HIGH COURT OF AUSTRALIA

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IN THE HIGH COURT OF AUSTRALIA
SYDNEY REGISTRY **No. S57 of 2022**

BETWEEN:

REALESTATE.COM.AU PTY LTD
Appellant

AND:

JAMES KELLAND HARDINGHAM
First respondent

REAL ESTATE MARKETING AUSTRALIA PTY LTD
Second respondent

RP DATA PTY LIMITED
Third respondent

APPELLANT'S SUBMISSIONS

I. CERTIFICATION

1. This submission is in a form suitable for publication on the internet.

II. STATEMENT OF ISSUES

2. In considering the implication of terms in fact in an informal commercial contract, is the criterion of obviousness a necessary one or is it sufficient if, in the circumstances of the particular case, the term is necessary for the reasonable or effective operation of the contract?

3. In inferring the terms of an informal commercial contract under the objective theory of contract, is there any requirement to demonstrate actual knowledge of the terms, at all or by reference also to their putative effect, other than by an assessment of the surrounding circumstances and commercial purpose from the position of the reasonable business person?

4. Is the effect of s 15 of the *Copyright Act 1968* (Cth) that the acts of a third party authorised by a licensee of a copyright work are taken to be authorised by the copyright owner, regardless of whether or not the licensee's licence included a licence to sub-license or authorise others to do acts within the scope of the licensee's licence?

III. SECTION 78B NOTICES

5. No notices under s 78B of the *Judiciary Act 1903* (Cth) are required.

IV. CITATIONS

6. The reasons of the primary judge (Thawley J) are reported as *Hardingham v RP Data Pty Ltd* (2019) 147 IPR 489, [2019] FCA 2075 (**PJ**).

7. The reasons of the Full Court (Greenwood J, Rares J and Jackson J) are reported as *Hardingham v RP Data Pty Ltd* (2021) 295 ALR 644, 162 IPR 1, [2021] FCAFC 148 (**FCJ**).

V. FACTS

Background

8. The subject matter of the proceedings is a claim by the first respondent (**Mr Hardingham**) and the second respondent (**REMA**) that the third respondent (**RP Data**) infringed the copyright owned by Mr Hardingham in artistic works consisting of photographs taken by him and floor plans drawn by him.[1] The appellant (**REA**) was not sued by Mr Hardingham and REMA but is the subject of a yet to be determined cross-claim by RP Data for indemnity under the agreements by which REA supplied to it the relevant artistic works. REA was given leave to defend the infringement allegations.[2]

Findings

9. Mr Hardingham is a professional photographer and the sole director of REMA, the exclusive licensee of Mr Hardingham's copyright in the artistic works.[3] Since its incorporation in November 2009, REMA was commissioned by real estate agencies to produce photographs and floor plans for use in marketing campaigns for the sale or lease of properties.[4]

10. The evidence about the arrangements was minimal and there was no distinction between each of the 20 transactions that were the subject of the trial of the separate question of liability for copyright infringement.[5]

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[1] Copyright in an artistic work includes the exclusive right to reproduce the work and to communicate it by making it available online or transmitting it digitally to the public and to authorise such conduct: s 31(1)(b)(i), (iii), s 36, s 10(1) ("*communicate*") *Copyright Act*.

[2] PJ [4]-[6], [26] (CAB 9-10, 18); FCJ [43] (CAB 62); FCJ [126], [145] (CAB 93, 97).

[3] PJ [1], [22] (CAB 9, 17); FCJ [4] (CAB 52); FCJ [122] (CAB 92).

[4] PJ [1], [8] (CAB 9, 10); FCJ [5] (CAB 52); FCJ [122] (CAB 92).

[5] PJ [5]-[8] (CAB 10); FCJ [6] (CAB 52); FCJ [130] (CAB 94).

