosco and Pennacchia. There was simply no acceleration in the Defendant

s preparation for High Point stemming from the alleged wrong.

The claim for procurement based on breach of duty of fidelity on the part of Scarati is therefore dismissed. I turn to the claim based on the restrictive covenant.

D. Scarati: post-termination

Scarati had signed a Non-competition Agreement with the Plaintiff

s subsidiary Nagest SRL on 13 March 1998. That agreement restricted the activities that Scarati could engage in for a period of 18 months after the termination of his employment. The important clause in the present context is clause 1 which reads,

Mr Scarati will not offer his services as employee or consultant or whatsoever role or nature whether on a full-time or part-time basis or occasionally, with or without employee-employer relationship or profits, directly or via third party, in favour or to corporations, businesses or private person competing with any of Natuzzi group activities including but not limited to the following: designing, manufacturing or selling of sofas and armchairs, designing or sketches for the manufacture of armchairs, sofas, chairs, design or manufacturing or selling of wood frames, spring boxes or metallic furnishing for armchairs, chairs, working and tanning hides, production and selling of polyurethane or any other materials used for the upholstery of furniture products.

Employee further covenant not to furnish, transmit, or divulge to any person, business, be it an agency or a private business, any information, suggestion or indication useful in the creation or manufacture of produces of the same nature of those of Natuzzi

s group companies or in anyway related to the businesses practised by the Natuzzi

s group companies.

In consideration for that covenant, Nagest SRL agreed to pay Scarati 100% of his gross monthly salary during the period of restraint as compensation.

As evidenced by the emails in March, Scarati had informed the Defendant about this restrictive covenant. This was further referred to in the agreement made between Scarati and the Defendant on 12 April 2001. That agreement was described as employment contract with deferred starting date. Recital (c) of that contract explicitly referred to the non-competition agreement and its operation until 25 September 2002. The contract provided for an employment to be started only at the expiry of the non-competition agreement.

Scarati actually provided services to the Defendant in 2001 and 2002 in breach of the Non-competition Agreement. Ricci admitted in his 3rd witness statement of 31 August 2005 that the Defendant paid Scarati a retainer of around US\$15,000 per month from May 2001 to July 2004 and Scarati prepared designs and drawings for the Defendant from time to time. Between April 2001 and March 2003, Ricci estimated about 70 designs had been produced by Scarati for the Defendant. He also admitted that Scarati visited the Defendant

s factory in April 2001 and assisted in the preparation for High Point.

Scarati had subsequently fallen out with the Defendant and he pursued a claim for commission against the Defendant. The matter was settled by a Settlement Agreement dated 6 July 2005. The Defendant agreed to pay Scarati a sum of US\$569,545.29 as outstanding sum owed under the agreement of 12 April 2001. The schedule attached to that Settlement Agreement also sheds light on the works done by Scarati for the Defendant, including works done during the period covered by the Non-competition Agreement. In this respect, I reject Ricci

s assertion that Scarati did not make contribution concerning some items in the schedule and they were only included at the insistence of Scarati by reason of his undue pressure exerted on Ricci.

Giovanni Lella mentioned about the Natuzzi Collection Guide being brought by Scarati to the Defendant

s factory. However, I find his evidence wholly unreliable in this respect. He said the Guide was shown to Ricci and it was then passed from prototypist to prototypist. He said the Guide contained information about the precise sizes and versions of the models. That is shown to be incorrect. He tried to explain that it could be a new edition. When he was asked about his vouching for the annexure to his statement as the correct document, he gave an answer that does not make sense: he said he saw the invoiced figures in the copy shown to him when he made the statement and recognized them to be the same as the ones he saw at the Defendant

s factory. He further inaccurately recalled that the Guide was about 10 pages thick. Quite significantly, no other witness had mentioned about the Natuzzi Collection Guide being found at the Defendant

s factory. Further, no other witness referred to such Guide being referred to in the preparation of the Defendant

s models for High Point Exhibition. I reject the evidence of Giovanni Lella and it is not established that such a Guide had been brought to the Defendant.

Given the knowledge of the Defendant as to the existence of the Non-competition Agreement, applying the principles of law discussed above as regards the tort of procurement of breach of contract, there is no doubt that the Defendant had knowingly entered into dealings with Scarati inconsistent with the Plaintiff

s rights under the Non-competition Agreement by engaging the services of Scarati during the restraint period. The only issue is enforceability of the Non-competition Agreement.

I have discussed the relevant principles of law regarding enforceability of restraint of trade provisions in my judgment of HCA 4166 of 2003. Mr Smith contended that although the relevant provision is similar in the present action, there are material differences on the facts and this court should conclude that the Scarati Non-competition Agreement is enforceable. Counsel also cited some additional cases on the topic.

In *Turner v Commonwealth & British Minerals* [2000] IRLR 114, the court was concerned with a severance agreement entered into by the parties upon the termination of employment. On a payment of additional sums (viz. not sums due under their contract of employment), the director employees agreed to restrict their post-termination conduct not to compete with the employer. Whilst the court did take the payment into account, I do not think there is anything in that judgment that calls for any revision of the view I expressed in the judgment of HCA 4166 of 2003. The Court of Appeal reiterated that in determining whether a restrictive covenant is reasonable, the fact that an employee was paid something extra for agreeing to it does not relieve the employers of the necessity of justifying the restraint (see paras.18 and 19 of the judgment). The test is still the one laid down in *Herbert Morris v Saxelby* [1916] AC 688, see Para.15 of the judgment in *Turner*.

In this connection, it has been held in *TSC Europe (UK) v Massey* [1999] IRLR 22 that a restrictive covenant that is more than reasonably necessary to protect the legitimate interests of the covenantee cannot cease to be such because of a corresponding obligation to make payments during the currency of that covenant.

Macaulay v Schroeder Publishing [1974] 1 WLR 1308 is not a case decided in the context of employer and employee. On the facts, the contract was held to be unenforceable as contrary to public policy. Whilst Lord Diplock did express some views about the rationale of the restraint of trade doctrine and postulate the fairness as the acid test, His Lordship also referred to the reasonableness of the clause as necessary for the protection of the legitimate interests of the promisee at p.1315 H. I do not read His Lordship

s judgment as departure from *Herbert Morris v Saxelby* [1916] AC 688 or as suggestion that it is not necessary to establish any legitimate interest for protection on the part of the employer. In this connection, it is instructive to read the analysis of Parker J in *Panayiotou v Sony Music* [1994] EMLR 229 at p.317-9 regarding the focus of Lord Diplock

s speech being on the equitable doctrine of relief against unconscionable bargain as opposed to the common law doctrine of restraint of trade.

Panayiotou v Sony Music [1994] EMLR 229 is also a case decided in a context other than an employer-employee type of situation. Parker J discussed the doctrine of restraint of trade at length at p.319-336. At p.328, justification for protection of a restraint was considered. The two limbs for which justification is required were affirmed: reasonableness as between the parties and reasonableness in the public interest. Mr Smith prayed in aid the discussion on the relevance of consideration for the restraint. Parker J was of the view that the consideration is relevant as regards the reasonableness of the restraint as between the parties (see Para.B4.5.1 at p.329 and Para.B4.5.5 and 4.5.5 at p.330). Parker J referred to that as the first limb under the Nordenfelt test. His Lordship adverted to the second limb, viz. reasonableness in the public interest in Para.4.5.5 and cases where restraint would be unenforceable no matter how large the consideration for them.

I do not think there is any material difference between that approach and the one I adopted in my judgment in HCA 4166 of 2003.

I am of the view that bearing in mind the level of payment that the Plaintiff promised to pay to Scarati during the period of restraint and the position occupied by Scarati as Senior Designer in the company, the restraint is reasonable as between the parties.

Ms Tam referred to the evidence of Giuseppe Lella on the prejudice an employee would suffer if the restraint is binding. The witness said the 18 months restraint would render a skilled worker out of touch with the market trend. He also said it would make it impossible for an employee to exploit job opportunities when they arise.

I am not impressed by the argument regarding exploitation of job opportunities. As between the parties themselves, the employee suffers no reduction in income as he would be paid the full remuneration as if he were working for the Plaintiff. He could still exploit whatever opportunities available to him after the restraint period. Although his mobility in the labour market is affected, the Plaintiff has paid a high price for that. The duration of 18 months is not unreasonably long.

As regards the market trend argument, I accept the submission of Mr Smith that in the context of the skill and professional knowledge of a designer, an employee subject to the restraint could still keep up his market knowledge by reading trade magazines and attending market exhibitions. This is borne out by the evidence of Giuseppe Lella in re-examination.

There is no evidence from Scarati complaining about the unreasonableness of the Non-competition Agreement. To the contrary, in his email of 26 March 2001, Scarati intimated that he would be abided by the restraint in the Non-competition Agreement. Although this is not conclusive, it is evidence showing the lack of proper ground for challenging the validity of the agreement from the inter partes point of view.

Ms Tam also relied on my judgment in HCA 4166 of 2003 where I held that similar agreements were not enforceable against a prototypist. My focus was on the inadequacy of proof of legitimate interest and the reasonableness of the covenant from the public interest point of view.

In the present context, the crucial question is whether the Non-competition Agreement is reasonable in the public interest.

Mr Smith identified the legitimate interest that the Plaintiff sought to protect by the Non-competition Agreement as Scarati

s knowledge of the Plaintiff

s designs for existing and new models by reference to Paragraph 15 of the final version of the Statement of Claim. It is difficult to see how designs for existing models could be protected (other than by way of copyright) once it had been made public by exhibition or sales. There is no assertion that the designs of the Plaintiff

s models involved some confidential techniques or process.

On the other hand, as I have held in HCA 4166 of 2003, I do accept that new designs could be the subject matters of legitimate protection by a restrictive covenant. The problem I had in HCA 4166 of 2003 was the inadequacy of evidence to show that protection for a period of 18 months was necessary bearing in mind that the employee concerned was a prototypist.

As emphasized by Mr Smith, Scarati was in a more senior position within the Natuzzi Group as compared with a prototypist. He was responsible for creating and overseeing the designs of the group

s sofas and armchairs. But there is a dearth of evidence on how Scarati

s involvement in the Plaintiff could justify a protection for a period of 18

months. Giuseppe Lella testified that Scarati was a prolific designer producing as many as 8 to 10 designs a day. Mr Pontrandolfo, a head of the product development department of the Plaintiff, testified that less experienced designers in the Plaintiff produced 5 or 6 designs a day and the Plaintiff produced a new model every 2 or 3 days. There were four designers employed by the Plaintiff at the material time. The Plaintiff

s output in terms of new models was quite substantial. The witness explained to the court how the Plaintiff studied the trends in the market by analyzing their sales and passed on such information to the designers to come up with models that would be popular in the market. In order words, the high turnout rate of new models reflects frequent changes (some of which could be minor variations of existing models) to meet the ever-changing demand in the market.

Whilst there were new models created out of modification of old models or what Mr Yan described as

mix-and-match

of different elements, I do not doubt that there were also new designs embodying fresh concepts. However, the evidence of Ms Mastrodonato was that the designer and the prototypist would work together after the 1:10 design was drawn and suggestions could be made by the prototypist as regards some aspects of a new model. Mr Ruscigno, a prototypist of the Plaintiff, testified about changes that a prototypist might introduce to the designs in the prototyping phase. Production was based on the final prototype. Hence, as far as knowledge about new designs that would actually be used for production, a prototypist would not be too different from Scarati although the knowledge of a prototypist might be limited to the projects he was concerned whilst Scarati had a more wide ranging knowledge about all the new designs of the Plaintiff.

I have adverted to the time scale for production in the Plaintiff

s factory according to their witnesses and the currency of new designs in Para.73 of my judgment in HCA 4166 of 2003. Mr Smith submitted that in the context of this action, we have the evidence of Ricci to the effect that it was not unusual to have a model made from a design of 6 to 10 months old. Ricci was cross-examined about the Defendant

s use of Pasini drawing dated 6 June 2000 for model 2129 in March 2001. Ricci said a time lapse of 10 months was not unusual.

As Ms Tam submitted, Ricci was dealing with the time scale by reference to the Defendant

s design and production process. There is no suggestion in the evidence that the Defendant had adopted a similar practice as that of the Plaintiff in choosing and rejecting designs. In particular, there is no suggestion that the Defendant had monitored trends in the market like the production development department of the Plaintiff. According to the evidence in exhibits

AP-1

and

AP-2

of the First Affidavit of Pontrandolfo filed on 21 May 2001, the time lapse between the sketches and the date of first presentation at fair for the Plaintiff

s models that were the subject matters of the copyright claims ranges from one to four months. I do not think the evidence of Ricci could in anyway assist the Plaintiff as regards the currency of new designs in the Plaintiff.

Thus, my analysis in HCA 4166 of 2003 regarding the reasonable time frame for new designs of the Plaintiff coming onto the market still stands. A longer duration of restraint for Scarati is reasonable by reason of the fact that as senior designer he would have earlier and broader knowledge of the Plaintiff

s new designs. I would be prepared to allow of restraint of up to 12 months to stand. However, a restraint of 18 months is not warranted.

Hence, the Non-competition Agreement is unenforceable. It follows that this head of the Plaintiff's claims also fails.

Infringement of copyrights

A. The design and prototyping process

For reasons unknown, the Plaintiff rests their copyright claims on what I shall call the design sketches. In other words, the Plaintiff does not rely on any copyrights that might subsist in other works that were generated in the design and prototyping process. Due to the modifications and variations that were introduced through that process, this could be a matter of significance. It is necessary to explain the process at some length in order to assess the impacts on the copyright claims.

There is no dispute about the design and prototyping process on the evidence. A lot of what I set out below is based on evidence of witnesses called by the Plaintiff, in particular Mr Pontrandolfo, Giuseppe Lella and Mr Ruscigno. A design for a new model (be it a completely new model or a variation of an existing model) began with a design sketch which is 1:10 drawing showing the front view of the sofa. I annex to this judgment Annex A the photographs of Plaintiff and Defendant

s sofas and the relevant design sketches of the Plaintiff in the middle. It can be seen that the sketches do not contain any measurements and there is neither any side view nor back view of the sofa.

Out of many sketches, the management chose suitable ones for going ahead with a view of production. The next stage is to have a full scale drawing (or 1:1 drawing) of the design. That drawing has measurements and it depicts both the front view and side view of the sofa.

The designer and the boss (Mr Natuzzi in the Plaintiff and Ricci in the Defendant) would look at the full scale drawing and comment on the details. There could be inputs for some alterations. Based on the approved full scale drawing, the prototypist would start to make a three-dimensional model. At that stage, small changes that are more visible could be introduced. That would become the first prototype.

The boss and the designer would examine the first prototype with the prototypist. Further comments could be made and further modifications would be introduced to the prototype such as changes to dimension or even to shapes in terms of curvatures. If the changes were structural, another prototype had to be made. When the three dimensional model received the ultimate approval, a final master prototype would be in place.

Using the master prototype, templates for leather cutting would be made to facilitate the production of a particular model. The seamstress would make stitching drawings and there would also be foam design drawings. In other words, the relevant information for production derived from the master prototype would be captured by these production templates or drawings.

Whilst a designer can produce as many as 10 sketches in one day, the evidence of Pontrandolfo is that it took 2 to 3 days to make a full scale drawing and 7 to 8 days to make a prototype.

