HIGH COURT OF AUSTRALIA

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Details of Filing

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IN THE HIGH COURT OF AUSTRALIA

SYDNEY REGISTRY

BETWEEN:

RP DATA LIMITED
Appellant

and

JAMES KELLAND HARDINGHAM
First Respondent

REAL ESTATE MARKETING AUSTRALIA PTY LTD
Second Respondent

REALESTATE.COM.AU PTY LTD
Third Respondent

APPELLANT'S SUBMISSIONS

Part I: Certification

1. These submissions are in a form suitable for publication on the internet.

Part II: Issues

2. The issues of this appeal are as follows:

   (a) ***Correct Test Issue***: When implying a term in an informal contract must the term be 'so obvious that it goes without saying' or is the overriding consideration one of business efficacy?

   (b) ***Sublicence Issue***: Is actual knowledge of the terms to be implied into a licence necessary, or is it sufficient to show that the parties had knowledge of their effect which can be ascertained by looking at the surrounding circumstances?

   (c) ***Statutory Construction Issue***: On the proper construction of s 15 of the *Copyright Act 1968* (Cth) (**Act**) was it engaged and did it authorise the appellant to use the works as it did?

Part III: Section 78B notice

3. The appellant certifies that it has considered whether notice should be given to the Attorney-General in compliance with the *Judiciary Act 1903* (Cth), s 78B. It is unnecessary to give notice, and the appellant does not intend to do so.

Part IV: Citations

4. The reasons at first instance and on appeal are as follows:

   (a) *Hardingham v RP Data Pty Ltd* (2019) 147 IPR 489; [2019] FCA 2075

   (b) *Hardingham v RP Data Pty Ltd* (2021) 395 ALR 644; (2021) 162 IPR 1; [2021] FCAFC 148.

10 ## Part V: Relevant Facts

Platforms used to market properties for sale or lease

5. Real estate agents and agencies widely use the internet-based platforms of the appellant (**RPD**) and third respondent (**REA**) in relation to the marketing of property for sale or lease.[1] These platforms include photographs and floor plans of listed properties because each are a key aspect of the data necessary to conduct a marketing campaign.[2]

6. REA's platform includes a section for properties that are presently for sale, properties that are sold, and a property value section.[3] Under written licence REA provided RPD with photographs and floor plans to support its platform.[4]

20 7. Photographs and floor plans are a key aspect of the data needed to market a property for sale or lease.[5] Photographs and floor plans of completed transactions remained on the platforms and agencies were aware of this; they regularly accessed these historical works.[6]

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1 PJ [59], Joint Core Appeal Book (**JCAB**), 25; FC [48]-[52], [148]; JCAB, 63-64, 98-99.
2 PJ [17], JCAB, 14; FC [15], [16], [19], JCAB, 56-58.
3 PJ [60], [63], JCAB 25-26; FC [17] [193], JCAB, 17, 113.
4 PJ [17], JCAB 14-15; FC [19], JCAB 58.
5 PJ [15]-[16], JCAB, 13-14; FC [14], [16], JCAB, 56-58.
6 PJ [63], JCAB, 25-26; FC [55], [148], JCAB, 64, 98-99.

8. The reason for this is that marketing a property for sale or lease requires agencies to have visibility as to the property's attributes, condition, improvements and how it sits in relation to the surrounding market. RPD's platform provides this visibility.[7]

9. The RPD platform includes a section for properties for sale or rent or for those that have been sold or have been rented. This enables agencies to gain an understanding of the local market, the total market and the types of properties within each. This is because the platform can produce a report including the estimated value of properties.[8]

10. Agencies can identify effective marketing methods by accessing previous marketing campaigns (including information such as days on market, listing price changes, photographs, floor plans, aerial and satellite imagery, listing descriptions, and advertising mediums) on the RPD platform.[9]

11. Agencies can also identify the physical elements of a property being marketed by looking at floor plans, photographs, and aerial/satellite imagery. By doing this, agencies can identify attributes and features of a property (such as the type, size, and condition of a dwelling or the rooms within it; the type of fittings and quality of them; and the external environment).[10]

Licence to use photographs and floor plans to market properties for sale or lease

12. Agencies commissioned Hardingham to produce photographs and floor plans (**Works**) for use by them as part of marketing properties for sale or lease.[11] The contracts were oral, informal and nothing was said about copyright.[12]

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7 PJ [17], JCAB, 14; FC [15], JCAB, 56.
8 PJ [17], JCAB, 14; FC [15], JCAB, 56.
9 PJ [17], JCAB, 14; FC [15], JCAB, 56.
10 PJ [17], JCAB, 14; FC [15], JCAB, 56.
11 PJ [1], [8], JCAB, 9, 10; FC [5], [122], JCAB, 52, 58-59.
12 PJ [5]-[8], JCAB, 10; FC [6]-[7]; [127], [130]; JCAB, 52-53, 93-94.