11. An agent, on behalf of the agency, would typically request that Mr Hardingham attend a particular property and take photographs to be used in a marketing campaign. Mr Hardingham's evidence of a typical engagement was that the agent would say "*Hi James, we have just listed [property address]. The campaign is due to start [date]. Can you attend this week to take photos for the campaign?*". Sometimes the request extended to floor plans.[6]

12. Mr Hardingham took photographs and prepared floor plans. The agencies received copies from REMA in an editable digital form. The agencies paid invoices issued by REMA. The agencies uploaded the photographs and floor plans to the realestate.com.au platform comprising website and mobile applications provided by REA. The photographs were also published on the agencies' websites and in brochures, magazines and general advertising material.[7]

13. REA sells subscriptions to real estate agencies which permit them to list residential properties on the realestate.com.au platform. The agencies entered into a subscription agreement which included an express acknowledgement that the 'Terms and Conditions' on realestate.com.au, and at all relevant times available on-line to be viewed by any person, formed part of the agreement between REA and the agencies. Those terms included clause 5(a) by which the agencies relevantly granted REA "*an irrevocable, perpetual, world-wide, royalty free licence to publish, copy, licence to other persons, use and adapt for any purpose related to our business*" in respect of content provided by the agencies.[8] That term did not change; that is to say, it remained in the same form.

14. The realestate.com.au platform contains extensive information about properties marketed for sale or lease. It has had a "*Sold*" section since 2003 which enables users to retrieve historical information about each property that has been listed for sale on realestate.com.au. Since 2015, it has had a "*Property Value*" section which permits users to obtain historical information about each property. Both sections include photographs and floor plans previously uploaded by real estate agencies.[9] Like any website, the

[6] See PJ [8] (CAB 10); FCJ [6]-[7] (CAB 52-53); FCJ [127], [130] (CAB 93, 94).
[7] See PJ [9]-[10] (CAB 10); FCJ [9] (CAB 53); FCJ [132] (CAB 94).
[8] See PJ [11]-[13] (CAB 11); FCJ [10] (CAB 54); FCJ [134]-[135] (CAB 94-95).
[9] See PJ [14] (CAB 12); FCJ [12]-[13] (CAB 55); FCJ [136] (CAB 95).

realestate.com.au website could be viewed from, and the photographs and floor plans were accessible in, effectively any location in the world.

15. RP Data, via www.corelogic.com.au, provides an internet subscriber-based service known as RP Data Professional. This permits real estate professionals and investors to conduct research on properties for the purposes of marketing and in order to establish their market value. The information about properties that is available via this service includes photographs and floor plans provided by REA pursuant to data licence agreements between REA and RP Data.[10]

16. Agents commissioning works on behalf of their agency are likely to have used one or both of realestate.com.au and RP Data Professional in order to provide advice to their clients in relation to the likely sale price or market rental which might be achieved and would have done such research on a number of occasions in relation to numerous properties. Agencies regularly access photographs and floor plans relating to completed sale and lease transactions and were aware that the works uploaded by them remained available, including as historical information, on the realestate.com.au platform and on RP Data Professional.[11] The ability to correlate an historical price at which a property was sold with photographs and floor plans reflecting its appearance and configuration as at that date provides useful information for agencies and potential vendors and buyers of properties generally.[12]

17. Mr Hardingham and REMA knew that one of the purposes for which the photographs and floor plans had been commissioned from REMA was to upload them to the realestate.com.au platform because the properties could not be effectively marketed otherwise.[13]

18. To do that, the agencies had to agree to REA's standard terms and conditions. The images were uploaded in accordance with those terms and conditions. There was no real ability for the agencies to negotiate those conditions.[14]

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[10] See PJ [2]-[3], [15]-[17] (CAB 9, 13-14); FCJ [14]-[19] (CAB 56-58); FCJ [137] (CAB 95).

[11] See PJ [63] (CAB 25); FCJ [55] (CAB 64); FCJ [148] (CAB 98).

[12] PJ [60], [63] (CAB 25); FCJ [193] (CAB 113).

[13] See PJ [9], [59], [68] (CAB 10, 25, 27); FCJ [48]-[51], [63]-[64] (CAB 63-66); FCJ [148], [189(1)] (CAB 98, 111).

[14] See PJ [11]-[12], [59], [67], [70] (CAB 11, 25, 27); FCJ [10]-[11], [48]-[52], [62]-[63], [68(1), (12)] (CAB 54-55, 63-66, 69-70); FCJ [148], [189(2)] (CAB 98, 111).

