TRADE MARKS ORDINANCE (CAP. 559)
OPPOSITION TO TRADE MARK APPLICATION NO. 301576279

MARK : 

CLASSES : **14, 16 and 25**
APPLICANT : **NG KA YI**
OPPONENT : **HIGH QUALITY MANUFACTURING CO. LTD.**

STATEMENT OF REASONS FOR DECISION

Background

1. On 31 March 2010 ("Application Date"), Ms. Ng Ka Yi ("Applicant") filed an application for registration of the following mark under the Trade Marks Ordinance (Cap 559) ("Ordinance"):

("subject mark")

The application number assigned by the Registrar of Trade Marks ("Registrar") to the above application was 301576279.

2. Registration of the subject mark was sought in respect of goods in Classes 14, 16 and 25. The applied-for goods were as follows:

Class 14
jewellery, watches.

Class 16
printed matter, stationery.

Class 25
Clothing, footwear, headgear.

(collectively referred to as the "subject goods").

3. Particulars of the above trade mark application were published on 30 April 2010.

4. On 24 June 2010, High Quality Manufacturing Co. Ltd. ("Opponent") filed a Notice of Opposition together with a Statement of Reasons of Objection under rule 16 of the Trade Marks Rules (Cap. 559A) ("TMR").

5. Thereafter the following documents were filed by the Applicant and the Opponent respectively in the present proceedings:

(a) Counter-statement filed by the Applicant on 24 December 2010 under rule 17 of TMR. The Counter-statement was subsequently amended on 28 December 2010 with the leave of the Registrar ("Amended counter-statement");

(b) Statutory Declaration dated 23 May 2011 made by Mr. Leung Dad Ming ("Mr. Leung"), a director of the Opponent, on behalf of the Opponent, and filed on 24 May 2011 under rule 18 of TMR ("Leung's 1st SD");

(c) Statutory Declaration dated 18 June 2012 made by the Applicant, and filed on 22 June 2012 under rule 19 of TMR ("Ng's SD"); and

(d) Statutory Declaration dated 11 December 2012 made by Mr. Leung, on behalf of the Opponent, and filed on 11 December 2012 under rule 20 of TMR("Leung's 2nd SD").

6. The hearing of the above opposition took place before me on 7 January 2015. Mr. Leung (assisted by his interpreter, Mr. Lau Chi Wo) appeared for the Opponent. The Applicant was represented by Mr. William Kan of S.T. Cheng & Co, agent for the Applicant.

Grounds of Opposition

7. The Opponent did not refer to any specific provisions in the Ordinance in the Statement of Reasons of Objection. However, based on the objections indicated in the above statement, the relevant ground relied upon by the Opponent is section 12(5)(b) of the Ordinance.

8. The Opponent subsequently referred to other provisions of the Ordinance in its evidence (i.e. Leung's 1st SD and Leung's 2nd SD). However, since all grounds of Opposition should be specifically pleaded at the commencement of the proceedings (i.e. in the Statement of Reasons of Objection), I will not take into account the additional grounds referred to in the evidence.

The relevant date

9. For the purpose of the subject opposition, the relevant date is the Application Date (i.e. 31 March 2010).

The subject mark

10. The subject mark, as shown in paragraph 1 above, is a wooden horse device. The wooden horse stands on a base which looks like a rocker that can rock forward and backwards. The mane of the horse appears as a wave-like design extending from its ears down to its tail. The body of the horse is covered by four layers of fabrics which are designed to look like a set of curtains. The rest of the body (in particular the belly and the legs) is covered by stars and circular dots. The phrase "Made in Genius" appears on the rocker in cursive writing.

The Opponent's evidence

11. The evidence of the Opponent includes details of its past dealings with the Applicant and comparisons between different drawings of wooden horse devices. It also contains detailed responses to the Amended counter-statement and Ng's SD. I will summarize the relevant parts of the evidence below and will refer to some of its arguments later in this decision where appropriate.

12. According to Leung's 1st SD, the Opponent carried on the business of manufacture and sale of consumer items including shoes and bags with drawings or images on them. Its customers included boutiques, department stores, chain stores, distributors and individual customers. Quite often, the customers would give the Opponent some ideas or samples of drawings to facilitate it to produce the relevant products. The Opponent would then draw, design and create new images so that they could be applied to the products for mass production.