13. The first respondent (**Hardingham**) granted the second respondent (**REMA**) an exclusive licence to use photographs and floor plans he created and in which copyright subsisted.[13]

14. REMA accepts that it licensed agencies to use the Works for the purpose of marketing properties for sale or lease and this included a right to sublicence.[14] However REMA contends that the sublicence ended at completion of the sale or lease transaction.[15]

15. Despite the informality of Hardingham's retainer, the objective of it was to create the Works so that they may be used on platforms including the REA/RPD platform. They were also intended to be used on agencies' websites, brochures, magazines, and in general advertising materials.[16] This was possible because Hardingham provided the Works in digital editable form, and there were no restrictions as to how the Works could be used.[17]

16. Agencies became authorized to use REA's platform to market property for sale or lease by entering into a subscription agreement; agencies (expressly) acknowledged REA's usual terms and conditions (as amended from time to time).[18] When agencies uploaded the Works to REA's platform to support a property listing they created they did so on REA's usual terms and conditions

17. Clause 5(a) of REA's usual terms and conditions provided, relevantly, that REA was granted 'an irrevocable, perpetual, world-wide, royalty free licence to publish … licence to other persons, use … for any purpose related to [REA's] business any content [agencies] provide to [REA] during the Term, and this licence survives termination of this Agreement by [agencies] or [REA].'

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13 PJ [1], [22], JCAB, 9, 17; FC [4], [122], JCAB, 52, 92.
14 PJ [24], [54]-[55], JCAB, 17, 23-24; FC [30], [34], [143], JCAB, 60-62, 97.
15 PJ [24](4), [56], JCAB, 17, 24; FC [46], [143], JCAB, 63, 97.
16 PJ [9]-[10], JCAB, 10; FC [9], [132], JCAB, 53-54, 94.
17 PJ [9], [65], JCAB, 10, 26; FC [9], [25], [30], [60], [132], [149], JCAB, 53-54, 59, 60, 65, 94, 99.
18 PJ [11]-[13], JCAB, 11-12; FC [10], [134]-[135], JCAB, 54, 94-95.

18. Before each of the 20 transactions the subject of the proceeding below Hardingham and REMA knew that the Works were uploaded to the REA platform and remained there. Properties could not be effectively marketed otherwise.[19]

19. Hardingham also knew that the Works were uploaded to the RPD platform and remained there. This is because he complained to RPD about copyright infringement by letter dated 28 January 2014.[20] He also gave evidence to this effect.[21]

20. RPD responded to the infringement complaint by letter dated 9 April 2014.[22] On receipt of this letter Hardingham thereafter knew that the Works were being used by RPD under a licence from REA.[23]

21. Hardingham and REMA did nothing about the complaint of infringement for 4 years. On 16 July 2018 the proceeding below was commenced[24] but neither Hardingham nor REMA pursued any claim against REA[25] or the agencies.

22. REMA and the agencies knew or must have assumed that REA's usual terms and conditions enabled it to make works available to RPD including after a marketing campaign had ended.[26] Yet there was no evidence of any limitations imposed on the use of the Works by Hardingham or REMA.[27]

Part VI: Argument

Correct Test Issue

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19 PJ [9], [59], [68], JCAB, 10, 25; FC [48]-[51], [63]-[64], [148], [189](1), JCAB, 63-64, 98-99, 111.
20 PJ [18], JCAB, 15.
21 PJ [64], JCAB, 26.
22 PJ [19], JCAB, 15-16.
23 PJ [18]-[19], JCAB, 15-16; FC [9], JCAB, 53-54.
24 PJ [23], JCAB, 17.
25 REA is in this appeal only because of a cross claim RPD made against it pursuant to the data licence agreement, pursuant to which RPD alleges that REA is to indemnify RPD against loss associated with its use of the data provided by REA.
26 PJ [66]-[75], JCAB, 26-28; FC [61]-[67], [68](2), (7)-(12), [153], [189](4), JCAB 65-66, 68-70, 100-101, 111-112.
27 PJ [65], JCAB, 26; FCR [60], [149], JCAB, 65, 99. Hardingham's evidence about his subjective intention was admitted only as evidence of his state of mind: FC [75], JCAB, 72; T 39.5-8.