B. Some general observations applicable to all models

B1. Copyrights subsisted in drawings as distinct from the copyrights subsisted in the prototypes

As explained above, there were modifications in the course of the design and prototyping process. However, the Plaintiff invites the court to draw inference from the similarities between the final products made by the Defendant with those of the Plaintiff whilst the claim is based exclusively on copyright in the sketch designs. To test the extent to which one can draw inference relevant to the copyright claims of the Plaintiff by comparing the final products, it is necessary to consider the extent to which the copyrights in the design sketches were incorporated into the final products.

Under the Copyright Ordinance Cap.528, copyright subsists in, amongst other works, original artistic work. Artistic work is defined under Section 5. It includes a graphic work or sculpture irrespective of artistic quality. Graphic work includes a drawing.

In the present context, subject to the requirement of originality, copyright can subsist in at least the following items generated in the course of the Plaintiff

s design and prototyping process,

- (a) design sketch as a drawing;
- (b) full scale drawing as a drawing;
- (c) the first prototype as a sculpture (see *Wham-O Manufacturing Co. v Lincoln Industries Ltd* [1985] RPC 127 at p.155 to 157 where the wooden models made from preliminary drawings for mould making were held to be sculptures);
- (d) the final master prototype as a sculpture.

I refer to the requirement of originality because copyright only subsists in original works. However, it is well established that

original

in this context does not mean novel (see *University of London Press Ltd v University Tutorial Press Ltd* [1916] 2 Ch 601 at p.608). There can be original work that is made from pre-existing material. In *Macmillan & Co v Cooper* (1924) 40 TLR 186, Lord Atkinson held at p.188,

it is the product of the labour, skill and capital of one man which must not be appropriated by another, not the elements, the raw material, if one may use the expression, upon which the labour and skill and capital of the first have been expended. To secure copyright for this product it is necessary that labour, skill and capital should be expended sufficiently to impart to the product some quality of character which the raw material did not possess, and which differentiates the product from the raw material.

His Lordship further said at p.190 that the precise amount of knowledge, labour, judgment or skill that must be bestowed to acquire copyright is largely dependent on the facts of the case and very much a question of degree.

The same question was considered by Lord Oliver in *Interlego AG v Tyco Industries Inc* [1988] RPC 343 at p.371-372. His Lordship specifically dealt with this issue in the context of artistic works. The dicta starting from line 39 at p.371 is directly relevant for our present purposes,

Skill, labour or judgment merely in the process of copying cannot confer originality. In this connection some reliance was placed on a passage from the judgment of Whitford J in *LB (Plastic) Ltd v Swish Products* [1979] RPC 551 at p.568-569 where he expressed the opinion that a drawing of a three dimensional prototype, not itself produced from the drawing and not being a work of artistic craftsmanship, would qualify as an original work. That may well be right, for there is no more reason for denying originality to the depiction of a three dimensional prototype than there is for denying originality to the depiction in two dimensional form of any other physical object. It by no means follows, however, that that which is an exact and literal reproduction in two dimensional form of an existing two dimensional work becomes an original work simply because the process of copying it involves the application of skill and labour. There must in addition some element of material alteration or embellishment which suffices to make the totality of the work an original work. Of course, even a relatively small alteration or addition quantitatively may, if material, suffice or convert that which is substantially copied from an earlier work into an original work. Whether it does so or not is a question of degree having regard to the quality rather than the quantity of the addition. But copying, per se, however much skill or labour may be devoted to the process, cannot make an original work.

Further, at p.374, Lord Oliver said,

The essence of an artistic work

is that which is

visually significant

Hence, the question is whether modifications at each stage embodied such substantial alterations in terms of visual impacts that convert the pre-existing work into a new work. This has to be assessed qualitatively. At the same time, it has to be borne in mind that the subsistence of copyright in the works created at a later stage in the design process does not mean that no copyright subsists in the earlier work. Nor does it mean that there cannot be any infringement of that copyright in the earlier work. However, one should not take into account of similarities

between the later works and the alleged infringing article that are absent in the earlier work in order to decide whether a substantial part of the earlier work has been copied.

Mr Liao SC accepted the propositions in the last paragraph. Counsel however submitted that by virtue of the concept of derivation the similarities between the later works and alleged infringing article can still be taken into account in deciding whether an inference of copying is to be drawn. In other words, because the later works were derived from the sketch design, the copying of the later works would necessarily involve the copying of the sketch design.

Whilst this assumption may be correct in some cases, I do not think it can be applied universally in all cases. It must depend on the extent of modifications (which are *ex hypothesi* substantial if a new copyright is held to subsist) in the later works and whether the similarities with the alleged infringing article stem from the modified features. It also depends on the extent to which the common features in the earlier work, the later works and the alleged infringing article are commonplace, unoriginal ideas.

In substance, what Mr Liao contended is the application of the principle of indirect copying to a specific context, viz. the medium is another work created by modifications of an earlier work to the extent that a new copyright subsist in the later work. I am not suggesting that Mr Liao conceded that new copyright subsists in the full scale drawing or final prototype in the models we are concerned with. This is an issue that I

would have to consider by reference to the test set out in *Interlego*. Mr

Liao drew no distinction between the case where new copyright subsists in the later works and the case where it is otherwise in advancing his submission.

Indirect copying or indirect infringement is expressly recognized by Section 22(3)(b) of the Copyright Ordinance. In *Cala Homes (South) Ltd v Alfred McAlpine Homes East Ltd* [1995] FSR 818, Laddie J said at p.828,

In a case where the plaintiff produces many versions of a copyright work, for example drawings, each differing only slightly from the others, it will frequently be almost impossible to identify precisely which one was copied by the defendant. Even if that is possible, it is likely that that drawing was not the first in the sequence and that it therefore was largely copied from preceding drawings. It might not be the subject of copyright. Of course if the very first drawing could be identified then copying of a derivative of it would indirectly infringe the copyright in it. That was what happened in *King Features Syndicate Inc v O & M Kleeman Ltd* [1940] Ch 523 and 806

But what if the very first drawing cannot be identified? I cannot believe that in this case that makes any difference.

But there is a rider to this statement. Further down p.828, Laddie J said,

In a case where the design has been profoundly changed over a period of time, this analysis may well not hold true.

The Court of Appeal of New Zealand examined in *Plix Products Ltd v Frank M Winstone* [1986] FSR 608 the concept of indirect copying in a slightly different context, viz. where the medium consisted of verbal instructions given to the defendant

s designer without showing him the plaintiff

s article. Notwithstanding that, I find the following dicta of Cooke J at p.615 helpful in reminding ourselves the proper focus is on features in the copyright work,

There can be no doubt that in principle a reproduction may be the result of indirect copying. We see no sound reason for introducing a generic limitation; and in this and other cases it could be most difficult to apply. The question must always be whether the work alleged to be an infringement can fairly be said to be a reproduction of the copyright work or of a substantial part of that work.

B2. Loss of the relevant copyright works

Regarding the Plaintiff

s model I100, they were unable to locate the original design sketch drawn by Scarati. Another designer Mr Suma re-drew it by reference to the prototype. The prototypist Mr Ventricelli testified that he followed Scarati

s design sketch in making the prototype although some small changes were made.

A comparison of the Suma drawing with the final product shows that further changes were introduced to the model after a prototype was made. The shape of the back and the back cushions at the two ends are noticeably different: in the drawing, they are more convex in shape whilst in the final product, they are more concave. The design of the seat cushions are also different: the cushions in the actual product are more plump.

The Plaintiff did not retain the full scale drawings and the prototypes for the models concerned. However, the extent of modifications can be assessed by comparing the final products with the design sketches.

Mr Yan does not dispute that copyright claims can be advanced on the basis of lost work. There must however be sufficient evidence on what the lost work looks like before the court can properly assess the alleged similarities with the defendant

s article. If there is no significant modification between the final product and the work in question, a comparison with the final product can serve that purpose. However, if there is evidence that significant alterations might have been introduced in the course of design and prototyping, one would have to look for other evidence on the precise look of the original sketch.

This is what happened in respect of one item considered in *Wham-O Manufacturing Co. v Lincoln Industries Ltd* [1985] RPC 127 at p.147-148. The preliminary drawings for the

Master

Frisbee and the wooden model were not produced at the trial although the engineering drawings were. The finished product was also produced and in several respects it did not conform with the engineering drawings. There was evidence that the models were modified and improved. But there was no evidence regarding the nature of the modifications and improvements. Davidson CJ held that in such circumstances, it was not possible to work back from the final product to determine the nature of the preliminary drawings. The preliminary drawings were not available to the plaintiff to establish its copyright claim. On the other hand, the nature of the wooden model could be ascertained from the die and mould that in turn was used to produce the final product. Hence, it was held that the final product represented the form of the wooden model and the plaintiff could rely on it to claim copyright.

As mentioned above, the Plaintiff only relies on the sketch drawings in this action. It is therefore not necessary for this court to identify with precision the shape and configuration of the model as depicted in the full scale drawing and the prototypes. Insofar as the final products are at variant with the sketch designs, it can be inferred that the alterations were introduced in the design and prototyping stage.

As regards Model I100, it is a question of fact whether the Scarati design was the same as the sketch of Mr Suma. I shall discuss that when I deal with that model specifically.

B3. Drawing inference of copying based on similarities and opportunity of access

In *Designers Guild v Russell Williams* [2000] 1 WLR 2416 at p.2425G, Lord Millett said,

If the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying.

In the course of closing submissions, Mr Yan suggested that Para.7-17 of the 15th Edn of Copinger & Skone James on Copyright may not have set out the law accurately. The problem stems from the following sentence,

Where there is substantial similarity, this is *prima facie* evidence of copying and also of access.

(My emphasis)

The same point is made in Para.7-16 where the learned editors said,

if there is sufficient similarity between the works, this will raise a *prima facie* case of access and thus causation.

The authority cited for the proposition is *Francis Day & Hunter Ltd v Bron* [1963] Ch 587 at 612. Mr Yan took this court through the judgment in that case and submitted that the question of access was not in issue there. Counsel further submitted by reference to the judgment of Willmer LJ at p.614 that at the highest, proposition (3) advanced and accepted by the court does not go as far as Copinger suggests. It is in the following terms,

Where there is a substantial degree of objective similarity, this of itself will afford prima facie evidence to show that there is a casual connection between the plaintiffs

and the defendants

work; at least, it is a circumstance from which the inference may be drawn.

Counsel perceived a distinction between

substantial similarity

(the expression used in Copinger) and

substantial degree of objective similarity

(the one adopted by Willmer LJ in *Francis Day*). Counsel further emphasized that Willmer LJ did not say an inference will be drawn as opposed to inference may be drawn.

Mr Liao did not accept that Copinger is wrong. He submitted the question of copying is not a question of law. Rather it is a matter of logic and common sense depending on the circumstances. In the present action, counsel said he was happy to adopt the test of striking similarity and he also relied on direct evidence of access.

In my view, *Francis Day* did not lay down that once similarity is proved, prima facie causal connection is established. The court observed several times that the issue of copying is a question of fact, see Willmer LJ at p.614; Upjohn LJ at p.618; Diplock LJ at p.622 and 625). Further, the court also alluded to the proof of access and the defendant

s familiarity with the work at p.612, 614 and 627 as essential.

Copinger also acknowledged it is a question of fact. At footnote 84 in para.7-17, it is also accepted that if it is very unlikely that a defendant could have had access to the claimant

s work, the inferential case of copying stemming from similarities will be weakened. At the end of Para.7-17, in addition to similarity, it also refers to proof of the possibility of access as one element in raising a prima facie case of copying.

Since it is a question of fact, whether an inference can be drawn must depend on the circumstance in the case. The point canvassed under proposition (3) in *Francis Day* is simply this: if the objective similarities are of a very high degree, the court may (not must) draw an inference that the defendant has access to the plaintiff

s works. However, the court must have regard to other relevant circumstance in the case before deciding whether such an inference is drawn. As Mr Liao said, it is just a matter of common sense.

Mr Liao relied on footnote 82 under Para.7-17 of Copinger to contend that the Plaintiff only needs to establish the possibility of access, not the probability of the same.

The editors of Copinger suggested Lord Wilberforce had gone too far in referring to proof of access in *L B (Plastics) Ltd v Swish Products Ltd* [1979] RPC 551 at 619. In *Designers Guild v Russell Williams* [2000] 1 WLR 2416, Lord Millett referred to the defendant having prior access. Lord Scott put it slightly wider at p.2428D by referring to

the opportunity to copy that the defendant had had

.

Since ultimately it is a matter of drawing inference on copying, a lot will depend on the strength of the other evidence. I would not repeat what I have said in *HCA 4166* of 2003 about the distinction between inference and conjecture.

For my part, I would prefer to adopt the approach set out in Para.4.62 of *Laddie, Prescott & Vitoria, The Modern Law of Copyright and Designs*, 3rd Edn.,

even if two works objectively resemble each other sufficiently closely to satisfy the requirements of the law of infringement

the claimant must still prove that the defendant got there by plagiarism, and not independently. By this we mean that he copied all of the features judged to be essential to constitute the minimum of whatever is the required degree of objective resemblance. This is a matter for evidence, although if no other cogent evidence is led, the mere resemblance of the works coupled with opportunity for access may be capable of affording it.

In making comparison between the plaintiff

s work and the defendant

s work to see if an inference of copying can be drawn, similarities that are commonplace, unoriginal or consist of general ideas may be disregarded: see Lord Millett at p.2425 G in *Designers Guild*. His Lordship explained the purpose of visual comparison as follows,

(a) A defendant may introduce deliberate variations in reproducing the plaintiff

s work but the former is still derived from the latter and if the copied features were substantial parts of the plaintiff

s work, it would still be infringement (p.2425 C to E);

(b) One should therefore begin by identifying the features in the defendant

s work that were allegedly copied from the plaintiff

s work (p.2425E);

- (c) The purpose is not to see whether the overall appearance of the two designs is similar, but to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copying than of coincidence (p.2425F);

Whilst differences may indicate an independent source, differences in the overall appearance of the two works due to the presence of features of the defendant

s work about which no complaint is made are not material (p.2425H).

B4. Substantiality

It is only an infringement if a substantial part of the plaintiff

s work has been copied. Thus, the editors of Copinger states at Para.7-23,

It has never been the law that copying of any part of a work, no matter how small, is unlawful

Some use of a copyright work is clearly permissible, for the Act does not prohibit use of

part, even if that part was the product of skill and labour, only a

substantial part

In Para.7-25, Copinger summarized the test for substantiality as follows,

It is therefore often important to ask what are the features of the claimant

s work which made it an original work and thus which gave rise to its protection under the law of copyright.

If substantial use has been made of these features, then infringement will have occurred.

There is thus a relationship between the degree of originality and what is required to establish substantial copying. Copinger put it this way in Para.7-27 proposition (d),

the more simple or lacking in substantial originality the copyright work, the greater the degree of taking will be needed before the substantial part test is satisfied. In the case of works of little originality, almost exact copying will normally be required to amount to infringement.