19. Mr Hardingham and REMA and the agencies knew that REA would leave the images for each property on realestate.com.au after the marketing of the property ceased. They also knew from at least 2014 that RP Data would obtain the images from realestate.com.au and would keep them available on its website after the marketing of the property had ceased.[15]

20. Mr Hardingham and REMA and the agencies either knew or must have assumed that REA's standard conditions contemplated that REA could make the images available to RP Data, including for display after the marketing of the property had ended. Mr Hardingham and REMA both dealt with the agencies and set their fees with the above knowledge.[16]

21. The photographs and floor plans the subject of the 20 transactions were all provided after a letter of demand dated 28 January 2014 from Mr Hardingham's and REMA's solicitors to RP Data asserting infringement of copyright by RP Data and RP Data's solicitor's response.[17] The letter of demand reflected Mr Hardingham's and REMA's awareness of the photographs and floor plans being available on the RP Data website. RP Data's solicitor's response confirmed to Mr Hardingham and REMA that the works were provided by REA and stated that the terms on which the agencies provided the works to REA included the grant of a worldwide, perpetual, irrevocable, royalty free and transferable licence to use, reproduce, adapt, distribute and publish the works.[18] There was no evidence that the invoices issued by REMA in relation to the 20 works provided after this letter resulted in any increase in fees charged. The proceedings were not commenced until 16 July 2018.[19]

22. It was not commercially realistic for the agreement between Mr Hardingham and REMA and the agencies to be one under which the agencies could not give REA the licence they had to give, in order to be able to upload the images to REA so as to fulfil the purpose of having commissioned them.[20]

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[15] See PJ [60]-[62], [64], [68] (CAB 25-27); FCJ [53]-[54], [56]-[59], [65]-[66] (CAB 64-66); FCJ [148], [189(3)] (CAB 98, 111).

[16] See PJ [66]-[75] (CAB 26-28); FCJ [61]-[67], [68(2), (7)-(12)] (CAB 65-66, 68-70); FCJ [153], [189(4)] (CAB 100, 112).

[17] PJ [18], [19] (CAB 15); FCJ [9] (CAB 53).

[18] PJ [19] (CAB 15).

[19] PJ [23] (CAB 17).

[20] See PJ [77] (CAB 28); FCJ [68(14)] (CAB 70); FCJ [189(5)] (CAB 112).

23. Mr Hardingham and REMA adduced no evidence that they: (i) sought to impose any restriction on the way in which the agencies dealt with REA; (ii) informed the agencies that they were not authorised to give a licence to REA or to give the licence set out in REA's terms and conditions; (iii) sought to draw to the attention of any of the agencies that they took the position that the agencies could only give a limited licence to REA which terminated on completion of the relevant transaction or that the agencies could not give the licence set out in the REA terms and conditions; (iv) sought to limit use of the works by the agents or REA or limit the time during which the works could be made available to the public by the agencies or REA.[21] Although Mr Hardingham gave affidavit evidence that he had not granted a licence to or authorised RP Data to reproduce or publish the works, that evidence was not admitted as to the fact but only as to his understanding.[22]

24. There was no evidence that Mr Hardingham or REMA imposed any restriction on the nature or extent of alterations that could be made to the works provided in "*editable digital form*". There was no evidence that Mr Hardingham or REMA had any use themselves for historical photos of properties such as the exterior or interior of a home unit. No claim was made that REA or any of the agencies was precluded from keeping the works on their own websites or as part of their business records forever or showing them or publishing them to any person for any purpose whatsoever.[23] There was no suggestion that physical brochures including the works could not be retained and shown to any person for any purpose.

VI. APPELLANT'S ARGUMENT

25. The contractual issue at trial and on appeal was whether it was an implied or inferred term of the agreements between the Hardingham respondents and the agencies that the Hardingham respondents agreed that the agencies were authorised by way of licence from them to grant REA a licence in respect of the respondents' works in the form required by REA and contained in their usual terms and conditions.

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[21] See PJ [65] (CAB 26); FCJ [60] (CAB 65); FCJ [149] (CAB 99).

[22] *Cf.* FCJ [75] (CAB 72); Transcript (trial) p 39.5-8 (CAB 137, item 33 and AFM, item 1, p 4). No challenge was made to that ruling.