23. The appellant contends that Greenwood J (Rares J agreeing) fell into error in the sense that his Honour applied the *'so obvious that it goes without saying'* criterion rather than the *'necessary for the reasonable and effective operation of a contract of that nature in the circumstances of the case'* criterion.

24. Having done so his Honour held that the facts were insufficient to conclude that REMA granted a licence to upload the Works on terms REA published from time to time.[28]

Approach to implying terms into a formal contract

25. The law raises an implication of terms from the presumed intention of the parties where it is necessary to do so.[29] The test for implying terms into a formal commercial contract (which Greenwood J followed) is found in *BP Refinery (Westernport) Pty Ltd v Shire of Hastings*.[30] This appeal is concerned with the business efficacy and the obviousness criteria.

26. The *BP Refinery* test requires that the term to be implied must be necessary to give business efficacy to the effective operation of the contract. The authorities suggest that this is a reasonably difficult hurdle to overcome. The term must be one that makes the contract work rather than one which improves the position of the parties[31] or provides a better commercial outcome.[32]

27. The *BP Refinery* test also requires that the term to be implied 'was something so obvious that it went without saying, and if an officious bystander had asked whether that was the common intention of the parties the answer would have been "Of course"'.[33]

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28 FC [97], JCAB, 84.
29 *Butts v O'Dwyer* (1952) 87 CLR 267, 286 (Dixon CJ, Williams, Webb, and Kitto JJ).
30 *BP Refinery (Westernport) Pty Ltd v Shire of Hastings* (1977) 180 CLR 266; see Commonwealth Bank of Australia v Barker (2014) 253 CLR 169 [22]; Minerology Pty Ltd v Sino Iron Pty Ltd (No 6) (2015) 329 ALR 1 [1002].
31 *Con-Stan Industries of Australia Pty Ltd v Norwich Winterhur Insurance (Australia) Ltd* (1986) 160 CLR 226.
32 *Magill v National Australia Bank Ltd* [2001] NSWCA 221.
33 *BP Refinery (Westernport) Pty Ltd v Shire of Hastings* (1977) 180 CLR 266, 283-284.

28. This approach is to be considered from the perspective of what the parties 'would most likely have agreed had they considered the point'[34] and it must clearly be linked to the circumstances of the case. As illustrated in *Codelfa* if several terms are justifiable in the circumstances none of them can be so obvious as to go without saying.

29. There may be overlap between the business efficacy and obviousness criterion.[35] The learned authors of *Construction and Performance of Commercial Contracts* suggest that usually if a term is necessary to give business efficacy to the transaction it will also be a term that is so obvious that it goes without saying.[36]

10 Approach to implying terms into an informal contract

30. In *Hospital Products Ltd v United States Surgical Corp*[37] Deane J observed that the *BP Refinery* test was apt to formal contracts which were complete on their face. However his Honour considered that care should be taken to avoid an over-rigid application of the cumulative criteria where the contract is informal (as is the case here).[38]

31. Subsequently in *Hawkins v Clayton*[39] Deane J developed the point further.[40] His Honour observed that ascertaining the terms which should be implied into an informal contract may be assisted by looking at what is reasonably necessary to give business efficacy and so obvious that it goes without saying. However his
20 Honour considered that the obligations to be read into the contract should be informed by the nature of the contract itself, and what it implicitly required.[41]

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34 *Codelfa Construction Pty Ltd v State Rail Authority of New South Wales* (1982) 149 CLR 337, 346, 355, 374; cf *Con-Stan Industries of Australia Pty Ltd v Norwich Winterhur Insurance (Australia) Ltd* (1986) 160 CLR 226, 241.