In *Designers Guild*, there were differences in the judgment of Lord Scott and those of Lord Hoffmann and Lord Millett as regards the relevance of similarities to the question of substantiality. Lord Scott regarded it as determinative in the context of altered copying (see p.2432) whilst Lord Hoffmann (at p.2421C and p.2422B) and Lord Millett (at p.2426A to C) were of the view that the defendant

s work was not relevant. Lord Millett said,

This is a matter of impression, for whether the part taken is substantial must be determined by its quality rather than its quantity. It depends upon its importance to the copyright work. It does not depend upon its importance to the defendant

s work

The pirated part is considered on its own (see *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273, 293 per Lord Pearce) and its importance to the copyright work assessed. There is no need to look at the infringing work for this purpose.

In order to see whether the copied features (whether by way of exact copying or altered copying) constitute substantial parts of the copyright work, one must first identify the copied features. The copied features cannot be identified without comparing the copyright work with the defendant

s work. The judgments of Lord Hoffmann and Lord Millett proceeded on the basis that this process of identification has been undertaken and a finding of copying has been made. In dealing with the question of substantiality, their Lordships were of the view that the only relevant consideration is the importance of the copied features to the copyright work. With the greatest respect, that must be correct since the statute referred to a substantial part of the copyright work (see Section 22(3)(a) of the Copyright Ordinance).

Although the question of copying and that of substantiality are theoretically two different questions, *Designers Guild* demonstrates that there are occasions where the answer to one may inevitably answer the other. If similarities are sufficiently numerous or extensive to justify an inference of copying, they are likely to be sufficient to lead to a conclusion of copying of substantial part.

Deputy Judge Lawrence Collins QC held in *Designers Guild* that in considering the question of substantiality, it was not helpful to dissect the plaintiff

s work and ask whether each part could be protected by copyright in isolation. This was upheld by the House of Lords. Lord Hoffmann pinpointed the errors of the Court of Appeal in carrying out an exercise of dissection at p.2421E. In so doing, the Court of Appeal failed to take into account of the cumulative effect of the copied features.

Lord Hoffmann also observed at p.2422 H,

And there are numerous authorities which show that the
part

which is regarded as substantial can be a feature or combination of features of the work, abstracted from it rather than forming a discrete part.

And then at p.2423 D, after referring to instances where copyright does not offer protection, His Lordship said,

Generally speaking, in cases of artistic copyright, the more abstract and simple the copied idea, the less likely it is to constitute a substantial part. Originality, in the sense of the contribution of the author

s skill and labour, tends to lie in the detail with which the basic idea is presented. Copyright law protects foxes better than hedgehogs.

Mr Liao also relied on the judgment of Aldous LJ in *Biotrading & Financing v Biohit Ltd* [1998] FSR 109. At p.122, the following general observation was made,

As was pointed out, the taking out of a compilation of a part which was not original would not normally be a substantial part of the work. The reason being that the copier will not have taken a substantial part of the work of the author that made the literary work an

original

work. That must be differentiated from the case where a person takes an unoriginal part from a work in which copyright subsists and uses that part in a similar context and way as it was used in the copyright work. In that case the person takes not only the unoriginal part, but also a part of the work of the author that provided the originality. In such a case the amount taken would be likely to amount to a substantial part of the work.

That observation premised on the existence of originality in the context in which the unoriginal parts were used in the plaintiff

s works. In other words, such a plaintiff has exercised skill and labour in deciding how and in what way the unoriginal parts were used. This is apparent from the following paragraph in the same judgment,

Although the copying of an unoriginal shape may not amount to the copying of a substantial part, it is likely to do so when the amount copied includes the context in which the shape is portrayed. In such circumstances, the fact that the part copied includes an unoriginal shape becomes of very little relevance in deciding whether the amount copied was a substantial part of the whole, because the copier has taken not only the unoriginal part but also much of the work of the author in deciding how and in what way the unoriginal shape should be combined with an original shape.

Para.3.131 of Laddie, Prescott & Vitoria, *The Modern Law of Copyright and Designs*, 3rd Edn., highlighted this point with reference to a dicta of Hall VC in *Hogg v Scott* (1874) LR 18 Eq 444 at 458 as follows,

The true principle, at any rate in the compilation cases, is that

the defendant is not at liberty to use or avail himself of the labour which the claimant has been at for the purpose of producing his work; that is, in fact, merely to take away the result of another man

s labour or, in other words, his property

The same point was made in Para.3.137 in the context of altered copying,

It is submitted that the test of infringement in the case of altered copying is, in principle, no different from any other kind. Has the infringer incorporated a substantial part of the independent skill, labour etc contributed by the original author in creating the copyright work

This test was cited by Lord Scott as a useful test in *Designers Guild* at p.2431.

Para.3.139 is also relevant for present purposes since the Plaintiff relies solely on its combination of commonplace components as the originality of its works and there are variation between the Plaintiff

s sketches and the Defendant

s models that are said to be infringing articles.

The act of altering the taken material or of removing it from its context may, however, effectively destroy its originality, so that no substantial part thereof is incorporated into the second work, in which case there is no infringement.

A copyright work may incorporate material which, were it not for the special context in which it is found, would be in the public domain or, at any rate, not be the property of the copyright owners (eg because it was created by another). If so, it is not infringement of that copyright for a third party to take it.

Hence, if the originality of a work lies in the combination of A, B, C, D altogether and a combination of A and B is a common unoriginal combination, a second work with a combination of A, B, E and F would not be an infringement of the copyright of the first work. The combination of A and B without C, D would not be a substantial part of the first work.

B5. Expert evidence

Both sides have called experts to give evidence about similarities and differences between the Plaintiff

s sofas and the Defendant

s sofas. Copinger summarized the role of an expert in infringement action as follows at para.7-18,

Their usual function will be to examine the similarities which are said to exist between the two works, where necessary explaining the technicalities involved, and help the court reach a conclusion on whether and to what extent the similarities are or are not probative of copying. This may involve setting the similarities against what is usual or commonly done in the field and an examination of other sources which were available to the defendant

. Such witnesses can also play a role in identifying what is important or essential about a work and therefore help the court decide whether a substantial part of the claimant

s work has been reproduced

The duty of an expert witness is set out by Cresswell J in *The Ikarian Reefer* [1993] FSR 563. The principles were applied by Laddie J in copyright context in *Cala Homes v Alfred McAlpine Homes East* [1995] FSR 818. Laddie J deprecated expert acting as a partisan hired gun at p.843,

Of course the court will be aware that a party is likely to choose as its expert someone whose view is most sympathetic to its position. Subject to that caveat, the court is likely to assume that the expert witness is more interested in being honest and right than in ensuring that one side or another wins. An expert should not consider that it is his job to stand shoulder to shoulder through thick and thin with the side which is paying his bill.

Pragmatic flexibility

as used by Mr Goodall is a euphemism for

misleading selectivity

. According to this approach the flexibility will give place to something closer to the true and balanced view of the expert only when he is being cross-examined and is faced with the possibility of being

found out

. The reality, of course, will be somewhat different. An expert who has committed himself in writing to a report which is selectively misleading may feel obliged to stick to the views he expressed there when he is cross-examined. Most witnesses would not be prepared to admit at the beginning of cross-examination

that he was approaching the drafting of his report as a partisan hired gun. The result is that the expert

s report and then his oral evidence will be contaminated by this attempted sleight of mind. This deprives the evidence of much of its value.

In the context of the present case, an expert can assist the court in,

(a) comparing features identified as similarities or differences between the Plaintiff

s works and the Defendant

s works which involve some technical niceties that a lay person might not be able to observe;

(b) identifying unoriginal commonplace elements in the designs the adoption of which both parties

works cannot be probative in proving copying;

(c) explaining to the court the important features in the Plaintiff

s designs as opposed to the banal elements in order to enable the court to assess whether substantial parts of the designs have been copied.

Unfortunately, perhaps not due to the faults of the experts, I only derive limited assistance from their evidence in respect of these matters. There are several reasons leading to this regrettable situation. First, Mr Bennett focused their comparison on the actual sofas (or pictures of the actual sofas) of the Plaintiff and those of the Defendant. Although there are references to the design sketches by him in his report, he also referred to the photographs of the actual products in making comparison. He did not discuss the comparison with the design sketches and the comparison with the actual products separately. This led to his reference to the folded armrest cushion for Model 1565 as the most characteristic and identifiable feature in his report. That feature does not appear in the design sketch. Although he tried to correct that in his examination-in-chief, I think this slip reveals that he actually did not make any distinction between the sketches and the actual product when he wrote his report. The comparison sheets attached to Mr Bennett

s report are comparison of the actual products.

More importantly, it is revealed in the course of cross-examination that Mr Bennett

s specialty is not in the field of upholstery furniture. He has not been undertaking design in this field and all his work experience is in relation to office furniture. He has limited exposure to the world of domestic sofas. He made the comparison between the Defendant

s sofas and the Plaintiff

s sofas by photographs and he did so more as a layman than an expert. I agree with Mr Yan SC that little weight could be attached to his opinion in view of these.

Professor Shangle focused on the differences between the Defendant

s sofas and the Plaintiff

s sofas although he also commented about the lack of originality of some features in the Plaintiff

s sofas identified by Mr Bennett. Whilst I would bear in mind his opinion about the differences, I need to adopt a different starting point, viz. the features that the Plaintiff relied upon as similarities (see the discussion on copying above, in particular the guidance of Lord Millett in *Designers Guild*).

There have been changes in the identification of the similarities between the Plaintiff

s design sketches and the Defendant

s sofas. The pleaded version is set out in Paragraph 11 of the Particulars supplied on 27 February 2003. The final version contained in a document submitted by the Plaintiff together with their written closing submissions called

Plaintiff

s submissions re the similarities between Natuzzi 1:10 sketches and Natuzzi sofas and between Natuzzi 1:10 sketches and de Coro sofas

. Some of the features in that document were not pinpointed in the report of Mr Bennett and Professor Shangle has not commented on the same. Mr Liao only cross-examined the professor generally and had not put these features to him specifically.

To illustrate the point, I take Plaintiff

s Model 1839 as an example. In the Particulars, the substantial similarities and the substantial parts are identified as substantial similarity in terms of shape and overall appearance and without prejudice to the generality to that, substantial similarities in the following features,

(a) The

two-tier

design and the shape of the armrest cushions;

(b) The shape and the width of the arms underneath the armrest cushions;

(c) The shape and design of the main body underneath the seat cushions;

(d) The shape and the design of the backrest cushions.

In the report of Mr Bennett, he referred to the following as distinguishing features of the Plaintiff s design,

(a) The armrest composition: a vertical element with an external curved line and two cushions rest on it. The top cushion had an outward pending radius;

(b) The base element and the seat cushions are in an overlapping set;

(c) The backrest cushion is marked by a generous horizontal proportion enhanced by the upholstery detail that divides the cushion at lumbar height;

(d) Round edges on all seat, back and armrest cushions creating overall effect of comfort and softness.

Although Mr Bennett also attached to his report comparison sheets comparing the model of the Plaintiff with that of the Defendant, he did not identify precisely what features he relied upon in describing certain parts as

same

or

almost

. I do not derive much assistance from those comparison sheets.

By way of contrast, Mr Liao

s document of similarities identified the following features,

- (a) Base portion: one single and undivided layer; protruding out from the frame; soft in texture with crinkles; both ends covering part of the arm pillars;
- (b) Seat cushions: three seat cushions; left and right ends of the seat cushions covering part of the arm pillars;
- (c) Backrest cushions: two rectangular cushions on left and right; one square cushion in the middle; being divided into upper and lower part in a particular proportion;
- (d) Arm pillars: being partly covered by the protrusive base portion and seat cushions; hard with no crinkles; the shape of the one on the left looks like an

and the one on the right looks like a reverse

; upper part slightly slanted outward

- (e) Armrest cushions: two layers; the upper armrest cushion is soft with crinkles; the upper armrest cushion is positioned with its inner end touching upon the seat cushion and its outer end slanting upward on top of the lower armrest cushion and the arm pillar, meeting and tucking underneath the backrest cushion;
- (f) Combination and arrangement: connection between the seat cushions, base portion and the arm pillars; connection between the upper armrest cushions and the backrest cushions; vertical proportion of the base portion, the seat cushions and the backrest cushions.

Insofar as these features could be identified by a non-expert, the court is in as good a position as the expert in making the visual comparison. However, in a case where the Defendant also relies on the lack of originality in some of the features and substantiality, it is important that the Defendant should be given a fair opportunity to deal with all the features highlighted as similarities by the Plaintiff with the assistance of expert evidence.

This point was somehow overlooked in closing submissions. Having deliberated on it, I decide the proper course is to invite further submissions from the parties and for that purpose the case was restored for hearing on 7 December 2006.

At that hearing, Mr Liao clarified that the Plaintiff is not relying on the specific individual features identified by him in his document of similarities. Counsel confirmed that the Plaintiff only relies on the combination of all these features to give rise to originality and it is the Plaintiff s case that a substantial part of the combination has been copied (see p.20-22 of the transcript for 7 December 2006).

What is substantial has to be determined by reference to the skill and labour in creating such combination and it is quality instead of quantity that counts. I accept the submission of Mr Yan that if the skill and labour involved is small, it would take a higher degree of resemblance before one can reach a conclusion of copying of substantial part.

Mr Liao also agreed that the proper approach this court should adopt in assessing the evidence of Professor Shangle is set out in Paragraph 8(a) of Mr Yan

s written submissions of 7 December 2006,

In so far as the Plaintiff has never suggested to Professor Shangle in cross-examination that any particular point which has now found its way into the document supplied with the Plaintiff

s Closing Submissions was not a similarity which had been taken into account by him in reaching his conclusion, this Honourable Court should proceed on the assumption that this point was in fact one of the points which has already been taken into account by Professor Shangle and which he opined was common.

In his written submissions of 6 December 2006, Mr Liao contended that it had always been the Plaintiff

s case that the originality of the Plaintiff

s works lies in the

selection and combination of various basic components

and the Plaintiff does not claim that any particular individual component was new and/or unique. With respect, I had not been able to draw these from the pleadings of the Plaintiff. Be that as it may, given the submissions made on behalf of the Plaintiff, and given that Mr Yan had no objection, I shall resolve the issue of originality and substantiality by reference to the selection and combination of all the components in a particular design.

In paras.18 to 20 of the same written submissions, Mr Liao also urged this court to regard Professor Shangle

s references to common designs in his report and oral evidence as encompassing designs in terms of selection and combination of different components. Thus in his oral submission on 7 December, Mr Liao took the position that Professor Shangle had testified that the combination of features exhibited in the Plaintiff

s designs were common (Transcript at p.32-34).

Mr Liao however asked this court to go through the documents exhibited to Professor Shangle

s report to determine the weight to be attached to the opinion of the professor. Mr Yan submitted that the court should not assume that the professor have produced all he had seen. He urged the court to take into account that the professor had not been cross-examined on his inability to produce models having a combination exactly the same as those in the Plaintiff

s works.