13. Mr. Leung stated that he was the owner of the following registered trade mark in Hong Kong. He also produced evidence showing that he has granted a licence to the Opponent for use of the following trade mark from 10 June 2005 to 17 April 2014:[1]

TM registration no. 300436455

Trade mark	:	No concept
Date of registration	:	10 June 2005
Class no. and specification	:	Class 25 Clothing, shoes, hats[2]

14. Mr. Leung further deposed that the Opponent has been manufacturing shoes with images of wooden horses, toy horses, and ponies and such products have been displayed in trade exhibitions. The evidence produced shows that handbags and boots with Leung's modified design (as defined in paragraph 18 below) were displayed in exhibitions and the Hong Kong Fashion Festival held in Hong Kong in January and April 2009.

15. Mr. Leung recalled that in mid-2007, he had a discussion with the Applicant and came to know that the Applicant was producing goods with wooden horse images on them. Consequent to such discussion, the parties agreed that the Opponent would manufacture shoes with wooden horse devices applied on their vamp for sale to the Applicant. Mr. Leung indicated that if the Applicant could

[1] Evidence 5 of Exhibit 1 of Leung's 1st SD.
[2] The specification on the Trade Mark Records kept by the Registrar is "服裝、鞋、帽".

order 50 pairs of shoes per style per colour, she would have the right to sell those items exclusively for six months in a certain district. Mr. Leung clarified in Leung's 2nd SD that the above figure referred to the minimum quantity of goods required for each order. Copies of invoices from December 2007 to May 2008 were produced by the Opponent showing that shoes were purchased by the Applicant during that period.[3] However, the Opponent did not adduce any drawings of the wooden horse designs that were created for the purpose of mass production of the shoes. Nor did it adduce any photographs or other evidence of the actual designs or appearance of the shoes that were manufactured and sold to the Applicant during the above period. That said, it acknowledged that photographs of the shoes (with wooden horse devices on their vamp) adduced under Ng's SD[4] (defined in paragraph 32 below as "815-horse device") were some of the items supplied to the Applicant during the above period.

16. Mr. Leung also deposed that the orders placed by the Applicant did not reach the minimum quantity required for her to obtain an exclusive right to the products. Thereafter in or about early March 2008, the Opponent started to display those products in its shops for sale to other customers.

17. On one occasion when the Applicant bought shoes in the Opponent's shop (on 14 March 2008), she became concerned that she was not given the exclusive right to sell the items. She also indicated that if the Opponent intended to sell those items to other customers, the wooden horse images thereon should be different from those that were sold to her.

18. Thereafter, Mr. Leung made some changes to the 815-horse device and sent a modified version of the design ("Leung's modified design") to the Applicant in its e-mail dated 21 March 2008. A copy of Leung's modified design is reproduced below.

[3] Evidence 18, 19 and 20 of Exhibit 4 of Leung's 1st SD and Exhibit "LDM-6" of Leung's 2nd SD.
[4] Exhibit "NYK-9" of Ng's SD.

19. On 24 March 2008, the Applicant gave a reply to Mr. Leung by e-mail to the effect that Leung's modified design was generally in order. However, the most important part would be the curtain design on the body of the wooden horse (marked "A" in the above e-mail produced by the Opponent and reproduced below). The Applicant indicated that if Mr. Leung has any difficulties, she would modify her wooden horse design and send it to him later.[5] There was no further communication between the parties on the subject thereafter.

20. It was the Opponent's case that through the oral discussions between the parties (see paragraph 17 above) and the above e-mail exchanges, the parties have reached an agreement that each of them would modify the 815-horse device and thereafter each party would have the right to sell products bearing its own modified version of the design. More importantly, the Opponent took the view that the Applicant has signified her approval to Leung's modified design. The only outstanding issue was that the Applicant should send her modified version of the design to the Opponent for consideration. However, the Applicant has failed to do so.

21. It is noted that Leung's modified design included the sign "No concept". Mr. Leung explained in Leung's 2nd SD that sometime in February or March 2008, the Opponent made some enquiries with the HKSAR Customs and Excise Department about the phrase "Made in Genius". The Opponent was concerned that the phrase might amount to a false description of the place of origin of the products. Hence, it decided to replace the phrase by the registered trade mark "No concept".

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[5] The e-mail exchanges between the Opponent and the Applicant were produced under Evidence 16 and 17 of Exhibit 3 of Leung's 1st SD.