[23] To the contrary, there was evidence of the continued presence of some images of properties the subject of the separate question on both agencies' profile pages on the realestate.com.au platform *and* agencies' own websites: see, respectively, CAB 136, item 27 and AFM, item 2, pp 5-50 (esp. at pp 7, 8, 11, 12, 14, 17, 20, 29, 32, 35, 45 and 48) and CAB 137, item 28 and AFM, item 2, pp 51-79.

26. As mentioned, at all times the form of the relevant term at issue was clause 5(a) of the standard subscription agreement between agencies and REA as follows:[24]

> ***5 Your acknowledgements***
>
> *You acknowledge and agree that at all times during the Term of the Agreement:*
>
> *(a) in consideration for us granting a right to upload listings to the Platform, and the other services we provide, you grant us an irrevocable, perpetual, world-wide, royalty free licence to publish, copy, licence to other persons, use and adapt for any purpose related to our business any content you provide to us during the Term, and this licence survives termination of this Agreement by you or us; … .*

27. It was common ground at trial that Mr Hardingham and REMA accepted that REMA licensed the real estate agencies to use the photographs and floor plans for the purpose of marketing the properties for sale or lease and that this included the right to grant a sub-licence.[25] But Mr Hardingham and REMA pleaded in reply that the licence ended at the completion of the particular sale or lease transaction.[26] They adduced no evidence in support of that particular contended constraint.[27]

Primary judge's reasons

28. Some findings of the objective facts made by the primary judge warrant emphasis.

29. His Honour found that an express term of each of the agreements between the respondents and an agency was that the respondents agreed for reward to attend a property identified by the agency and take photographs or make floor plans for use in a marketing campaign.[28] Plainly, the photographs and floor plans would not be brought into existence without the arrangement. The Hardingham respondents had no occasion to take such photographs, with neither knowledge of nor access to the relevant property.

30. The primary judge found that one of the principal purposes of each of the agreements was the creation of photographs and floor plans so that they could be loaded on to the realestate.com.au platform as part of a marketing campaign.[29] That finding was not disturbed on appeal.[30] Thus, that purpose—the creation of photographs and floor plans

[24] PJ [11], [12] (CAB 11); FCJ [10] (CAB 54).
[25] See PJ [24], [54]-[55] (CAB 17, 23); FCJ [30], [34] (CAB 60); FCJ [143] (CAB 97).
[26] See PJ [24(4)], [56] (CAB 17, 24); FCJ [46] (CAB 63); FCJ [143] (CAB 97).
[27] See paragraph 23 above.
[28] PJ [8] (CAB 10); FCJ [6] (CAB 52); FCJ [130] (CAB 94).
[29] PJ [9], [59] (third bullet point) (CAB 10, 25).
[30] FCJ [10], [51], [87] (CAB 54, 64, 82); FCJ [132], [148], [189(1)]) (CAB 94, 98-99, 111).

for uploading to the realestate.com.au platform as part of a marketing campaign—was a mutual purpose or objective of each of the agreements.

31. A mutually known objective fact found by the primary judge, and not disturbed on appeal, was that loading photographs and floor plans for a marketing campaign on the realestate.com.au platform meant that they remained accessible to all under the "*Sold*" section without limitation as to time, to assist site visitors to understand past and present values of properties.[31] In other words, the photographs and floor plans were accessible in perpetuity by any person, anywhere in the world, with nothing to suggest any limit on the persons to whom realestate.com.au could provide those images. It is those same historical images used by RP Data for the same purpose of informing historical and current values.

32. A further mutually known objective fact found by the primary judge, and not disturbed on appeal, is that the photographs and floor plans would be loaded on the realestate.com.au website in accordance with terms imposed by REA.[32]

33. Whether or not the respondents or the agencies read REA's usual terms, his Honour found that they were freely available on the realestate.com.au website.[33]

34. His Honour also found, as an objective fact, that a real estate agency had no practical ability to negotiate different terms to the standard REA terms, a finding again not disturbed on appeal.[34]

35. Accordingly, the primary judge found[35] that the purpose of uploading the works to the realestate.com.au platform was "*central to the objective sought to be achieved by the parties*". That finding was not disturbed on appeal. Further, his Honour found[36] that "*[t]hat objective could not be achieved unless the agencies granted [REA] the licence contained in REA's terms and conditions*". The agencies "*could not lawfully grant [that] licence … unless the [Hardingham respondents] authorised them*" to do so.