Professor Shangle made the following points in his report,

- (a) In the furniture industry, new designs are often based on existing ones and it is common practice to design, develop and manufacture products basing on recent market success achieved by competitors

products;

- (b) The degree to which a product is adopted or adapted can range from outright copying to designing something based on inspiration from a product;

- (c) The differences between the Plaintiffs

works and the Defendants

works showed that there was no outright copying;

- (d) Designs may be produced to participate in a trend or to compete with a competitor

s product. The introspective nature of home furnishings design could produce a

common look

to two products from different manufacturers. However, to those in the industry, subtle differences in stitching, tailoring, cording, cushion construction, volume, scale and proportion can distinguish one design from another;

- (e) The Plaintiff

s designs are commonly found within the home furnishing industry and reflected established themes in upholstered design;

- (f) Exhibit

MS-5

was produced by the professor to show that the Plaintiffs

sofas do not demonstrate innovation in design, function or features but are merely variations of current trends or themes in upholstery design;

(g) Exhibit

MS-6

was a schedule prepared by Messrs Baker & McKenzie and adopted by the professor to show similarities between the Plaintiff

s products and those pre-dated them.

The evidence of the professor as regards designers referring to other products for inspiration and study as to trend in the market is corroborated by the evidence adduced by the Plaintiff. The Plaintiff

s own designer, Ms Mastrodonato testified that in her work, she looked at trade magazines to gain inspirations and to see what the trends were. She also said if one modifies one or more parts in a model, it would become another design. The Natuzzi Guide is full of examples of a host of designs being produced and marketed based on different but small variations. The witnesses from the Plaintiff called these models as part of the same family.

Giuseppe Lella testified that the Plaintiff had brought in the Defendant

s sofas for analysis and he had disassembled it himself. Although his evidence does not specifically refer to the study by the Plaintiff

s designers as to the shapes and configurations of the Defendant

s sofas, it is nonetheless an illustration of the Plaintiff

s practice of referring to a competitor

s products.

I accept that it is a common practice in the industry to refer to other

s products to get inspiration for one

s design. Whether this is permissible in law depends on the extent to which other

s design is copied. In other words, the issue is whether a defendant has copied a substantial part of the plaintiff

s works. Sometimes, it may not be easy to draw the line between drawing inspiration from a competitor

s product or to follow a trend in the market on the one hand and copying a substantial part of other

s design so as to constitute copyright infringement on the other.

For reasons already given, the mere fact that the Defendant

s works were not outright copying of the Plaintiff

s works does not mean that there is no infringement. However, it is necessary to bear in mind the professor

s evidence about the banality of the Plaintiff

s designs and the importance of subtle differences in dealing with the question of skill and labour in the context of originality and substantiality. In regard to the unoriginal nature of the individual features incorporated in each design, the professor

s view is partly supported by evidence from Mr Pontrandolfo. Mr Yan highlighted such corroborative evidence in Section III of his written closing submissions when he discussed the originality of each item.

Given the stated purposes for

MS-5

and

MS-6

in the report, and the lack of specific cross-examination, I do not think this court should conclude that the combination of features in the Plaintiff

s designs were uncommon or unique because one could not find an exact match in

MS-5

. However, I do not think the evidence of the professor is conclusive on this point. The court has to assess all the evidence and apply its own judgment to decide whether substantial parts of the Plaintiff

s works were copied in the Defendant

s products.

B6. Credibility of the factual witnesses

The parties have called a number of factual witnesses. Some witnessed dealt with peripheral matters whilst some dealt with factual evidence directly relevant to the question of copying.

The Plaintiff relied on the evidence of Giuseppe Lella and Giovanni Lella to establish copying regarding Plaintiff

s Model Nos.1565, 2021 and I100. It is submitted that they gave direct evidence about access and no inference is necessary if the court accepts their evidence. The Plaintiff also relied on the statements of Bosco in this regard.

I shall first deal with the written evidence. Notwithstanding the evidence of Mr Catalano, Mr Campanale and Mr Desantis, I do not believe the written evidence were the sole product of the witnesses without any prompting or suggestions from those involved in the statement taking process. Whilst I accept there could be information coming from the witnesses being incorporated into their respective witness statements (as highlighted by the Plaintiff in the closing submissions), I do not think all the evidence contained in the statements originated from the witnesses.

Giuseppe Lella had worked for the Plaintiff since 1984. Initially he worked as a part time labourer. In 1986, he became an assembler and worked on full time basis. He stayed in that position until 1991 when he moved to the costing department. In 1994, he became an assistant prototypist and then a prototypist about one and half year later. He left the Plaintiff in November 1999 and went to work for another furniture manufacturer called Calia SpA for more than one year before he joined the Defendant in March 2001.

He was working for the Defendant when the present litigation started. In May 2001 and January 2002, he had made some affidavits and witness statements for the Defendant. It is now common ground that some parts of those written evidence were incorrect.

In July 2002, Giuseppe Lella left the Defendant. Almost immediately on his return to Italy, he had a telephone conversation with Mr Desantis of the Plaintiff arranging for a meeting at his office. A meeting took place on 23 July 2002 with two Italian lawyers also present culminating in Giuseppe Lella

s first statement made for the Plaintiff. Bosco was also present at that meeting and he also signed a statement for the Plaintiff on the same day. Bosco

s evidence on some of the points was again diametrically opposite to what he had previously testified for the Defendant in his witness statement of January 2002.

Whilst Giuseppe Lella stuck to his decision to quit from the Defendant, Bosco decided to go back to the Defendant. He made a statement for the Defendant on 9 August 2002 stating that he was persuaded by Giuseppe Lella to meet with Desantis on 23 July. He said at that meeting, Desantis and the two lawyers solicited evidence from him to damage the Defendant. He said,

The statement they wanted me to sign was prepared in such a way so as to try and cause the maximum amount of damage to De Coro

s defence.

Bosco said he signed the document because Mr Natuzzi had powerful connection in his hometown. He was also hoping that the Plaintiff could protect him if he did not return to work for the Defendant as Ricci had threatened to sue him. After he left the meeting, Bosco said he regretted about lying for the Plaintiff and he told the Defendant about the same.

These assertions by Bosco in his statement of 9 August 2002 are strenuously disputed by the Plaintiff

s witnesses including Catalano, Campanale and Desantis. Giuseppe Lella also testified about the meetings in July. In a nutshell, they said that no threat had been exercised on Bosco and he gave his statement to the Plaintiff voluntarily.

There are considerable discrepancies in the evidence of these witnesses as to what really happened between 11 and 24 July 2002. Their evidence varies with each other on some most simple factual matters like the dates of the meetings, the number of meetings, how statements were taken during the meetings and whether Italian versions of the statements had been prepared and signed. There are also differences as regards whether Desantis had said at the outset that no benefit would be offered to the witnesses by the Plaintiff and whether Bosco made a demand for a job and then for money. Since it is a collateral matter and the evidence is fully recorded on the transcript, I do not propose to reiterate what has been summarized by defence counsel in their closing submissions Section IV Para.14. It should have been plain to everyone involved in this case a principal object of the evidence from Catalano, Campanale and Desantis is to deal with the statement taking process in July 2002. I find it surprising that these witnesses could have so much confusions in their evidence about such basic and essential information about the meetings.

The Plaintiff tried to salvage the situation by arguing that given the lapse of more than 3 years between the events and the witnesses coming to give evidence, it is not surprising that their versions are slightly different regarding minor events. It is further said that the significance of these meetings were not appreciated until the filing of Bosco

s supplemental statement by the Defendant on 18 February 2004.

I am not impressed by this argument. I do not think the discrepancies are minor. Nor do I accept that the Plaintiff was unaware of the likelihood of Bosco disputing the veracity of his July statement until February 2004. The Plaintiff was fully aware of Bosco going back to work for the Defendant in July 2002. The Plaintiff did not file the statement of Bosco until May 2003. In the meantime, the Plaintiff had obtained a further statement from Giuseppe Lella on 5 February 2003. I find it singularly remarkable that Giuseppe Lella could not give an account how this statement came to be taken when he was cross-examined about it in the witness box.

In this respect, Giuseppe Lella himself gave the game away when he cited Bosco

s statement to the Defendant as the matter provoking Giovanni Lella to give evidence for the Plaintiff. Giovanni

s statement was made in May 2003, before the filing of Bosco

s statement in 2004. When this was pointed out in cross-examination, Giuseppe Lella at first tried to prevaricate. When he was asked whether he wanted to change his evidence, he maintained that Giovanni was very angry with Bosco because of Bosco

s defamatory statement. Then he tried not to give a straight answer to questions regarding the date of his knowledge of Bosco

s statement. Eventually, he suggested that he learnt of the contents of Bosco

s statement in 2003 through Filippo Marcella.

If the Lella brothers were able to learn about Bosco

s statement in 2003, it is unlikely that the Plaintiff knew nothing about it. In any event, Giovanni Lella would have told them about it when the Plaintiff prepared his statement for him.

Bosco was not called by either party to testify before me. There is always a possibility that what he said in his August 2002 statement for the Defendant is different from what he would have said in the witness box.

In the end, my overall impression is that I have not been given the true story as regards how Bosco

s statement had been obtained by the Plaintiff. Giuseppe Lella tried to give an account in his testimony on 17

November 2005 as to how Bosco came to meet with Desantis. Giuseppe Lella had met Desantis shortly after he returned from China. When he met Bosco later on 16 July 2002, he told him that he had told the truth to the Plaintiff. Bosco did not say anything immediately. After a pause of about 10 minutes, without any prompting from Giuseppe Lella, Bosco said he wanted to go to the Plaintiff as well. Giuseppe Lella therefore brought him along to the next meeting at the office of Desantis.

I have to say I find this account totally unreal. Giuseppe Lella had not discussed with Bosco before 16 July 2002 about giving information to the Plaintiff. He did not discuss with Bosco on 16 July why he regarded it the proper thing to do. He did not discuss with Bosco what happened in the first meeting. Nor did he tell Bosco what were to be expected in the meeting. From the evidence of Giuseppe Lella, Bosco was told about this out of the blue and he just suddenly indicated he would go as well after a pause of 10 minutes. I do not think Giuseppe Lella had told me the true story leading to the meeting of 23 July 2002.

Equally, I do not believe Giuseppe Lella

s account as to how Bosco ended up going back to China after he signed the statement. Giuseppe Lella said after he signed his statement, Bosco demanded the Plaintiff to reinstate him as a prototypist of the Plaintiff. Desantis refused. Bosco then demanded for money. That was again refused. Bosco became angry and he threatened to go back to China. A further meeting took place between Bosco and Mr Natuzzi at which Giuseppe Lella was not present. Giuseppe Lella learnt from others that Natuzzi tried to tell Bosco how stupid he would be if he were to go back to China. Bosco demanded for money again but also without success. He then went back to China.

This account is wholly inconsistent with the evidence in the witness statements filed on behalf of the Plaintiff. Campanale, Desantis and even Giuseppe Lella stated in their witness statements that Bosco was very apologetic at the meeting which ended in a friendly manner with a handshake. Catalano must have subscribed to the same view as to how the meeting ended since he was the lawyer who prepared Giuseppe Lella

s 3rd

Supplemental statement of 27 February 2004. Indeed, in his evidence, Catalano testified that he had no reason to expect Bosco to go back to China after the meeting and it was a total surprise.

Desantis, who gave evidence after Giuseppe Lella, tried to reconcile the different versions by testifying that Bosco returned with Lella on the day after he signed the statement to ask for a job. Desantis indicated that the Plaintiff might consider such request and it was Bosco who said he had to think about it. Desantis knew nothing about Bosco

s meeting with Natuzzi.

This attempt reconciliation fails because it is not consistent with Giuseppe Lella

s version of event. Giuseppe Lella said the demand for job and money was made at the same meeting when Bosco signed the statement. Further, Giuseppe Lella said he was not present when Bosco returned the next day to see Natuzzi. Giuseppe Lella did not mention any further meeting between Bosco and Desantis after the statement had been signed.

As a matter of common sense, if Bosco intended to ask for favours from the Plaintiff, he would have done so before he supplied information or before he signed the statement. Coupled with the unreality of Giuseppe Lella

s account about how Bosco volunteered to give information to the Plaintiff, I do not accept this unsatisfactory imputation of ulterior motive on the part of Bosco as the explanation for Bosco

s apparent inconsistent behaviours in July and August 2002, viz.

signing statement for the Plaintiff and then returning to work for the Defendant and making a statement in August renouncing what he had signed in July.

Another aspect of Giuseppe Lella

s evidence about the events in July 2002 that I find incredible is on Bosco

s purported boasting to Desantis that he was the prototypist for the Defendant

s model Nos.2129 and 2140 [Day 11 p.9 to 20]. Giuseppe Lella said it was not something he had mentioned earlier and if Bosco had not mentioned that at the meeting with Desantis, he would have not talked about it either. His evidence was that Bosco spoke freely about these models. According to him, Bosco said during the conversation,

Those models that Giuseppe said he made, I

made myself.

And Bosco also gave the model numbers himself. Although he acknowledged that there were questions asked, Giuseppe Lella tried to give this court the impression that it was basically Bosco who started the talking about these models.

I find it inherently more probable that Giuseppe Lella had disclaimed his involvement with these models to Desantis when he was asked about them at his first meeting with Desantis where Bosco was not present. Bosco was simply asked to confirm this at the subsequent meeting. I must reject the Plaintiff witnesses

evidence that they had not prepared for these meetings with Giuseppe Lella and Bosco. Desantis and the lawyers knew that these were crucial witnesses who had given evidence for the Defendant. Before the meetings in July, they could not have lost sight of the significance of getting these witnesses to retract their previous evidence if they were agreeable to do so. The meetings were arranged by prior appointments. Even without the benefit of any legal advice, one would have realized that it was a golden opportunity not to be missed. Even though Desantis might not have known whether Giuseppe Lella and Bosco would give the Plaintiff any fresh information, he and his lawyers must have seized that opportunity to find out as much inaccuracy in the written evidence of these witnesses filed on behalf of the Defendant. It is most likely that they would have studied those written evidence prior to the meetings and prepared some questions beforehand. One of the topics that they surely must have covered is how the Defendant models were made. They had surely brought along the relevant documents including these written evidence filed on behalf of the Defendant to the meetings. I do not accept for a single moment that Desantis and the two lawyers simply sat at the meeting listening to the witnesses talking on their own.

Parts of Giuseppe Lella

s evidence does, perhaps unwittingly, give us a hint about how the meetings had been conducted. On Day 9, in cross-examination about how the meeting began, he said the following in a moment of truth,

Q. Yes. How did it begin?

A. Me or him?

Q. This is a meeting amongst four people; right?

A. We started off, "How are you? How are you not? What has happened?"

Q. They were naturally quite interested to know of your days in De Coro?

A. Of course, of course. And they even told me that I made a mistake. I did something stupid.

Q. And what did they refer to?

A. They were referring to the fact that they knew that Lilli Scarati had taken with him Bosco and Pennacchia.

Q. That was not something you did; right? I mean, what did that have to do with you? What were they referring to?

A. They were referring to the affidavits that they had received where I said that I had called Bosco and Pennacchia, but they imagined that this was not true because the reality was completely different and it was Lilli Scarati who convinced them to leave.

I note Giuseppe Lella

s subsequent denial of his previous affidavits and witness statements having been brought by Desantis or the lawyers to the meeting. I do not believe that was the truth. Realizing he had perhaps revealed too much, Giuseppe Lella tried to correct his evidence later by saying that the only thing said by Desantis and the lawyers was that he did something stupid.

Then on Day 10, Giuseppe Lella, when asked about his intention in going to see Desantis, he said the following,

Q. You went to see Mr Desantis, you only intended to get this point out to tell him that, in fact, it was not you who called Mr Bosco and Mr Pennacchia?