22. On 18 April 2011, Mr. Leung filed an application for registration of the following trade mark with the Registrar.[6] The applied-for mark consists of a wooden horse device and the words "No Concept". The applied-for mark is reproduced below:

(the above mark is hereinafter referred to as the "No Concept horse device")

It is obvious that the No Concept horse device is essentially the same as the Leung's modified design except for the direction of the horses. The No Concept horse device is facing the right side while Leung's modified design is facing the left side.

23. Mr. Leung further deposed that he has granted a licence to the Opponent for use of the No Concept horse device for a period of three years commencing on 18 April 2011.[7]

24. In May 2012, the Applicant, through her solicitors, issued cease and desist letters to the Opponent's customers who were displaying shoes with Leung's modified design for sale in their shops.[8] The letters alleged that the shoes sold by them have infringed the Applicant's intellectual property rights. Consequently, most of the customers stopped purchasing further products from the Opponent.

25. To sum up, the present opposition was brought on the basis that Mr. Leung was the creator and the owner of the intellectual property rights in the 815-horse device and Leung's modified design. The Opponent claimed that subject mark

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6 TM application no. 301891891.
7 Evidence 4 of Exhibit 1 of Leung's 1st SD.
8 Evidence 22-29 of Exhibit 5 of Leung's 1st SD.

was closely similar to the above devices/designs and the Applicant has infringed the rights of Mr. Leung and the Opponent.

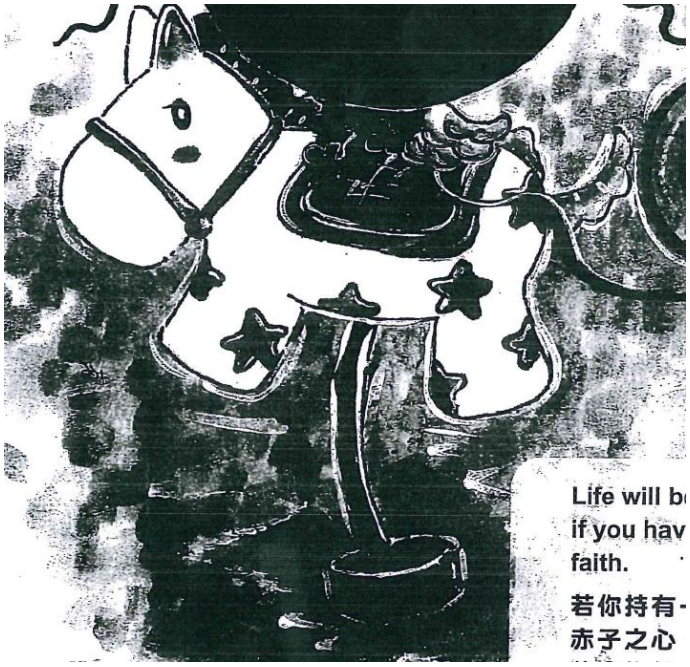
The Applicant's evidence

26. The Applicant was an illustrator. She claimed that she created a wooden horse device in early 2002 and was the copyright owner of such device. To establish her claim, she adduced copies of photographs of her works and certain articles published in magazines and newspapers prior to the Application Date as evidence.

27. The earliest evidence produced are copies of photographs of two T-shirts with drawings of wooden horses on them.[9] The dates "2.12.03" and "11.12.03" could vaguely be seen in the evidence. The Applicant deposed that the photographs were taken on the above dates. Such photographs are reproduced below:[10]

28. Another drawing of the wooden horse (reproduced below) could be found in a copy of an article published in the Winter 2005 edition of CATCHY magazine.[11]

[9] Exhibit "NKY-2" of Ng's SD.
[10] The date of the photograph on the left could no longer be seen above after reproduction.
[11] Exhibit "NKY-4" of Ng's SD.



29. Other drawings, similar to the one published in CATCHY magazine, could also be found in other magazines and newspapers.[12] Most of the drawings were published together with an article about the Applicant (mostly by reference to her English name "Eunice Ng"). Although the dates of publication could not be found in those articles, the Applicant deposed that they were published between 2005 and 2006.[13]

30. For ease of reference, the wooden horse drawings referred to in paragraphs 27 to 29 above shall be referred to collectively as the "Applicant's horse devices" (or individually as the "Applicant's horse device") in this decision.