35 See *Fallon Street Properties Pty Ltd v Steel & Stuff Pty Ltd* [2006] NSWCA 296 [35].

36 Christensen SA, Duncan WD, *Construction and Performance of Commercial Contracts*, The Federation Press 2nd Ed, 2018, 74; cf *Codelfa Construction Pty Ltd v State Rail Authority of New South Wales* (1982) 149 CLR 337, 255-256 (Mason J).

37 (1984) 156 CLR 41.

38 (1984) 156 CLR 41, 121.

39 (1988) 164 CLR 539.

40 *Hawkins v Clayton* (1988) 164 CLR 539, 571-572.

41 *Hawkins v Clayton* (1988) 164 539, 572.

32. A precise mechanical test for implying terms in informal contracts is to be avoided because this would introduce an element of inflexibility and injustice in the case. Adopting the flexible approach would enable courts to uphold the bargain between the contracting parties.[42]

33. From this discussion fell the following test for implying terms into an informal contract: whether the term to be implied is 'necessary for the reasonable and effective operation of a contract of that nature in the circumstances of the case'.[43] The flexible test has been subsequently approved by this Court[44] most recently by Gordon J in *Construction, Forestry, Maritime, Mining and Energy Union v Personnel Contracting Pty Ltd*.[45]

34. The majority below erred in its application of the *BP Refinery* criterion of obviousness instead of the flexible test developed by Deane J.[46] The appellant contends that the primary judge and Jackson J (in dissent below) were correct in their approach.

35. The question then becomes whether the term is necessary for the reasonable and effective operation of the informal contract? The appellant contends that it is because, without it, the objective purpose of the engagements fails.

36. Without the implied term the agencies could not upload the Works to REA's platform. Hardingham and REMA knew this was why the Works were produced and no other explanation can be inferred.[47] It was necessary for the Works to remain on the REA/RPD platforms because they are integral to the data required to market a property for sale or lease.

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42 *Hawkins v Clayton* (1988) 164 539, 572-573.

43 *Hawkins v Clayton* (1988) 164 539, 573 (Deane J).

44 *Byrne v Australian Airlines Ltd* (1995) 185 CLR 410, 422 (Brennan CJ, Dawson and Toohey JJ), 442 (McHugh and Gummow JJ); *Breen v Williams* (1996) 186 CLR 71, 90-91, 123-124; *Hospital Products Ltd v United States Surgical Corp* (1984) 156 CLR 41, 121; *Moneywood Pty Ltd v Salamon Nominees Pty Ltd* (2001) 202 CLR 351 [80]; *Associated Alloys Pty Ltd v ACN 001 452 106 Pty Ltd* (2000) 202 CLR 588, 610 (Gaudron, McHugh, Gummow, Kirby, and Hayne JJ).

45 (2022) 96 ALJR 89, 135 [190]; (2022) 312 IR 1; [2022] HCA 1 [190]. Concerning a copyright case: *Gold Peg International Pty Ltd v Kovan Engineering (Aust) Pty Ltd* [2005] 225 ALR 57.

46 The appellant contends that, in any event, both obviousness and business efficacy are established, such that the term ought to be implied into the informal contracts.

47 FC [192] (Jackson J), JCAB, 113.

37. Requiring the photos to be removed after conclusion of the marketing campaign (whatever that may mean) would deprive the admitted licence of any workable commercial operation.

Sublicence Issue

38. Of the 20 transactions the subject of the proceedings below the primary judge found that the objective circumstances were such that it is to be inferred from the conduct of Hardingham, REMA and the agencies that the agencies were authorised (by way of licence) to upload the Works to the REA platform on REA's usual terms and conditions (which granted a licence including a right to sublicence).[48]

10 39. The majority found that any inference required actual knowledge of the term to be inferred.[49]

40. The appellant contends this was an error because it ignores two things: the unchallenged factual findings as to the dealings between Hardingham, REMA and the agencies and what the objective theory of contract requires – that the terms of a contract be inferred from all the circumstances.[50]

41. Instead the majority became concerned with the gravity of the licence and its legal form. But there was no meaningful attempt by the majority to weigh these circumstances against the other circumstances of the case.

42. It was known to the agencies, REMA and Hardingham that the Works were
20 uploaded to RPD's platform (because this was an objective purpose of the engagements). After the 2014 letters Hardingham and REMA knew that RPD obtained the Works under licence from REA.[51]

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48 PJ [78], JCAB, 29.