A. Yes. But he already knew that it was impossible that I had called them, that it was Lilli.

Q. Okay. Did you intend to give him other information regarding De Coro, about your work and so on?

A. Whilst you are talking, obviously you talk of everything. But everything came out when Bosco came to talk.

Q. Let us leave the Bosco meeting until later. When you went in to see Mr Desantis, was it your intention to give them a full account of the happenings at De Coro?

A. What do you mean by was happening?

Q. What you saw at De Coro when you were there. Did you intend to do that? Apart from just getting that one thing off your chest?

A. Yes.

Q. You intended to give them a full account?

A. Of what I knew.

Q. Did you intend to let them compile what you had to say in to a form of document for use in the litigation?

A. What do you mean by a document?

Q. Like a witness statement or even an affidavit.

A. I was making a statement.

Q. No, let me repeat my question. Did you intend to let them record what you said for use in the litigation against De Coro?

A. I felt that I was pulled into this case and I wanted to come out with -- how do you say it? I wanted to come out of it clean. I am telling the truth. I am saying what it was.

Since Giuseppe Lella wanted to give the Plaintiff a full account of what he knew, it is unbelievable he would hold back information about his lack of involvement with the Defendant

s models which were the subject matters of the Plaintiff

s claim in the ongoing litigation. In fact, as observed above, it is incredible that Desantis or the lawyers did not ask him questions relating to those models.

Even on Giuseppe Lella

s evidence, the Plaintiff

s representatives gave an impression to him that they knew he and Bosco were not telling the truth in their evidence filed on behalf of the Defendant. The Plaintiff was suing the Defendant and actions (civil as well as criminal) were contemplated against Scarati as well. Further, since a large number of the population in the area worked for the Plaintiff and the local economy depended substantially on sofa manufacturing, the influence of the Plaintiff in the local community must have been great. When Giuseppe Lella said,

I felt that I was pulled into this case and I wanted to come out of it clean

, that statement has to be assessed against such background. I ask rhetorically, what motivates Giuseppe Lella to

come out of it clean

and how could he achieve that?

It is also revealing to note that after his first meeting with Desantis (during which information was supplied but no statement had been signed), Giuseppe Lella did not have an appointment for the next meeting until Bosco indicated his intention to see Desantis. On Day 10, Ms

Tam cross-examined Giuseppe Lella about the arrangement after the first meeting,

Q. After you went away, did you have the occasion to talk to Mr Desantis over the phone before you returned to the Natuzzi premises again for the next meeting?

A. I did not understand. Can you repeat, please.

Q. Okay. After the meeting, did you have reason to call Mr

Desantis again?

A. Of course.

Q. What was that about?

A. That Bosco wanted to go to him.

In my judgment, this shows that Giuseppe Lella contacted Desantis only after he had Bosco with him. In his testimony, Giuseppe Lella wanted to give an impression to this court he only came to the second meeting because Bosco asked him to accompany him as Bosco had left the Plaintiff in a less than frank manner and he wished Giuseppe Lella to serve as a

shoulder to break the ice

. But Giuseppe Lella himself also left the Plaintiff and secured the release from his restrictive covenant by a false pretext. Further, the Plaintiff certainly had the intention of having a signed statement from Giuseppe Lella and a further appointment must have been within the contemplation of all concerned.

As I said, I find Giuseppe Lella

s story about how Bosco decided to have a meeting with Desantis unreal. I also find his evidence about why he would mention to Bosco his first meeting with Desantis unsatisfactory. His explanation can be found on Day 10,

Q. Why did you want to tell him what you did?

A. Because he knew what I had done here.

Q. "Here" meaning where?

A. In China, in De Coro for what I had signed.

Q. Did you intend to influence him into doing the same thing as you did?

A. No, no, no. Because it concerned him, I had taken responsibility and I told him, "Look, I have said the truth. I

have told the truth."

Giuseppe Lella certainly appreciated his

deflection

to the Plaintiff would affect Bosco. He knew that with his information, the Plaintiff could have pursued the matter not only against the Defendant and Scarati, but also Bosco as well. Faced with this, Bosco had very little option. It is also interesting to note that Giuseppe Lella testified Bosco knew before the meeting that he was going to make a statement. The only person who could instill that idea into the mind of Bosco is Giuseppe Lella. On the balance of probabilities, I find that Giuseppe Lella was actually recruiting Bosco as a witness for the Plaintiff at the request of

Desantis. He told Desantis at the first meeting that Bosco was also coming back to Italy and Desantis naturally asked him to see whether he could ask Bosco to come along on the next occasion. That explains why Giuseppe Lella only contacted Desantis after he had accomplished that mission.

Giuseppe Lella surely knew how to procure Bosco

s co-operation. He himself testified when he was asked about the motive of Bosco in making a statement for the Plaintiff on Day 11,

Q. Before he went with you, did he ask you at any point whether you were offered any advantage to give such a statement to Natuzzi?

A. Not that I remember.

Q. If he had asked you about that, you would have remembered; right?

A. That kind of thing? I do not remember that he asked me something like that, no. In fact, since he was going to remain in Santeramo, he wanted to go around with his head high up, knowing that he would have fixed everything, that everything was fixed.

Q. Did he say that he had any expectation --

HIS LORDSHIP: Sorry, pausing here. Are you suggesting that if he did not fix up the matter, he would have problems remaining in Santeramo?

A. No.

HIS LORDSHIP: Then what did you mean by your previous answer?

A. It means what I said earlier. He wanted to tell them, "It was not my spontaneous desire to leave Natuzzi, but I was taken for a ride by Lilli."

HIS LORDSHIP: Yes, but you said in your previous answer that "since he was going to remain in Santeramo, he wanted to go around with his head high up" and that is why he has to fix the things?

A. But I do not know if it is only for that reason, but the fact is that he wanted to offload all the blame on Lilli and therefore feel justified towards himself.

Viewed against all these background, Bosco

s unexpected departure from Italy in July 2002 and what was said in his August statement does cast some doubt in my mind as regards the reliability of his statement made for the Plaintiff. I do not attach much weight to the statement unless it is corroborated by other evidence.

At the same time, I do not attach much weight to his affidavits and statement made for the Defendant.

I now turn to the evidence of Giuseppe Lella in his written statements made for the Plaintiff.

In his first statement made for the Plaintiff, Giuseppe Lella said when he visited the Defendant's factory in February 2001, the situation was very difficult. The Defendant

s products were projected and realized with very ancient and not industrialized methods. He corrected himself under cross-examination and confirmed that the Defendant, as indeed most of the sofa-making companies he worked for, had an industrialized production system with different departments as in the Plaintiff.

Giuseppe Lella stated in his first witness statement for the Plaintiff that the Defendant insisted on having prototypists from the Plaintiff when they looked for prototypists in early 2001. This is not borne out by the objective evidence. Giuseppe Lella himself had been working for Calia since 1999 and he would not have useful knowledge about the latest designs of the Plaintiff in 2000. The emails showed that the Defendant had also tried to look for someone from Chateau D

Ax.

In the same statement, Giuseppe Lella referred in paragraph 14 about he bringing four design drawings when he went to work at the Defendant

s factory. The context of that paragraph was the Defendant not having sufficient models for the High Point Exhibition. The reference to the four design drawings was plainly made to corroborate that point and suggestive of those drawings being used. The next sentence in that paragraph would lead one to take those drawings as drawings by Scarati.

However, when he was cross-examined about it, Giuseppe Lella said he was actually referring to drawings by Mr Abbruzzese and they were not actually used by the Defendant. He said he brought them along to show the works he had previously done. If that were so, it is difficult to understand why he would refer to them in the context of paragraph 14.

If the statement was really Giuseppe Lella

s own evidence without any inputs from others, it is difficult to see why that paragraph is so incoherent.

Before Giuseppe Lella gave any written evidence for the Plaintiff, he had given some written evidence for the Defendant. To account for the departures from his previous evidence, Giuseppe Lella said in paragraph 15 of his first statement for the Plaintiff that he had been under extreme pressure by the Defendant in making previous affirmations or statements for the Defendant.

When he was asked about the circumstances under which he gave evidence for the Defendant in the witness box, he said he had not been threatened and he signed the documents voluntarily. He said categorically,

I never received any pressure, I never received any threats.

All these are indicia that the statements were not Giuseppe Lella

s own ipsissima verba and the drafter of the statements has at least unwittingly added something to the written statements before they were presented to the witness for his signature.

There are other inaccuracies in the written evidence of Giuseppe Lella. One glaring example is the reference to the Plaintiff

s model 2021 being found at the Defendant

s factory in March 2001 in the first statement of Giuseppe Lella made for the Plaintiff. That was not possible as the product had yet to come onto the market. Giuseppe Lella therefore had to correct himself in a subsequent statement.

Another inaccuracy is at Paragraph 7 of his second statement made for the Plaintiff. In that paragraph, it was stated that Mr Pasini was asked by Ricci to prepare sketches of Defendant

s models imitating the Plaintiff

s models in order to deny that they had been designed by Scarati. However, when he gave evidence-in-chief in the witness box, he said he was only told so by Ricci and he did not know how this was communicated to Pasini.

Giuseppe Lella wanted this court to accept that he decided to give evidence for the Plaintiff solely out of his intention to correct the misleading impression created by the written evidence he gave for the Defendant. He said he telephoned Desantis on his own volition in order to clear his conscience. But his statements made for the Plaintiff covered a more wide ranging scope and he had taken the liberty of bringing some Scarati drawings he worked on at the Defendant

s factory and produced them to the Plaintiff. Moreover, as discussed above, he was instrumental in procuring Bosco to give a statement to the Plaintiff. In my view Giuseppe Lella clearly had some other motives behind all his deeds for the Plaintiff.

I also find him to be instrumental to Giovanni Lella

s coming forward to give evidence for the Plaintiff. I do not accept the story of the Lella brothers that Giovanni just offered himself to the Plaintiff out of the blue in 2003. Giovanni

s story as to how he came to make the statement is equally unbelievable.

Giuseppe Lella tried to explain his written evidence made for the Defendant that are inconsistent with his evidence in the witness box by claiming that he did not understand the documents he signed for the Defendant were made under oath nor the implications of those documents.

However, he told this court that he understood he had to take responsibility for the truth of the statements when he subscribed to them by his signature. I do not believe him when he tried to excuse himself by alleging the lawyer had not explained to him that the statements were sworn statements. He simply acted in the manner most suited to his own interest: when he was with the Defendant, he said what the Defendant wanted him to say; and after he left the Defendant, for

reasons that he had not told the court, he acted as a pawn for the Plaintiff. I do not think he was acting out of his own conscience in either instance.

I have commented on Giovanni Lella

s credibility in dealing with his evidence on the Natuzzi Collection Guide. Giovanni Lella gave evidence about the Defendant imitating the Plaintiff

s model No.2021. But he was unable to explain why he would recognize that as Plaintiff

s model No.2021. Unlike model No.1565 which he could recognize because he had worked on that in the Plaintiff

s factory and model No.I-100 which he recognized by a label, he just said he could not remember whether he had been prompted about it when his statement was taken by Catalano.

Of the two Plaintiff

s models that were said to be physically present at the Defendant

s factory, Giovanni Lella could only give specific evidence as to how the Defendant

s workers disassembled model No.1565 and Bosco unstitched the parts and copied them on the templates. He said Scarati re-designed the armrest. He was not able to tell the court what had been done regarding I-100. If one were to compare the two actual models (as opposed to a comparison with the sketch drawing of the Plaintiff), one could see that not only is the armrest cushion different, the T-cushion parts of the base portion, the shape and structure of the arm base and their connections with the back, the back panels (with the Defendant

s model made up of more individual pieces than those of the Plaintiff

s), the structure and stitching of the lumbar pillows, the stitching for the back cushions were all different. I do not believe that the Defendant

s model was produced from templates copied from the Plaintiff

s model in the manner deposed by Giovanni Lella.

Pennacchia also made an affidavit for the Plaintiff. His statement does not corroborate the Plaintiff

case of direct copying. He referred to him working hard in March 2001 on designs by Ancona. Later when Scarati came in April, he worked on full scale drawings brought by Scarati to prepare for the Defendant

s High Point collection.

Having regard to the unsatisfactory aspects in the evidence of these witnesses mentioned above, I do not find their evidence on direct copying reliable. I specifically reject their evidence about the presence of the Plaintiff

s model Nos.1565 and I100 at the Defendant
s factory and these models being dissembled by the Defendant
s workers for template copying.

However, it does not mean that the Defendant did not have access to the Plaintiff

s designs. Scarati must have knowledge of the designs of these models as he was the designer for Model 1565 and I100 and supervised the other designers in the creation of the other three models still sued upon in this action. Having regard to the circumstances under which the Defendant
s models were prepared and shipped for the High Point exhibition, I do not believe Scarati played no part in the designs of at least some the exhibits that were shipped late. He was at the Defendant

s factory and stayed with the prototypists until they had completed the High Point exhibits.

I think it is also noteworthy that Defendant

s model Nos.2129, 2140 and 2127 were identified as Scarati

s designs in the settlement agreement between Scarati and the Defendant. I do not accept Ricci
s attempted explanation about the wrongful inclusion of these items in the settlement
agreement. To the extent that these witnesses gave evidence about the involvement of Scarati in
designing these three items, I think they are telling the truth although I do not accept Giuseppe
Lella

s assertion that Model Nos.2127 and 2129 were completed within 24 hours.

At the same time, the settlement agreement provides credible evidence that Scarati did not play any part in the design of model Nos.2129 and 2055. Otherwise, he would have included those in the agreement.

By reason of Scarati

s involvement in 2129, 2140 and 2127, I

find that the Defendant did have the opportunity to copy the Plaintiff

s models. Whether they actually did copy the Plaintiff

s designs and whether the extent of copying is substantial are matters of inference and comparison of the relevant similarities.

I must now discuss the credibility of the Defendant

s witnesses and I will focus on Mr Pasini, Mr Ancona and Ricci. Pasini is put forward by the Defendant as the designer of the Defendant

s models in question. Ancona is identified as the prototypist who had produced the full scale drawing for model Nos.2123 and 2055 and did some preliminary prototype works on some models before he left the Defendant in February 2001. Ancona said he based his works on the sketches drawn by Pasini.

Pasini said he had acted as a freelance designer for the Defendant. In the early years, he provided around a hundred designs a year for them. He was not remunerated separately for these designs. He merely supplied the sketches to Ricci for him to decide whether to use them or otherwise. He did not receive any royalties even if the designs were chosen. He regarded the designs as part of his consultancy though the main work he did for the Defendant was the setting up of the showroom at High Point exhibition and the architectural work for Ricci

s house.

Pasini testified he drew the sketches concerning the Defendant

s models in question. However, he had not been able to produce the originals in his first witness statement made in January 2002. In Paragraph 9 of that statement, he explained he used thin papers to do the sketches and then photocopied them to put colour on. He sent the coloured photocopy drawings to Ricci. As regards the original sketches on thin papers,

More often than not I will then throw away the original design made on the thin paper and keep the copy I make. I cannot now locate the original of my design

I may have thrown it away after I made the copy for the reasons explained above

However I have provided to De Coro

s lawyers the copies of these designs which I made and which have my original stamp and date on them and my original signature

Based on this paragraph, counsel for both parties had mistakenly believed that the original sketches could not be found. In fact, by a supplemental list of documents filed and served in March 2003, the original sketches had been disclosed and they were included in the trial bundles. The position was clarified in the course of cross-examination of Pasini on Day 33. As a result, two sets of the Pasini sketches were produced as exhibits,

- (a) Exhibits D14 to D21 are photocopies of the sketches bearing original stamps, dates and signatures by Pasini;
- (b) Exhibits D23 to D30 are original sketches without the stamps, dates and signatures.