31. The Applicant also adduced a copy of a Copyright Certificate issued by 中華人民共和國國家版權局 in November 2008.[14] The copyright registration system in the Mainland is voluntary in nature and does not involve any substantive examination of the works submitted for registration. The statement of the work (作品説明書) stated that the Applicant was the creator of the work《木馬》. Creation of the work commenced in June 2002 and the finalised version was completed on 29 August 2002. Although there was a detailed description of the work, there was no drawing attached to the above certificate.

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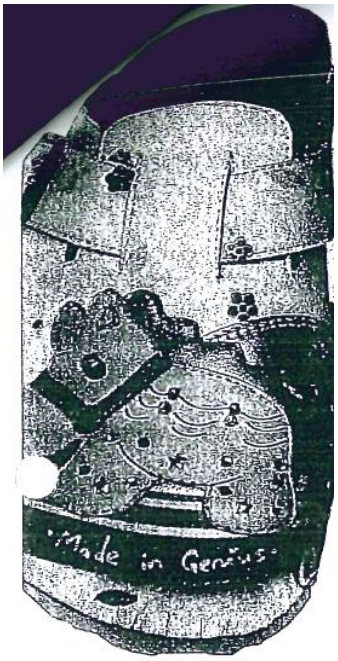
12 Exhibits "NKY-3", "NKY-5" and "NKY-6" of Ng's SD.
13 Paragraph 2 of Ng's SD.
14 Exhibit NKY-1 of Ng's SD.

32. According to Ng's SD, she placed various orders with the Opponent to manufacture shoes bearing the image and likeness of the Applicant's horse device and the words "Made in Genius". Copies of seven invoices for the period from December 2007 to August 2008 were produced as evidence.[15] The Applicant also produced a copy of an e-mail from Mr. Leung to the Applicant in January 2008 together with photographs of a pair of shoes with a wooden horse device (marked on the photograph with the number 228200-815) as evidence.[16] In the above e-mail, the Opponent requested the Applicant to confirm her order for the manufacture of shoes based on the sample provided. Extracts of the samples attached to the above e-mail are reproduced below:



For ease of reference, the wooden horse device shown in the above sample will be referred to as "815-horse device" in this decision.

33. The Applicant complained that in or about March 2008, she found that the Opponent was manufacturing and selling shoes to its customers bearing the image of the 815-horse device except that the phrase "Made in Genius" were replaced by the words "No Concept". No authorization was sought from the Applicant for the use of the 815-horse device. When the Applicant sought an

[15] Exhibit NKY-8 of Ng's SD.
[16] Exhibit NKY-9 of Ng's SD.

explanation from the Opponent, the Opponent replied that it would make changes to the wooden horse device. The Applicant also referred to the e-mail exchanges with Mr. Leung dated 21 and 24 March 2008 (see paragraphs 18 and 19 above). However, she did not go further to explain the reason for not taking any follow-up action after her e-mail of 24 March 2008.

34. In short, it was the Applicant's claim that she was the creator and copyright owner of the Applicant's horse devices, the 815-horse device as well as the subject mark.

Burden of proof

35. Before I consider the grounds of opposition raised by the Opponent, I wish to briefly mention the burden of proof in the present proceedings. Mr. Kan submitted that the Opponent has the burden of establishing the grounds of opposition that it raised. He quoted the decision of the Appointed Person in *REACT Trade Mark*[17] as support. On the other hand, Mr. Leung argued that the present case should be distinguished from *REACT Trade Mark* since that case concerned a word mark. Furthermore, as the Opponent has pointed out various doubts or deficiencies in the Applicant's evidence, the responsibility should be on the Applicant to provide answers to overcome the challenges raised by the Opponent.

36. I should point out that it is a well-established principle that the plaintiff to a civil action bears the onus of proving its case on balance of probabilities. The above principle also applies to oppositions against applications for registration of trade marks under the Ordinance. Moreover, I am not convinced by the reasons put forward by Mr. Leung in support of his argument that the principle in *REACT Trade Mark* should not apply to the present case. Hence, in line with the above principle, I will consider the evidence adduced by both parties in the present proceedings and determine whether the Opponent is able to establish the grounds of opposition raised in the Statement of Reasons of Objections on balance of probabilities. I will take into account the challenges raised by the Opponent on the evidence submitted by the Applicant in the process.