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[31] PJ [60]-[63] (CAB 25); FCJ [53] (CAB 64); FCJ [148] (CAB 98). (See also paragraph 14 above.)
[32] PJ [67] (CAB 27); FCJ [62], [97] (CAB 65, 84); FCJ [148], [184], [189(2)] (CAB 98, 110, 111).
[33] PJ [11], [67] (CAB 11, 27); FCJ [10], [62] (CAB 54, 65); FCJ [158] (CAB 103).
[34] PJ [59] (CAB 25); FCJ [52] (CAB 64); FCJ [148], [189(2)] (CAB 98, 111).
[35] PJ [79] (CAB 29).
[36] PJ [79] (CAB 29).

36. In the result, the primary judge found[37] that it followed that it was to be inferred as a term of the agreements between the agencies and the Hardingham respondents or implied as a term of those agreements in order to give business efficacy that the agencies were authorised, by way of licence from the Hardingham respondents, "*to upload the photographs and floor plans to the realestate.com.au platform and grant to REA a licence in the form required by REA and contained in REA's usual terms and conditions*" (that is to say, equivalent to clause 5(a) set out above[38]).

Full Court's reasons

Implied term

37. Justice Greenwood did not find that the business efficacy test was not satisfied (at least considered separately) but found[39] that an implied term in fact needed to satisfy the obviousness test and it did not do so.[40] Justice Rares agreed[41], but additionally found that the term did not satisfy the business efficacy test.[42] Justice Jackson found that the term satisfied the business efficacy test and therefore should be implied.[43] His Honour did not regard satisfaction of the obviousness test as essential[44] but noted that if it was, there was greater doubt as to whether that test was satisfied,[45] although he did not decide the question.[46] In the result, the question as to whether the obviousness test is essential was determinative in the Full Court.

38. Justice Rares found that the relevant term was not necessary for business efficacy (FCJ [111]). The stated reason was: "*It was not necessarily the case that every agency with the appellants might deal did advertise on REA's website*". On that basis, his Honour reasoned that the term could not be implied as a matter of necessity in the case of those agencies not intending to upload the images on the realestate.com.au website. That reasoning involved error because the primary judge found that one of the principal

[37] PJ [78] (CAB 29).
[38] See paragraph 26.
[39] FCJ [82(24)] (CAB 79).
[40] FCJ [103] (CAB 86).
[41] FCJ [107] (CAB 88).
[42] FCJ [111] (CAB 89).
[43] FCJ [194] (CAB 113).
[44] FCJ [181] (CAB 109).
[45] FCJ [195] (CAB 113-114).
[46] FCJ [197] (CAB 114).

purposes of each of the agreements the subject of the determination was the creation of photographs or floor plans so that they could be loaded on to the realestate.com.au website.[47] That finding was neither challenged nor overturned on appeal.[48] Business efficacy contemplates giving the transaction such efficacy as both parties intended. Here, the mutual purpose of both parties was that the images be loaded on the realestate.com.au website.

39. Justice Greenwood reasoned that to be implied a term had to be so obvious that it goes without saying[49] and that requirement was not satisfied in the present case and, for *that* reason, the term did not satisfy the business efficacy requirement.[50] His Honour did not support Rares J's separate reason as to why the term did not satisfy the business efficacy requirement.[51]

40. Justice Greenwood (Rares J agreeing) reasoned that the term did not satisfy the obviousness requirement because it was "*significantly against the interests of the [respondents]*" and the term had a "*partisan operation*".[52] The difficulties with that reasoning include the following.

41. *First*, his Honour did not suggest error in the primary judge's reasoning that the term needed to be implied to give business efficacy to the agreements between the Hardingham respondents and the agencies otherwise they would have failed to deliver what was objectively intended to be acquired by the agencies in commissioning the works, namely works which could fulfill the objective of being uploaded on the realestate.com.au website.[53] Justice Greenwood simply noted that reasoning of the primary judge without adverse comment.[54]

42. *Secondly*, Greenwood J's reasoning that the term had a partisan operation takes no account of the unchallenged finding that a central objective of the *parties* to the agreements was the loading of the works on the realestate.com.au website. The effect of