There remains an issue between the parties with regard to the provenance of Exhibits D14 to D21. Copies of them were produced in the witness statement of Ricci and witness statement of Pasini, both dated 17

January 2002. Paragraph 9 of Pasini

s statement referred above suggests that Pasini had produced his copies of D14 to D21 to the Defendant

s lawyers. That also appears to be Mr Yan

s understanding when he informed this court on instructions on Day 33 (at p.18 of the transcript) regarding exhibits D14 to D21,

These were what he had in his possession when he made this statement on 17 January 2002. He couldn

t find the originals when he made his statement.

Pasini himself also gave this court the impression that the exhibits attached to his January 2002 statement were produced by him when he was asked about them on Day 33 at p.35,

MR LIAO: In fact, when you made the statement, you annexed to it copies like, for example, page 375. That's in bundle 3-1 at page 375. That's annexed to your statement.

A. So this indicates that when I made the statements, I knew what I was looking for.

Q. You knew what you were looking for when you made this statement?

A. If it is attached to the statement, it means that I had found them and I had supplied them to the lawyer.

He repeated the same answer when Mr Liao asked him again at p.49 to 50,

Q. In this case, let's stick to these eight sketches, you provided D14, this one I'm talking to you about, to De Coro's lawyers, right, that came from you? I think you told us some time ago that that's what you provided to De Coro's lawyers?

A. Yes.

However, when Mr Liao cross-examined about why he needed to make and retained copies of D14 to D21 before he sent them to Ricci, he started to waver. At p.52 to 53,

Q. From what I can see here, on D14, the copy you kept, you chopped, you signed, you dated all over again.

A. The copy that I kept?

Q. Yes, that's the copy you kept; right?

A. That I kept myself?

Q. You provided to De Coro's lawyers; is that right?

A. Yes.

Q. Were those documents not kept by you before they were given to De Coro's lawyers?

A. This is clear, that I gave this to De Coro with the stamp and with the signature and with the date, because they derived from the original. They received the original with the stamp and the date and the signature -- what I had.

Mr Liao asked Pasini about D14 to D21 again at p.55,

Are those the actual papers that you provided to the De Coro lawyers?

A. Yes.

Q. When did you do that? Do you remember?

A. When it was asked of me by Mr Ricci to deliver them to the lawyers.

Then Mr Liao asked him why he would retain the copies with the original stamps, dates and signatures. Pasini did not give any clear answer to that question. When this court tried to clarify the position, his response was as follows (at p.56-57),

HIS LORDSHIP: I think the problem is counsel suggests that as far as these copies which bear the original stamps and signatures and dates were concerned, you should have sent them to Mr Ricci. Then how come you could send them again to De Coro's lawyers by yourself? That's the problem.

A. No, I gave the originals to the lawyers. The photocopies with the stamp, like this, should be the originals, the ones that Mr

Ricci gave.

There was a problem with the translation and eventually, it was clarified that the answer of Pasini should be,

No, I gave the originals to the lawyers. The photocopies with the stamp, like this, should be the originals, the ones that Mr

Ricci gave.

Counsel came back to this topic again on Day 34. At p.11-12, Pasini said he did not bring along any sketches when he saw the lawyers in Italy at the office of Tre Erre. He even said he did not know the purpose of the meeting with lawyers at p.13,

Q. You knew the purpose of meeting the lawyer; right?

A. No, I had been told that I have to see a lawyer. I didn't know what it was about. If I knew about it, I would have brought some drawings with me.

Q. So you didn't know about the purpose of the meeting?

A. No, absolutely not.

Q. Then what happened at the meeting?

A. They asked me to do this deposition and to explain how I work, what do I do and everything that is written in that deposition, that testimony.

Q. When did you supply sketches to them?

A. I didn't give them to the lawyer in Italy. I gave it when I was asked to give it here in Hong Kong. Only then I gave it to them, only at that time.

I have a great deal of reservation about the truthfulness of Pasini

s professed ignorance of the purpose of the meeting with the Defendant

s lawyer in Italy. It is inherently unlikely that he was not told about the purpose of the meeting. On Day 33, Pasini described how he had been requested by Ricci to locate the sketches for the purpose of defending this action (see p.28 to 36). He categorically said he knew what he was looking for when he made the statement. At first he said that Ricci requested that around April 2001. Later, he said he could not remember whether Ricci

s request was made before or after the statement was taken. Given that the purpose of his statement was to deal with the defence to the copyright claims, in my view it is more likely that he was requested by Ricci to locate the relevant sketches prior to the meeting with lawyer.

Pasini said he was not given the opportunity to locate the originals before the meeting. I have difficulty in accepting that. If it were merely a matter of not having been told about the precise documents to be located, I see no reason why the lawyer could not wait for him to see if the originals could be located before finalizing his statement. It is misleading to suggest the originals might have been thrown away when the witness had not even made a minimal attempt to locate the documents. Pasini himself testified that it did not take him a great deal of effort to locate the originals.

The inconsistency in Pasini

s evidence does not end here. Later, on Day 34, at p.23-24, he confirmed again that he had supplied copies similar to D14 to D21 to the lawyer at the meeting when his first statement was taken.

I do not think Pasini told the court the complete story behind the originals not being produced in his first statement. I do not believe his assertion that he was not told about the purpose of his meeting with the lawyer at Tre Erre. Neither do I believe he did not bring along any drawings to attend that meeting. An exhibit to his first witness statement is

EP-4

which is an example of his design made on thin paper. That was referred to in paragraph 9 of his statement. It was not referred to in Ricci

s witness statement. It must have been produced by Pasini. Likewise, I

believe that the sketches bearing the original signatures, dates and chops were produced by Pasini to the lawyer at that meeting.

Mr Yan contended that Pasini was just confused by reason of the manner in which he was cross-examined. I do not accept that argument. From the extracts of the evidence set out above, it is clear in my mind that Pasini could not have been confused when he confirmed that he supplied his copies of sketches bearing original signatures, dates and chops to the lawyer in the meeting at Tre Erre. Instead, he had difficulties to explain why he retained such copies and therefore chose to duck the question by denying that he had brought along drawings to the meeting.

Mr Yan submitted that the Defendant would not have any reason to concoct two sets of sketches and disclose them in a haphazard manner. I do not propose to speculate the reason why the originals (viz.

D23 to D30) were not produced by the Defendant at the first available opportunity. I would not jump to the conclusion that these sketches were concoctions solely by reason of the fact that Pasini had not been as forthcoming as he should about the production of drawings at the meeting at Tre Erre and the late production of the originals. However, the way he testified on these topics must have an impact in my overall assessment of his credibility.

To my mind, the more important consideration in assessing whether Pasini

s sketches were the original designs for the Defendant

s models is how he account for the genesis of each design in question. If he were the designer, faced with allegations of copying, he must have a keen interest in defending his reputation. I expect him to explain to this court at length his creative process in coming up with each design.

On the whole, apart from some specific features (which are not the similarities alleged by the Plaintiff), I find his account vague and general. I do not find his explanation about how he created each design convincing.

Taking model 2123 as an illustration, he testified that it was derived from a model called Chasse Gardee. A comparison between that model and Model 2123 immediately shows that the only substantial similarities between the two are the armrest immediately below the upper armrest cushion and the lumbar support cushion. The other parts of Model 2123 bear little resemblance with Chasse Gardee. Pasini explained the other parts as American style features. He said he was asked by Ricci to adapt Chass Gardee for the American market. Apart from Chass Gardee, he did not refer to other material for inspiration.

When asked about how he came up with something so different from Chass Gardee on Day 33, Pasini replied,

As I said yesterday, I inspired myself from Chasse Gardee, but I had to make it more American. This is why I made some modifications which concern the side of the armrest, which has changed, because it is round, because the American market would not have accepted a model that was too square. Also, the lumbar support is leaning. It's put together with the back cushion.

It is remarkably different from the original Chasse Gardee because in the original Chasse Gardee, there is only a, what we call, pulling. Also, the various cuts of the seat would not have been -- the American market would have not liked the different cuts of the seat, because that is addressed for the French market. Also, the seating cushion would have been too thin for the American market, which is not the case on the sketch.

Even for American style, there could be many variations in terms of shapes and configurations for different parts of the sofas. He had not account for the features common to the Plaintiff

s Model 1839 and the Defendant

s Model 2123 identified in the report of Mr Bennett. Rather, his evidence in his witness statement focused on the differences between the two models.

In answering Mr Yan

s question in re-examination, Pasini confirmed he applied his own creativity and ideas in redesigning Chasse Gardee into Model 2123. But I do not derive much assistance from that answer in assessing how Pasini had come up with a design which bears such resemblance to that of Plaintiff

s Model 1839.

A further puzzling aspect of Pasini

s evidence is about the keeping of the sketches by him. His evidence is that he had thrown away a lot of the sketches he drawn for the Defendant after he sent the copies to Ricci. He did not care whether his designs were used for production and he simply let Ricci to deal with the designs in whatever manner he liked. He had no interest in keeping them apart from those he liked. But he did not like designs in American style. If that were so, it strikes me as a remarkable coincidence that he retained not only the originals of all these models (which are all American style designs), but also the copies that coincidentally bearing original signatures, chops and dates (which he sometimes put on the copy he sent to Ricci and sometimes not).

In the first place, I do not see why he had to send Ricci copies instead of the originals, at least in respect of those not made on thin papers. Pasini

s explanation that he had to photocopy the sketches made on thin paper to facilitate changes and colouring does not hold any water. Exhibits D23, 24, 25, 28, 29 and 30 were not sketches done on thin paper and D30 is actually coloured. There is no reason why Pasini could not have sent those to Ricci.

Pasini

s testimony about not being paid separately for these designs is inherently unlikely. Ricci had to pay substantial sums to Scarati. If he could have designs of similar quality from Pasini without extra costs, why would he be willing to pay that much to Scarati?

On the other hand, I must also take into account of Mr Yan

s submission that if these Pasini sketches were created solely for the purpose of resisting the Plaintiff

s claims, they would all be dated earlier than the Plaintiff

s designs. Further, Pasini would not have made the mistake in his first statement in saying that all the originals were made on thin papers.

Counsel also highlighted that Pasini is a man with his own reputation to protect and does not depend on business from the Defendant for his living. At the same time, Pasini admitted that he had a close relationship with Ricci and his family.

In addition, I have regard to the difference in the chops and pens used in D14 to D21 and the written notations by Pasini on them as matters tending to support the Defence case.

However, I find none of these conclusive in establishing the Pasini sketches as the origin of the Defendant

s models. For sketches dated later than those relied on by the Plaintiff (viz. Models 2123, 2129 and 2127), the dates of the Plaintiff

s sketches were well before April 2001. If the Pasini

s sketches were dated even earlier, the waiting period would be incredibly long.

In the end, I am left with considerable doubt about the veracity of Pasini

s testimony. This is compounded by other unsatisfactory aspects in the other defence evidence regarding independent creation of the Defendant

s models, to which I shall now turn.

Ancona was identified by Ricci as the prototypist for model Nos.2055 and 2123. Ancona was the person who made the full scale drawings for these models and the full scale drawings were produced as exhibits at the trial. Ancona said he made the full scale drawings based on the corresponding Pasini sketches.

In addition, Ricci claimed for the first time in cross-examination on Day 31 (p.81-83) that Ancona made the full-scale drawings for models 2124 to 2140. In other words, Ancona was put forward by Ricci as the maker of the full-scale drawings for Model Nos.2127, 2129 and 2140. Conspicuously, these full-scale drawings were not produced by the Defendant and Ancona did not give any evidence about them. In his Third Affidavit and the subsequent written evidence filed on behalf of the Defendant, the full scale drawings for the Defendant

s models were relied upon to support the defence case of independent creation. If Ancona had made full scale drawings for these three models, it is incredible that not a word was said about the same in the written evidence. It is also incredible that no evidence was led from Ancona about the same. I reject Ricci

s evidence in this respect.

Although Ancona said he based his full-scale drawings on the Pasini sketches, there is a serious discrepancy between his evidence and that of Pasini regarding whether the two of them had spoken with each other when Ancona made the full-scale drawing for Model 2123. Ancona said he had asked Pasini about the lines other than those he highlighted orange on D24(a) [Day 24/41]. On the other hand, Pasini categorically denied he had been consulted by Ancona. The passport of Pasini showed that he was not in mainland China in January 2001 when the full scale drawing for Model 2123 was supposedly made by Ancona.

Ancona first made a statement in this case on 22 January 2002. In that statement, he confirmed he made the full-scale drawings of Model 2123 and 2055 based on Pasini sketches. He also said he made the prototypes for these two models.

Within one month, he made a statement for the Plaintiff on 7

February 2002. In that statement, he declared that the Model 2123 in

EP-7

in the witness statement of Pasini of January 2002 was different from the model in his full-scale drawing. He ended by saying the 2123 shown in that picture was not drawn up by him nor did he make the prototype.

On 23 August 2002, Ancona made a supplemental statement for the Defendant accounting for the statement he made for the Plaintiff in February. He said he went to see Mr Natuzzi about some templates but ended up being intimidated by Mr Natuzzi and Desantis to sign a statement for them. He said he was detained until 11 pm in the evening and Mr

Natuzzi was influential in the place where he lived.

This prompted Catalano and Desantis to respond by filing written evidence as regards the voluntary nature of the February statement of Ancona. The Plaintiff

s witnesses tried to paint a picture of Ancona approaching Mr Natuzzi for a meeting. They simply seized on that opportunity to question him about his role in the Defendant

s models.

Having heard all the evidence, I do not believe that Ancona had been detained against his wish until 11:00 pm on 7 February 2002. The record of the Plaintiff (Exhibit P-62) shows that he left at 21:50. I do not doubt the veracity of this record despite Mr Yan

s submissions about its unreliability. Further, Ancona had subsequently attended the office of the Plaintiff on 15 May 2002 to introduce his friend to work for the Plaintiff. Had he been intimidated and detained against his wish in the manner as alleged, I do not think he would have done so.

On the other hand, I do not believe the Plaintiff

s witnesses had told this court the truth as regards what happened at the meeting of 7

February 2002. Catalano testified that it was a considerable surprise to him and Desantis to have this meeting with Ancona. On Day 2 (p.109), he actually said,

it was strange that a person that we have never heard before asked

to contact Mr Natuzzi.

The witness gave an impression that the Plaintiff had not approached Ancona and the meeting was arranged at the initiative of Ancona. Catalano said he and Desantis assumed Ancona wanted to work for the Plaintiff.

On Day 3, rather unexpectedly (since it is not something mentioned at all in the written statements of the Plaintiff

s witnesses), Catalano gave evidence about a further meeting with Ancona after 7

February 2002. He said a request was made to Ancona to come back on another day to give a fuller affidavit to the Plaintiff. Ancona agreed and came back some days later and a draft affidavit was given to him for his consideration. In the end, Ancona did not sign that draft affidavit.