[17] [2000] R.P.C. 285 at 287.

Opposition based on section 12(5)(b) of the Ordinance

37. I will start by considering the ground of opposition based on section 12(5)(b) of the Ordinance. I will put aside the phrase "Made in Genius" at this stage and will focus on the wooden horse device in the subject mark.

38. Section 12(5)(b) of the Ordinance provides as follows:

> *"(5)……, a trade mark shall not be registered if, or to the extent that, its use in Hong Kong is liable to be prevented-*
>
> *(a) ……; or*
>
> *(b) by virtue of an earlier right other than those referred to in paragraph (a) or in subsections (1) to (4) (in particular, by virtue of the law of copyright or registered designs),"*

39. The Opponent did not claim that it (or Mr. Leung) was the proprietor of any designs registered under the Registered Designs Ordinance (Cap. 522). Hence, I will consider whether it (or Mr. Leung) has an earlier right by virtue of the law of copyright. Before I consider this issue, it would be appropriate to deal with some allegations raised by the Opponent concerning the evidence put forward by the Applicant.

Challenges raised in relation to the Applicant's evidence

40. Mr. Leung submitted that I should disregard the following evidence adduced under Ng's SD for the reasons below:

(a) *Exhibit "NKY-1"*

The Copyright Certificate did not contain any drawing of the wooden horse mentioned therein. Furthermore, the information in the statement of work concerning the date of creation of the Applicant's horse device was not verified by an independent third party.

(b) *Exhibit "NKY-2"*

The dates printed on the photographs were not verified by an independent third party.

(c) *Exhibits "NKY-5" and "NKY-7"*

The words "木馬" and "2006 年 7 月 16 日生產的木馬袋" appear immediately next to the Applicant's horse devices in the article and the e-mail attached to the above exhibits respectively. Mr. Leung pointed out that the font of these words were different from those used in the other parts of the documents. Mr. Leung accused the Applicant of fabricating the evidence by adding the above words to the documents. On behalf of the Applicant, Mr. Kan specifically denied the above accusation. He explained that in the course of preparation of the evidence, the Applicant has merely used a sticker with the above words written on it to highlight the Applicant's horse devices in the above documents. Mr. Leung remained unconvinced by the above explanation. I see no reason for casting doubt on the explanation put forward by the Applicant or the bona fides of the Applicant. In any event, the words in dispute are not relevant to the issues for consideration under this ground of opposition.

(d) *Exhibits "NKY-2", "NKY-3", "NKY-4", "NKY-5", "NKY-6" and "NKY-7"*

The Applicant's horse devices shown in the above evidence were different from the subject mark. For this purpose, the Opponent referred to a detailed comparison between the Applicant's horse devices and the subject mark in Leung's 2nd SD.[18]

41. Mr. Leung further alleged that he has numerous drawings (including computer records) of wooden horse designs created by him prior to 2007. However, the Opponent has not adduced such records as evidence in these proceedings as Mr. Leung considered that they were not independent evidence of third parties.

42. I note Mr. Leung's submissions and in particular the absence of drawings of the work referred to in Copyright Certificate. However, in relation to Exhibits "NKY-3", "NKY-4", "NKY-5", "NKY-6" and "NKY-7" of Ng's SD, I am convinced from the evidence that the Applicant's horse devices contained in the above articles were published in magazines or newspapers prior to the first occasion when she purchased shoes bearing the 815-horse design from the

[18] Paragraphs 7.1 to 7.4 of Leung's 2nd SD.

Opponent (i.e. 15 December 2007).[19] Regarding the Applicant's horse device affixed on the T-shirts,[20] the Applicant has declared on oath that the photographs were taken on 2 December and 11 December 2003 respectively. On the evidence, I do not find any valid reason for casting doubt on the dates of the above photographs claimed by the Applicant.

Applicable copyright principles in this case

43. Before I deal with the copyright in the various horse devices, I should mention some general copyright principles and the qualifications for copyright protection under our copyright regime. The relevant laws are contained in the Copyright Ordinance (Cap. 528)("CO"). Under the CO, the work of an author qualifies for protection irrespective of the place of publication of the work or the domicile or residence of the author.[21]

44. The term "artistic work" is defined in the CO and it includes any drawing irrespective of artistic quality.[22] Further, copyright subsists in *inter alia* an original artistic work.[23] Originality in this context refers to the expression of a thought or an idea. What is required is that the creator (referred to in the CO as the "author") should have expended adequate skill, labour and judgment in the creation of the work. However, the work must originate from the author and it should not be copied from another work.