49 FC [99], JCAB 84-85; cf PJ [78], JCAB, 29; FC [190], JCAB, 112.

50 *Hawkins v Clayton* (1988) 164 CLR 539, 570; *Byrne v Australian Airlines Ltd* (1995) 185 CLR 410, 422-423; *Breen v Williams* (1998) 186 CLR 71, 102-103.

51 There is no meaningful difference between the terms of the licence set out in RPD's letter and cl 5(a) of REA's terms as applied at the relevant time. The licence contended for authorised the agencies to upload the Works onto REA's platform on its usual terms and conditions as existed from time to time.

43. Possessed of this knowledge Hardingham and REMA continued to deal with the agencies without change and they set fees accordingly.[52] They did nothing to inform the agencies of any limit to their licence and nor did they reserve copyright in the Works, delayed 4 years before commencing the proceeding below and made no claim against REA or the agencies. It may well have been the case if Hardingham and REMA had said to the agencies they were not authorized to give a license to REA in accordance with its terms and conditions those agencies would have retained a different photographer.[53]

44. It is true that the effect of the licence impacted copyright subsisting in the Works. But Hardingham, REMA and the agencies proceeded with the engagements in any event. They did so to achieve an objective purpose of the engagements. That was to allow the Works to be uploaded to the REA platform on its usual terms and conditions and to allow agencies to effectively market the properties for sale or lease.

Statutory Construction Issue

45. Section 15 of the Act is concerned with whether the existence and scope of an effective licence is found in a consent binding the copyright owner other than by contract.[54] The primary judge held that s 15 of the Act was engaged[55] but the Full Court did not consider it.

46. The objective purpose of the engagements was to use the Works in marketing properties for sale or lease. The unchallenged findings below[56] establish that the licence to the agencies authorised them to upload the Works to the REA platform.

47. It was not established that RPD's acts went beyond what was permitted by the licence granted by Hardingham and REMA to the agencies.[57] The RPD platform does not meaningfully depart from the REA platform.

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52 FC [188]-[189], JCAB, 111-112.
53 PJ [76], JCAB, 28.
54 *Concrete Pty Ltd v Parramatta Design & Developments Pty Ltd* (2006) 229 CLR 577 [10], [121]-[124].
55 PJ [81], JCAB, 29-30.
56 And the licence Hardingham and REMA accepted they granted to the agencies.
57 PJ [82], JCAB, 30; FC [68](18); JCAB, 70-71.

48. On the proper construction of s 15,[58] by reason of the arrangements between Hardingham, REMA and the agencies, REA was authorised to use the Works as it did. Section 15 deems RPD's acts to have been done with the licence of Hardingham and REMA.[59]

Part VII: Orders sought

49. The appellant seeks the following orders:

    (a) The appeal is allowed.

    (b) The orders made by the Full Federal Court of Australia made on 8 September 2021, 13 September 2021, and 1 October 2021, are set aside, and the appeal is dismissed.

    (c) The first and second respondents pay the appellant's costs of the appeal to the Full Federal Court of Australia.

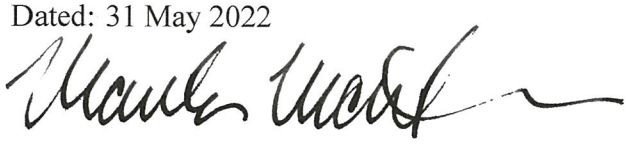
    (d) The order of the Federal Court of Australia made on 17 December 2019 is reinstated.

    (e) The first and second respondents pay the appellant's costs of the application for special leave to appeal and this appeal.

Part VIII: Estimate of appellant's oral argument

50. The appellant estimates that 2 hours will be required for the presentation of its oral argument, and 30 minutes in reply.

Dated: 31 May 2022



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58 See *Foots v Southern Cross Mine Management Pty Ltd* (2007) 234 CLR 52, 82-83 (Kirby J).
59 See *Beck v Montana Constructions Pty Ltd* [1064-5] NSWR 220, 303.

ANNEXURE

CONSTITUTIONAL AND STATUTORY PROVISIONS

1. *Copyright Act 1968* (Cth) (Compilation No 60), s 15.