As it turned out from the evidence of Ancona, before the meeting of 7 February 2002, the Plaintiff had tried to enlist Ancona to give evidence for them at a meeting in June 2001. A draft affidavit had actually been prepared but Ancona refused to sign. That draft affidavit covered more details than the statement of February 2002. As the in-house lawyer responsible for coordination regarding the litigations with the Defendant, Catalano must have full knowledge about this draft affidavit and he must have participated in the meeting in June 2001. His evidence before this court is positively misleading when he described Ancona as a stranger approaching Mr Natuzzi for a meeting in February 2002.

On Day 19, Desantis tried to account for the ignorance of Catalano regarding the meeting in June 2001. He said he had promised Ancona in June not to refer to what Ancona had said at that meeting as Ancona wanted to keep it a secret whilst he needed to recover some money from the

Defendant. Desantis said he prepared the draft affidavit himself and he had thrown it away after Ancona refused to sign. I reject this account of Desantis. Despite the alleged promise to Ancona, Desantis said he had told Natuzzi about the meeting in June. I see no reason why he would withhold that information from Catalano as the latter was responsible for taking statement in February 2002 and liaising with lawyers conducting the litigation. Moreover, the draft affidavit in question was actually prepared by the Plaintiff

s solicitors in Hong Kong. It is most unlikely that Desantis would not go through Catalano in having that prepared. If Desantis saw no problem in telling the lawyers in Hong Kong about the meeting in June 2001, it is hard to believe that he would choose to withhold that information from his own in-house lawyer.

I must say I find Ancona

s account of the meeting in June 2001 in his Third Supplemental Statement more credible. He said Catalano was present at that meeting to take the statement.

It is plain to me that after the disclosure by Ricci that Ancona was one of the prototypists for the Defendant

s models, the Plaintiff had tried to obtain evidence from Ancona to discredit the defence case. It is unlikely that the Defendant was content with a short statement from Ancona as per the one signed on 7 February 2002. As admitted by Catalano, they wanted to get him to sign a longer statement giving the Plaintiff more ammunition in the litigation against the Defendant.

In the end, the Plaintiff could only procure Ancona

s signature to a very short statement. The statement was of little probative value in the present context. On the one hand, Ancona said he did not make Model

2123. On the other hand, he confirmed he made the full-scale drawing. The statement suggested that there were differences between the full-scale drawing and the model shown in

EP-7

. However, Catalano had not been able to explain what were the differences. It could not have escaped his mind to enquire from Ancona what the differences were. It is thus remarkable that Catalano only testified that they had asked about it generally and Ancona gave a general reply. He was unable to recall more specifically.

The experts giving evidence in this trial did not depose to any difference between

EP-7

and the full-scale drawing of Ancona. There is a ring of truth in Ancona

s evidence that he thought it would do little harm to the Defendant by signing the statement of 7 February since the full-scale drawing speaks for itself.

Whilst I reject Ancona

s allegation of intimidation and detention, I find that the statement of 7 February was given in circumstances where Ancona had reasons to say something that would appease the Plaintiff rather than telling the full story as he knew it. Catalano admitted that Natuzzi had made a speech and that must have an impact on what Ancona later said in his statement.

It is not disputed that Ancona made the full scale drawings for 2123 and 2055. But the crucial question is whether he told this court the truth about his works being based on Pasini

s drawings.

In Pasini

s drawing for 2123, the feet of the sofa were squarish. However, in Ancona

s full scale drawings, they were round as in the case of Natuzzi

s 1839. In the actual 2123 sofa, the feet were squarish. Ancona explained he changed the feet because the one in Pasini

s drawings were more expensive. But it was not his job to be concerned about cost of production. As a prototypist, his job was to turn a design in a sketch to a full scale drawing and it would be up to Ricci to decide whether there should be any modifications. After all, Ancona had no problem about using squarish feet for 2055. Why should he be bothered in the case of 2123? I do not think Ancona was telling the truth in his explanation about this discrepancy between his full scale drawing and Pasini

s drawing.

Mr Liao contended that Pasini and Ancona attached different interpretations to the vertical lines at the base portion in their respective drawings. Pasini said those were meaningless

filling lines

and it was up to Ricci to interpret the same. On the other hand, Ancona initially said that those lines had no meaning on the effect and the front base should be tight without wrinkles. When further cross-examined, he agreed that those lines were intended to show some wrinkles but not as

loaded

as the wrinkles shown by pronounced shadowing at other parts of his drawings.

However, Pasini also testified that it was possible to interpret those lines in his drawing as wrinkles. Hence, I do not think there is any inconsistency between Pasini

s drawing and Ancona

s full scale drawing in respect of the wrinkles at the base. What I find to be puzzling is why would Pasini draw some filling lines there and leave it to others to interpret those as wrinkles. In effect, he was telling the court he, as designer, left part of the features in his design to be worked out by others. It does not strike me as something that a designer would have done. There seems to be some reluctance on the part of both Ancona and Pasini to admit the obvious, viz. that those lines were indicative of wrinkles. In this respect, I

find their evidence be less forthcoming than what one would expect from a truthful and honest witness.

As regards 2055, the two layers of the base portion in Pasini

s drawing are of different thickness whereas they are about the same in Ancona

s full scale drawing (as in the case of Natuzzi

s I104). Further, there is a stitching line at the back cushion in Ancona

s full scale drawing that was absent in Pasini

s drawing.

There are also significant differences between Ancona

s full scale drawing for De Coro 2067 and Pasini

s drawing for that model. Those were admitted by Ancona when he was cross-examined by Mr Liao on 10 May 2006. Ancona

s explanation was that Ricci told him to add something of his own. This is not supported by Ricci s evidence.

Ricci

s evidence was that the prototypist made the full scale drawing based on the 1:10 sketch and modifications, if any, were introduced after a first prototype was made based on the full scale drawing. Hence, Ancona should not introduce any modifications when he made the full scale drawings. He also said he did not discuss with the prototypist regarding the making of full scale drawings.

I do not believe Ancona made his full scale drawings based on Pasini

s drawings. Given this conclusion, the Defendant

s case of independent creation, based as it was on Pasini

s drawings as the original designs of their models, has to be rejected.

Two further questions have to be dealt with. The first one is whether Ancona's full scale drawings were used for the production of De Coro

s 2123 and 2055. Despite my misgivings regarding other parts of his evidence, I accept his evidence that these full scale drawings were made by him for production of these models. There were differences between the full scale drawings and the final products that could well be modifications after the first prototypes were made. There would not be such differences if Ancona made the drawings based on the actual products solely for the purpose of litigation.

The second question is whether Ancona produced his full scale drawings by reference to the Plaintiff

s sketches or sofas. Having rejected the Plaintiff

s evidence on direct copying and the Defendant

s evidence on independent creation based on Pasini

s drawings, it is essentially a matter that have to be resolved by inference derived from comparing the similarities of the models and adverse inference (if any) to be drawn from the rejection of Pasini

s drawings as the origin of the Defendant

s models.

Further, in respect of 2055, I must take into account of the fact that the date of Ancona

s full scale drawing was 7 June 2000. It is earlier than the design sketch of Mastrodonardo dated 22 June 2000. Ancona testified that the drawing for 2055 was made around the same time as those for 2066 and 2067. This is supported by the model number itself. The High Point price lists produced by the Defendant show that 2066 and 2067 were made between April and October 2000. Model 2055 was however not included in the October price list. Ricci testified that some prototypes were excluded because they were not shipped to exhibition or the sales agent did not like it. He also said items could be withdrawn because the space was not enough.

In the Schedule attached to Ricci

s witness statement of January 2002, he referred to 2055 as a model for which most of the work were done by Ancona and finished off by Giuseppe Lella. When cross-examined by Mr Liao, Ricci was vague about the works done by Lella on this model. He said the prototype was completed by Ancona and Lella only did some touching up. He said there were small changes but he did not specify what those changes were. He said Lella did not change the dimensions, the curvature of the armrests, the backrest cushion, the base. The most he could say was that Lella made it a little cleaner.

I do not think Ricci had told this court the truth about the changes to the 2055 prototype prepared by Ancona. A comparison of the actual model with the full scale drawing of Ancona for 2055 shows that there are differences at the relative thickness of the upper and lower layers of the base, the size of the armrest cushion and the curvature at the side of the backrest cushion. There were modifications on Ancona

s model and I

believe they were introduced after Ancona had left.

Hence, the date of Ancona

s full scale drawing for 2055 is not conclusive on the issue of copying. Even though Ancona could not have referred to the Plaintiff

s design for I104 in producing the full scale drawing, it does not follow that the Defendant did not refer to the design for I104 when these modifications were introduced at a later stage.

Ricci also gave evidence about the genesis of the Defendant

s models. However, I must treat his evidence cautiously. As Mr Liao pointed out in his written closing submissions, Ricci is demonstrably unreliable in many respects. In particular, he had changed his evidence at different stages, depending on the materials that the Plaintiff managed to marshal to support its case. I need not repeat all the details which are set out in Paragraphs 2 to 17 of the section dealing with credibility in Mr

Liao

s closing submissions. Ricci had changed his evidence in material respects after the Plaintiff had obtained the emails between him and Scarati through the criminal investigation in Italy. Those emails clearly show Ricci

s evidence prior to February 2005 were false in the following respects,

- (a) the identity of the person who contacted Bosco and Pennacchia for the Defendant;
- (b) the knowledge of Ricci regarding the non-competition agreement.

The emails also show that Scarati had worked for the Defendant. Ricci had to admit in Paragraph 18 of his third witness statement that he was incorrect in denying Scarati had any employment contract of other arrangement with the Defendant in his first witness statement. As mentioned earlier, Scarati had entered into a contract with the Defendant on 12 April 2001. He also admitted that Scarati had provided designs to the Defendant from April 2001 to March 2003. This is particularly serious in the light of the interlocutory injunction granted against the Defendant in this action.

Further, in view of the emails, counsel for the Defendant conceded on Day 16 of the trial that Bosco and Pennacchia did work for the Defendant in March and April 2001.

After the first part of the trial had been adjourned, sometime in 2006, the Plaintiff had obtained some information from Scarati. As a result, the Plaintiff filed its 8th Supplemental List of Documents on 11 May 2006.

Ricci had to make a belated disclosure on 15 May 2006 of his dispute with Scarati that was settled by an agreement of 6 July 2005. That agreement evidenced Scarati

s involvement in the design of the Defendant

s models 2127, 2129 and 2140.

Ricci

s lack of respect for the truth was further demonstrated by his email dated 4 July 2001 to Scarati in which he said,

we have mentioned that you have never worked and do not work with us

believe that it is impossible for Natuzzi to prove on the contrary.

It is obvious that Ricci deliberately omitted to give proper discovery of the Scarati settlement agreement in 2005 because its contents were unfavourable to his case in this action. Ricci said he was blackmailed by Scarati and the so-called blackmail was to pass on a copy of the settlement agreement to Campanale. If the agreement was not unfavourable to the Defendant, there was simply nothing to fear about. Ricci clearly had an intention to conceal the agreement from the Plaintiff and this court. That was why he felt threatened by Scarati

s suggestion of giving a copy to Campanale.

Although Ricci tried to impress this court that he had come clean and gave his testimony in the witness box truthfully, I regret to say that I have no confidence in that assertion and I do not place too much weight on his evidence, particularly when it is not corroborated by cogent independent evidence. I have alluded to his evidence in the box regarding Ancona making the full-scale drawings for models 2124 to 2140. Another example of blatant falsehood is Ricci

s account of his signature on a statement for criminal proceedings in Italy. He said he signed the document without reading it at the request of Scarati and his lawyers. He said he did that as a favour. I do not for one moment accept that. In my judgment, Ricci gave such evidence to deflect his responsibility for the lies set out in that document.

Ricci was evasive regarding his role in the preparation of the evidence Bosco, Pennacchia and Giuseppe Lella. As the main representative of the Defendant in handling the litigation, Ricci was intimately involved in the conduct of the defence. He had acted as translator for these witnesses in the preparation of their affidavits and witness statements. He was fully aware of the misleading nature of these documents. Yet he procured such evidence to be used by the Defendant in the proceedings. When he was cross-examined about these matters, he repeatedly said he could not remember how the witnesses said such things in these documents.

Due to my reservations about the credibility of Ricci, I do not attach much weight to his evidence regarding the origins of the Defendant

s models that are the subject matters of the present action.

C. Comparison of the models

C1. The general approach

Before embarking on a discussion of each individual model, it is useful to identify what I regard as the key issues in the copyright claims in view of counsel

s submissions and the factual findings I have already made. I propose to focus on those key issues in the discussion of each individual model.

Although Mr Yan submitted that the evidence shows little skill and labour was required to produce the sketches, I do not think counsel went so far as suggesting that there should not be any copyright protection to the sketches because of lack of originality. Counsel accepted that mixing and matching of common features could give rise to copyright by way of compilation. The real point made by counsel is encapsulated in the oral submission of Mr Yan on 23 August 2006,

We accept that, my Lord, if there is compilation. But then, my Lord, your Lordship, in considering infringement, then has to ask yourself whether what the defendant has done is to benefit from that skill and labour, in other words, the skill and labour of putting together A, B, C, D, and E.

But where you have a situation where the skill and labour involved putting together A and B, B being totally unoriginal, and what the defendant has is only B but not A, then there's no infringement.

This is of particular importance in view of the latest position taken by Mr Liao on behalf of the Plaintiff that the originality of the Plaintiff

s sketch lies solely in the specific combination and selection of some commonplace components that gives the model its overall look.

As Mr Liao emphasized, whether a substantial part had been copied has to be determined qualitatively rather than quantitatively. Therefore, in the present context, the first key issue is what are the features in the combination selected by the Plaintiff that confer originality on the overall look of its model. If the Defendant copied those features, it would infringe the copyright of the Plaintiff. If the Defendant simply took an unoriginal combination which is part of the Plaintiff

s design without taking the original features, there is no infringement.

In other words, the key issue is whether a substantial part of the Plaintiff

s independent skill and labour in creating the combinations in its works has been copied.

The Defendant also disputed copying. Given my views on the factual evidence, with the rejection of the direct evidence of copying and the Defendant

s evidence on independent creation based on Mr

Pasini

s drawings, the issue has to be determined by asking whether an inference of copying is to be drawn in accordance with the approach discussed in Section B above.

Since I find that Scarati was involved in the design process of the Defendant

s model Nos.2129, 2140 and 2127, access or opportunity of copying is established for these models. Regarding the two remaining models, since I reject the Plaintiff

s evidence of direct copying, it depends on whether the Defendant

s sofas concerned are strikingly similar to the sketches in question to warrant an inference of copying to be drawn.

In assessing the degree of resemblance, it is necessary to bear in mind Lord Millett

s observation that similarities that are commonplace, unoriginal or that consist of general ideas may be disregarded. Further, given Scarati

s talent and productivity as testified by the Plaintiff

s witnesses, would he have bothered to copy from the unoriginal parts in the Plaintiff

s sketches in coming up with the designs for the Defendant when he had to design the original parts in any event? This is a question that I

will have to take into account in pondering whether to draw an inference of copying in respect of the three models that I find him involved in.