45. As regards ownership of the copyright in a work, the general rule is that, subject to certain exceptions (e.g. in relation to employees' works[24] and commissioned works), the author of a work is the owner of any copyright in the work.[25] Special provisions apply where a work is made on the commission of a person. In short, section 15 of CO provides that where there is an agreement between the author and the commissioner of a work that expressly provides for the entitlement to the copyright, copyright in the commissioned work belongs to the person who is so entitled under the agreement. If copyright in the

[19] The date of the earliest invoice produced by the Applicant under Exhibit "NKY-8" of Ng's SD is 15 December 2007.
[20] Exhibit "NKY-2" of Ng's SD.
[21] Sections 177(1) and 178(1) of CO.
[22] Section 5 of CO.
[23] Section 2(1) of CO.
[24] Section 14 of CO provides *inter alia* that where an artistic work is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work.
[25] Sections 13 of CO.

commissioned work does not belong to the commissioner, the above section provides that he shall have an exclusive licence to exploit the commissioned work for all purposes that could reasonably be contemplated by him and the author at the time the work was commissioned. Furthermore, the commissioner also has the power to restrain any exploitation of the commissioned work for any purpose against which he could reasonably take objection.

46. Concerning the duration of copyright in a work, the CO provides that the copyright in an artistic work expires at the end of the period of 50 years from the end of the calendar year in which the author dies.[26] However, where an artistic work has been exploited, by or with the licence of the copyright owner, by making articles of the work by an industrial process and marketing such articles in Hong Kong or elsewhere, the protection afforded by copyright to the work would, in certain respects, be restricted to a period calculated from the year in which the article was first marketed. Such period will be 25 years (where the corresponding design in the articles has been registered under the Registered Designs Ordinance (Cap. 522)) or 15 years (where the corresponding design has not been so registered).[27]

47. During the term of copyright protection and subject to the restriction referred to in paragraph 46 above, the owner of the copyright in a work has the exclusive right to exploit his work and to do certain acts that are restricted by the copyright in his work.[28] In other words, any person who does an act restricted by the copyright in the work without the owner's consent or licence will commit an act of infringement. Such restricted acts include, *inter alia*, the copying of the whole or a substantial part of the work.[29] In this context, substantial refers to the quality of the part being copied and not the quantity.

The subject mark and the 815-horse device

48. I will start by considering the relationship between the subject mark and the 815-horse device produced by the Opponent. Both the subject mark and the 815-horse device are artistic works. Looking at the subject mark and the 815-

[26] Section 17(2) of CO.
[27] Section 87 of CO.
[28] The acts restricted by the copyright in a work are set out in sections 22 to 29 of CO.
[29] Sections 22(3) and 23 of CO.

horse device, it is obvious that they are similar in the following material respects:

(a) The overall profiles of the horses, their features (including the eyes and the ears) and the positioning of those features in relation to their bodies;

(b) The proportion of the various parts of the bodies (i.e., the head, the legs and the trunk);

(c) The layers of fabrics on their bodies which are designed to look like curtains;

(d) The stars and circular dots on their bellies and legs and the wavy design on their backs; and

(e) The rockers at the base of the horses.

49. The most notable difference between the subject mark and the 815-horse device is that the layers of fabrics in the subject mark are tied together by two oval decorations to highlight the curtain design on the body of the horse. There are also other minor differences, for example, the 815-horse device has three layers of fabrics on its body while the subject mark has four layers of fabrics. Further, the tail of the 815-horse device looks fluffier than that in the subject mark.

50. Notwithstanding the differences mentioned in paragraph 49 above, the subject mark and the 815-horse device are, on the whole, similar in many material respects.

51. The evidence adduced in these proceedings shows that the Applicant started to purchase shoes bearing the 815-horse device from the Opponent in December 2007. As regards the subject mark, there is no evidence that it was created prior to December 2007. The only documentary evidence on which the subject mark could be found is the application for registration of the subject mark filed with the Registrar on the Application Date (i.e. 31 March 2010). Hence, on the evidence before me, it can reasonably be inferred that the subject mark was created after the publication of the 815-horse device. Furthermore, given that the above-mentioned horse devices are similar in many material respects, I find that the subject mark has reproduced a substantial part of the 815-horse device. Although new designs or features (described in paragraph 49 above) were added in the subject mark, I do not consider them as significant in relation to the

subject mark as a whole.

Ownership of copyright in the 815-horse device

52. Given that I have found that the subject mark has reproduced a substantial part of the 815-horse device, the copyright in the 815-horse device and the ownership of such copyright are crucial in determining whether use of the subject mark by the Applicant is liable to be prevented under the law of copyright.

53. There is no dispute between the parties that the Applicant has commissioned the Opponent to produce shoes with the design of a horse on their vamp. The Applicant claimed that since the 815-horse device was produced based on the Applicant's horse devices, copyright in the 815-horse device belonged to her as a matter of course.

54. On the other hand, the Opponent alleged that any ideas or drawings provided by its customers would only be used as reference. Since the designs or images have to satisfy certain technical requirements before they could be used for mass production, the Opponent would be required to create, draw, design and produce new images for such purpose. The process involved was very complicated and time-consuming. In this case, Mr. Leung deposed that he had indicated to the Applicant that he would set aside the wooden horses previously created (whether by him or the Applicant) and he would design another wooden horse device that fit the technical requirements. Since the 815-horse device was created by Mr. Leung under such circumstances, the Opponent claimed that Mr. Leung was the creator and copyright owner of the above device.

55. It is clear from the evidence that the parties have no prior agreement or consensus on the copyright in the designs or images created or produced for the purpose of, or in the course of, the manufacturing process. Hence, it would be necessary for me to determine the rights of the parties in such designs or images by reference to the position implied by law. The first question that I need to consider is whether the 815-horse device is a mere reproduction of the Applicant's horse device or an original copyright work that is separate and distinct from the Applicant's horse devices.

The Applicant's horse devices

56. Looking at the various Applicant's horse devices in Exhibits "NKY-2", "NKY-3", "NKY-4", "NKY-5" and "NKY-6" of Ng's SD, it is obvious that skill, labour and judgment have been expended in creating such works. The Applicant claimed that she was the author of such works and the Opponent has not challenged her claim in this respect. Based on the above evidence, I find that the Applicant's wooden horses were artistic works and the Applicant was the author and the owner of copyright in the above works. Further, copyright subsisted in such works on the Application Date since the Applicant was alive on that date.[30]

The 815-horse device

57. The Opponent repeatedly emphasized that prior to mass production of shoes with an image on them, it was necessary to design, draw and create an image that would be suited for such purpose. I am convinced that such a process is required. I am also convinced from the evidence that the 815-horse device was designed and drawn by Mr. Leung prior to the manufacture of the shoes.

Comparison of the 815-horse device and the Applicant's horse devices

58. Looking at the Applicant's horse device attached to Exhibit "NKY-4" of Ng's SD (reproduced in paragraph 28 above) and the 815-horse device as a whole, it is obvious that they are similar in the following respects:

    (a) the overall profiles or outlines of the horses;

    (b) their features (including the eyes and the ears) and the relative position of such features on their bodies;

    (c) the proportion of the various parts of the body (i.e. the head, the legs and the trunk);

    (d) the wave-like design on the back of the horses; and

    (e) the stars on their bellies and legs.

[30] There is no evidence that shows that any of the Applicant's horse devices has been applied to articles through an industrial process and marketed to the public. Hence, the restriction on copyright protection in section 87 of CO does not apply to the Applicant's horse devices.

59. Overall, the above characteristics combined to give each horse a round, chubby and appealing look. In my view, these are important characteristics or features in establishing the identity of the horse devices.

60. As regards the rocker at the base of the 815-horse device, I note that a similar one could also be found in the Applicant's horse device on the T-shirts attached to Exhibit "NKY-2" of Ng's SD (see paragraph 27 above).

61. On the other hand, I also note that there are differences between the Applicant's horse devices and the 815-horse device, the most significant of which is that the saddle on the back of each of the Applicant's horse devices was replaced by three layers of fabrics which look like a set of curtains covering the body of the 815-horse device.

Does the 815-horse device constitute a new copyright work?