The rejection of the Defendant

s evidence of independent design can give rise to adverse inference of copying. The courts in *Designers Guild* and *LB (Plastic)* took this into account in concluding that there had been copying. However, it is not the law that the court must draw such inference whenever it rejects a defendant

s evidence. The simple point is that if a defendant has an innocent explanation for coming up with a design independently, one would expect him to adduce evidence of the same instead of putting forward false evidence of another version of independent creation. Hence, the rejection of the false version may lead the court to an inference that the defendant does not have an innocent explanation as regards the origin of his works.

Yet there are cases where a defendant has a reason for not putting forward the true version that has nothing to do with the truth of a plaintiff

s version. For example, in the present case, the Defendant might not wish to disclose the involvement of Scarati. This must be taken into account.

Both parties have made a lot of efforts in comparing the actual sofas. Insofar as the Plaintiff

s sofas incorporated the features depicted in the sketches, such comparison is useful. However, it must always be borne in mind that there are features in the Plaintiff

s sofas that cannot be found in the sketches. A comparison based on such features is not pertinent for the resolution of the key issues in this case.

C2. Natuzzi 1893 and De Coro 2123

The author of the sketch relied upon by the Plaintiff is Mimmo Abbruzzesse under the supervision of Scarati. He had left the Plaintiff and he was not called to give evidence at the trial. The prototypist was identified by the Plaintiff as Nicola Patella. Again he did not give evidence. Mr Natuzzi was said to be personally involved in the genesis of each design and contributed to modifications in the course of design or prototyping. However, he did not give evidence. The court therefore has to assess the skill and labour involved in the design and genesis of this model by reference to the documentary evidence and the expert evidence.

A comparison of the Plaintiff

s sketch with its own finished sofa shows that there are significant differences in the shape and configuration. The sides of the arms bear a slight convex shape in the finished article whilst the sketch suggests a slight concave shape. The seat cushions in the sketch, particularly the middle one, are rounder. The proportion of the upper arm cushion to the lower arm cushion is different. The back cushions also look different at the two sides with those in the sketch tilting more outward giving a firmer look than those in the actual sofa. There are stitching lines at the two back cushions by the two sides that could not be found in the sketch. The variations between the sketch and the finished products are, in my view, visually significant.

I must compare the Plaintiff

s sketch with the Defendant

s model 2123 and I shall disregard features in the Plaintiff

s sofa which are absent or substantially different in the sketch. Upon such comparison, I

find the arms to be completely different: the only similarity being that in both cases, the arm cushions are made up of two cushions on each side and that is certainly not a unique feature of the Plaintiff

s sofa (see for example item 27 of

MS-5

). The seat cushions in 2123 are not as round as those depicted in the sketch. In model 2123, the stitching lines dividing the lumbar support and the upper part of the back cushions are more towards the mid-line of the whole back cushions whilst the stitching lines in the sketch are positioned at about

at the lower part of the back cushions.

In the report of Mr Bennett, he identified the armrest composition as the feature of uniqueness of the Plaintiff

s design for model 1839. I also regard this as the most striking feature that give rise to the originality in the Plaintiff

s combination. There is substantial difference between the Plaintiff

s sketch and the Defendant

s model in this regard.

The point can be illustrated by using Mr Yan

s example: this is a case where the Plaintiff

s combination is made up of A, B, C and D and the similarities in the Defendant

s model lie only in C and D which are unoriginal. Neither is the use of a combination of C and D in a sofa. As such, no independent skill and labour has been exercised by the Plaintiff in combining C and D and such combination does not form a substantial part of the Plaintiff

s work. My view is that the overall shape and configuration of the two works are substantially different. The features that could be found in both the Plaintiff

s sketch and the Defendant

s 2123 are commonplace combination of unoriginal components.

Since Mr Liao relied solely on the skill and labour in connection with the particular combination of features in asserting originality, the differences are significant. In my view, bearing in mind Professor Shangle

s evidence about the banality of the Plaintiff

s works (including the combination and arrangement of the various components) and the concession of Mr Liao that each component in the model is common within the industry, the Defendant

s 2123 cannot be regarded as a copy of a substantial part of the Plaintiff

s sketch.

Given that conclusion, it is academic to ask whether this court will draw the inference of copying by reason of the similarities between the Plaintiff

s sketch and 2123 and my rejection of Pasini

s drawing as the origin of the Defendant

s model. For the sake of completeness, I will just briefly state that I have considered the respective lists submitted by Mr

Liao and Mr Yan and the video supplied by them. However, the comparison in respect of the lateral sides and the back of the sofas are not pertinent since the sketch does not depict the same. On the whole, given the commonality of the identical features, I am not satisfied that Defendant had copied indirectly from the sketch.

Model 2123 does not infringe the copyright of the sketch for model 1839.

C3. Natuzzi 1565 and De Coro 2129

The Plaintiff

s sketch was drawn by Scarati and the prototypist was Nicola Patella. Neither of them gave evidence at the trial. Nor did Mr Natuzzi. Hence, I have no assistance from the Plaintiff regarding the skill and labour involved in this design.

Even putting aside the bumper on the right hand side of the sketch, the sofa depicted in the sketch is significantly different from the actual 1565 sofa in the arm cushion. This sketch gave a lateral view of the arm at the left. A comparison of that with the actual 1565 depicted in Bundle 14 reveals further differences: the structure of the armbase and its connection with the back is different; the sofa in the sketch is not equipped with a recliner mechanism. The respective proportions of the back cushions in the middle segment as compared with the back cushions in the rest of the sofa are also different. All these differences are visually significant.

Comparing the Plaintiff

s sketch with the Defendant

s 2129, the overall look and shape of the two is substantially different. It is common ground that the arms are different. The base portions are different: the Defendant

s 2129 used a T-cushion that largely covered the arm pillar in the front view of the sofas. The Defendant

s 2129 has a two-seater component attached to the two sides of the middle segment whilst the Plaintiff

s sketch only depict a one-seater component. The relative proportions of the sizes of the back cushions are also visibly different. Further, the lumbar pillow of the Defendant

s 2129 extended fully across the width of each cushion whilst the Plaintiff

s lumbar pillow does not extend to the edges of the back cushions. The recliner mechanism in the Defendant

s 2129 cannot be found in the Plaintiff

s sketch. As far as the L-shape configuration, the shape of the backrest cushions and seat cushions, the two layers base portion are concerned, these are commonplace components in the sofa industry and the combination of these is unremarkable.

Hence, as far as overall shape and configuration is concerned, I do not find the Defendant

s 2129 to have misappropriated a substantial part of the design in the Plaintiff

s sketch.

For the same reason given in the context of Natuzzi

s 1839, in view of the banal nature of the common features (including the combination of those components in a sofa) that were found in both the Plaintiff

s sketch for 1565 and the Defendant

s 2129, I am not inclined to draw any inference of copying. Further, a designer like Scarati did not have to copy some commonplace features from the sketch to produce 2129.

Defendant

s 2129 is not an infringement of the Plaintiff

s sketch for 1839.

C4. Natuzzi 2021 and De Coro 2140

The Plaintiff

s designer is Mimmo Abbruzzese and the prototypist is Marco Pasqualicchio. Neither of them gave evidence. Like the previous models, I have no assistance from the Plaintiff

s witnesses as to the skill and labour involved in the creation of this design.

Mr Pontrandolfo testified that model 2021 was created with reference to Plaintiff

s earlier models 1858 and F858. The major difference between the earlier models and Model 2021 is in respect of the arm. Hence, the use of this particular arm is the distinctive feature in this combination.

This was also the opinion of Mr Bennett. He said in his report that the originality of 2021 is its armrest composition.

The armrest of the Defendant

s 2140 is substantially different from the design in the Plaintiff

s sketch. There is a cording at the rolled arm in the Plaintiff

s sketch which is absent in the Defendant

s 2140. The armrest cushion in the Defendant

s 2140 is a flat folded cushion with a top-stitched seam. The armrest cushion in the Plaintiff

s model is a standard pillow. The Plaintiff

s T cushions of the base portion fully covered the arm pillar in the front view whilst a small part of the Defendant

s arm pillars can still be seen from the front.

The construction of the base portion is also different. The seat cushions of the Defendant

s 2140 are less plump in shape. In the Plaintiff

s sketch, the seat cushions overhang the base portion. In the Defendant

s 2140, the seat cushions do not overhang and the first layer of the base portion overhang the second layer of the base.

The rest of the features in the Plaintiff

s sketch, according to Professor Shangle, are not unique whether individually or in combination.

As the originality of the overall look for this combination lies very much in the armrest and it has not been used in the Defendant

s 2140, and the common features found in both design are commonplace ideas in the industry, there is no copying of a substantial part of the Plaintiff

s sketch.

For the same reason as per the discussion on Model 2129, I

decline to draw any inference of copying.

The Defendant

s 2140 does not infringe the Plaintiff

s copyright in the sketch for 2021.

C5. Natuzzi I 100 and De Coro 2127

The designer who originally drew the Plaintiff

s sketch was Scarati. The original sketch had been lost. The prototypist was Antonio Ventricelli. He was called by the Plaintiff to give evidence on 3 May 2006. His evidence focused on the production of prototype based on Scarati

s sketch and his evidence was that apart from small details, the final prototype was the same as shown in the sketch.

The sketch produced by the Plaintiff was actually re-drawn by Cosimo Suma at the request of Scarati when the Plaintiff codified the model. Mr Suma did not testify on how he re-drew the model after the original Scarati sketch was lost. Pontrodolfo was able to tell this court that it was drawn by reference to the prototype.

In the course of closing submissions, the Plaintiff made a re-re-re-amendment to the Statement of Claim to clarify that it is suing on the lost sketch of Scarati.

Ventricelli testified about small changes made to the design when the prototype was made but he could only remember about changes to the seat cushions. If one compares the Suma sketch produced by the Plaintiff and the actual I-100 sofa, there are indeed some visually significant changes: the shape of the backs are different: in the sketch; the arm cushion of the sketch is separated from the back whilst it tilts upward to form the side of the back in the actual sofa. If the Suma sketch was drawn by reference to the prototype, it had to be an earlier version of the prototype instead of the final one used for the production of I-100.

Since the Plaintiff had conducted its case on the basis that the Suma sketch is the same as the Scarati sketch, and there had not been much inquiry at the trial into how the differences between the Suma sketch and the actual sofa came into being, it would not be fair to the Defendant to deal with the claim on a different basis.

Ventricelli

s evidence does not provide this court with much assistance in terms of skill and labour for a design with this particular combination. However, he was cross-examined by Mr Yan with reference to another model of the Plaintiff, viz. model 1928 which could be found in the Natuzzi Collection Guide. Ventricelli said with the use of box cushions in the seat it is a different model.

Comparing the sketch with the Defendant

s 2127, there are significant differences: the arms of 2127 were corded and extended to the back; box cushions are used in 2127 and there is no wave detail in the seat apron; the sides of the back of 2127, instead of tapering outward as in the Plaintiff

s sketch, curved inward to produce an overall convex look.

I agree with Professor Shangle that the common features of 2127 and the Plaintiff

s sketch are unremarkable commonplace features and unoriginal combination. They could not form a substantial part of the Plaintiff

s sketch.

2127 is a simple design. Given the significant differences and the banal similarities, for the same reason regarding 2129, I would not draw an inference of copying.

My conclusion is that 2127 is not an infringement of the sketch relied upon by the Plaintiff.

C6. Natuzzi I 104 and De Coro 2055

The designer Ms Mastrolonardo testified at the trial. In her supplemental witness statement, she said the style and look of a sofa is not determined by a single feature. Instead, it is determined by a combination of all the features. One could not come up with an aesthetically acceptable design by random selecting and combining various basic components. She did not comment on the skill and labour or the design concept behind individual design in her evidence in chief.

She was cross-examined by Mr Yan about I-104. She agreed that it is a design to make the sofa look wide and horizontal, hence the opening of the armrest. Further, the width of the centre seat cushion is wider.

She also agreed that the design for the arm of the Plaintiff

s Model 1858 is different from that of I-104. Mr Yan submitted that the Defendant

s 2055 had an arm similar to the Plaintiff

s 1858. The picture of the Plaintiff

s 1858 was small and the arm pillars were mostly hidden by the T-cushion. I could not tell whether the arms or the arm cushions of 2055 are similar to 1858.

It is however clear that unlike the design in the Plaintiff

s sketch, the arm cushion of 2055 does not extend to wrap the back of the sofa.

In addition, the width of the middle seater for 2055 is significantly narrower than that depicted in the Plaintiff

s sketch. The shape and size of the back cushion in the middle is markedly different: in the sketch, it was a rectangular shape cushion with a width comparable with the back cushions at the two sides whilst the middle back cushion in 2055 is almost squarish in shape and of much less width than the two other back cushions. This gives rise to a very different look to the two sofa.

The relative thickness of the upper and lower layers of the base portion are different in 2055 whilst they are roughly the same in the sketch. 2055 has a vertical seam in the seat cushions and the left and right back cushions that could not be found in the Plaintiff

s sketch.

The other differences pinpointed by Mr Yan in his list of differences and Professor Shangle's reports, in my judgment, do not have much impact on the overall look of the sofa especially when one is comparing the Defendant

s 2055 with the Plaintiff

s sketch.

Ms Matrolonardo said the design in the sketch is to give a wide and horizontal look to the sofa. The combination of various features in the Plaintiff

s design was to achieve that. By reason of the differences in the arm cushions and the width and shape of the middle seat and back cushions, 2055 does not have that effect. I find 2055 to be a sofa of a much

slimmer

look.

There is substantial aesthetical difference between 2055 and the sofa depicted in the Plaintiff

s sketch in terms of their overall look. Although as pointed out by Lord Millett this may not be conclusive in copyright infringement and differences in the overall appearance of the two works due to the presence of features of the defendant

s work about which no complaint is made are not material, it has to be remembered that in the present case, the Plaintiff relies solely on the skill and labour in combining common features to achieve a particular overall look to claim originality.

My conclusion is that 2055 does not incorporate the skill and labour of the Plaintiff embodied in the sketch for I104. It follows that 2055 does not take a substantial part of the Plaintiff

s design.

My finding is that Scarati was not involved in the design of 2055. There is no evidence suggesting Bosco or Pennacchia was involved. Although the Plaintiff called Giuseppe Lella to give evidence at the trial, he did not refute the suggestion of Ricci that he worked on 2055 based on a prototype prepared by Ancona. Neither did he testify that 2055 was modified based on the Plaintiff

s I104. If 2055 was produced with reference to I104, Lella should have known and I would expect the Plaintiff to have led evidence from him to support its claim for copyright infringement.

The similarities between 2055 and the Plaintiff

s sketch for I104 were common features found in the industry. Having regard to the evidence on the whole, I do not consider it appropriate to draw any inference of copying.

Results

The Plaintiff

s claims are dismissed.

I expect substantial arguments regarding costs and I propose to hear the parties on that issue instead of making an order nisi.

(M H Lam)

Judge of the Court of First Instance

High Court

Mr Clifford Smith, SC leading Mr Anson Wong, instructed by Messrs

Robertson, for the Plaintiff

Mr Andrew Liao, SC appearing for the Plaintiff from 8 May 2006 onwards

Mr John Yan, SC and Ms Winnie Tam, SC, instructed by Messrs Baker & McKenzie, for the Defendant

PAGE

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A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

Q

R

S

T

U

V

A

B

1udk

1udk

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