62. I have found that the characteristics outlined in paragraph 58 above were material in establishing the identity of the horse devices and, in my view, they constitute a substantial part of each of the horse devices. The 815-horse device was produced by Mr. Leung after the Applicant's horse devices were published. Also, Mr. Leung has admitted in his evidence that very often, customers would give ideas or samples to the Opponent as reference prior to production of the products. Having regard to the above, it can reasonably be inferred that Mr. Leung has seen the Applicant's horse devices prior to producing the 815-horse device. Furthermore, I find that he has reproduced a substantial part of the Applicant's horse devices and at the same time, he has added some new features in the 815-horse device (in particular, the curtain design on the back of the horse).

63. In view of the above observations, I will proceed to determine whether the Applicant's horse device could be regarded as a new copyright work.

64. In the Privy Council decision of *Interlego A.G. v. Tyco Industries Inc. and Others*,[31] Lord Oliver made the following remarks when considering whether a reproduction of a work (the making of which involves the application of skill and labour in the process by its author) could constitute a new copyright work:

[31] [1989] A.C. 217 at page 263.

> *"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 be 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 to 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."*

65. It is obvious that the curtain design on the back of the 815-horse device is visually significant and distinctive. Such design was created by Mr. Leung and it is clear that skill, labour and judgment have been invested by Mr. Leung in the process. In my view, the curtain design on the back of the 815-horse device constitutes material alteration or embellishment which suffices to make the totality of the 815-horse device an original copyright work (as opposed to a mere reproduction of the Applicant's horse device).

Who owns the copyright in the 815-horse device?

66. The next question is to determine the ownership of the copyright in the 815-horse device.

67. The 815-horse device was created or designed by Mr. Leung on the commission of the Applicant. On the evidence before me, there was no agreement between the parties that expressly provided for the entitlement of the copyright in the device so created. In the absence of such agreement, copyright in the 815-horse device should belong to the author of the work by virtue of section 13 of CO. Hence, I find that Mr. Leung is the copyright owner of the 815-horse device and since he was alive on the Application Date, copyright subsisted in such device on the above date.[32]

[32] The evidence shows that the 815-horse device was applied to shoes by an industrial process and the shoes were marketed to the public in 2007-2009. Although copyright protection for the 815-horse device was restricted in certain respects to 15 years from the year when the shoes were first marketed to the public, it does not affect the rights of the Opponent in this case since less than 3 years has passed as at the Application Date (i.e. the relevant date in this case).

The subject mark

68. I have found in paragraph 51 above that the subject mark constitutes a reproduction of a substantial part of the 815-horse device. Since Mr. Leung is the copyright owner of the 815-horse device and the Applicant has not obtained Mr. Leung's consent for reproducing a substantial part of such device, it follows that the subject mark is an infringing copy of the 815-horse device.

69. On the above basis, I find that the use of the subject mark (which constitutes an infringing copy of the 815-horse device) by the Applicant is liable to be prevented by Mr. Leung under the law of copyright.

70. However, I find it appropriate to mention at this juncture that although the Opponent is the copyright owner of the 815-horse device and has succeeded in the present opposition proceedings, it does not have an absolute right to exploit the device in such manner as it wishes. More specifically, the Applicant is entitled to an exclusive licence to exploit the above device for all purposes that could reasonably be contemplated by the parties at the time the work was commissioned. Furthermore, the Applicant has the power to restrain any exploitation of the 815-horse device for any purpose against which she could reasonably take objection. Hence, any proposed exploitation or use of the above work by the Opponent would be restricted by matters or arrangements contemplated by the parties at the time of the commission of the work or other conditions (if any) agreed between the parties.

71. I also note that the parties have attempted to settle the dispute between them and agree on certain arrangements for the future exploitation of the horse devices (paragraphs 17-19 above). However, such negotiations were discontinued at some stage. To facilitate future exploitation of the horse devices by the parties and to avoid further disputes, it would be of benefit to both parties if they could discuss in good faith and agree on some mutually acceptable arrangements.

Conclusion

72. To conclude, since the use of the subject mark is liable to be prevented under the law of copyright, I find that the Opponent has succeeded in the present opposition.

Costs

73. The Opponent has not sought costs and it was not represented by any professional advisors in these proceedings. Taking into account all the circumstances of this case, I consider that there should be no order as to costs.

(Maria K. Ng)
for Registrar of Trade Marks
12 June 2015