[47] PJ [9], [59] (third bullet point) (CAB 10, 25).
[48] FCJ [10], [51], [87] (Greenwood J) (CAB 54, 64, 82); FCJ [132], [148], [189(1)] (Jackson J) (CAB 94, 98, 111).
[49] FCJ [82(24)] (CAB 79).
[50] FCJ [103] (CAB 86).
[51] FCJ [105] (CAB 87).
[52] FCJ [103] (CAB 86).
[53] PJ [78], [79] (CAB 29).
[54] FCJ [68](17) (CAB 70).

that finding is that it was a mutual objective. It follows that if that mutual objective could only be achieved by the implied term, there is no sense in which it could be said that it operated in a partisan fashion. The works would not have been commissioned but for the agreements and there was no point in their creation unless they could be loaded on to the realestate.com.au website.

43. *Thirdly*, in considering whether it could be presumed that the parties would have agreed to the term if they had applied their minds to it, Greenwood J prayed in aid the possibility that although the agencies would no doubt have agreed to the implied term, the respondents "*might have taken a different view*". In so doing his Honour applied a test based on a subjective assessment of the particular parties.[55] The correct test is an objective test.[56] As an objective question, the parties would have agreed to the term because that was the only way the agreements could achieve the mutual purpose. Speculation as to whether the particular parties subjectively would or would not have agreed is irrelevant.

44. *Fourthly*, contrary to Greenwood J,[57] neither the perpetual worldwide irrevocable licence aspect of the term nor the (somewhat commercially implausible) possibility that the same images might be used in later marketing campaigns, advances or alters the debate. The point remains that that was the term which was required and the works would not have existed absent that term being implicitly agreed. Moreover, in any event, it was a mutually known precontractual fact that the works remained on the realestate.com.au website indefinitely post any sale for viewing and presumably downloading by any person situated anywhere in the world.[58]

45. *Fifthly*, this is not a case like *Codelfa Construction Pty Ltd v State Rail Authority of New South Wales*[59] where the Court found that it was necessary to imply a term to give business efficacy to an agreement for the building of the Sydney eastern suburbs railway tunnel when the availability of the mutually assumed 24 hour-a-day tunnelling shifts proved unfounded due to noise restrictions. In that case, although the business efficacy requirement was satisfied, the inability of the Court to determine the content of a relevant

[55] FCJ [103] (CAB 86).
[56] See Jackson J at FCJ [196] (CAB 114).
[57] FCJ [103] (CAB 86).
[58] PJ [14] (CAB 12). See paragraph 14 above.
[59] (1981) 149 CLR 337.

implied term precluded the obviousness requirement being satisfied.[60] For example, it could not be said that a term for a higher fee or a longer contract period, for example, was the appropriate implied term.

Inferred term

46. The primary judge and Jackson J found that there was an inferred term authorising the agencies to upload the images and to do so those agencies had to agree to REA's standard terms and conditions.[61] This was based on the unchallenged factual findings as to the dealings between the agencies and the Hardingham respondents for those agencies to get photographs and floor plans of properties for their marketing on the realestate.com.au platform, which has sold listings.

47. The majority, however, found that any inference required actual knowledge of the inferred term.[62] Justice Greenwood J (Rares J agreeing) erected an evidential burden requiring REA to prove the particular *form* of the licence.[63] In so doing, Greenwood J imposed a threshold of *actual knowledge* of the "*precise scope*" because of his Honour's view of the "*gravity*" of the effect of REA's standard terms and conditions.[64] No authority was cited for that approach. The errors in that reasoning are as follows.

48. *First*, an inquiry into the subjective knowledge of the parties is contrary to the objective ascertainment of the contracts between the parties in the light of the surrounding circumstances and commercial purpose. The legal rights and obligations of the parties turn upon what their words and conduct would be reasonably understood to convey, not upon actual beliefs or intentions.[65]

49. *Secondly*, and relatedly, the imposition of the particular evidential burden on REA misapprehends that task of objective ascertainment. A significant matter in Greenwood J's reasons was Mr Hardingham's "*evidence*" that he had not licensed RP Data, the failure to cross-examine on that evidence and that that evidence satisfied

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[60] *Codelfa* at 355-356 per Mason J; see also at 374-375 per Aickin J.

[61] PJ [78] (CAB 29); FCJ [190] (CAB 112).

[62] FCJ [99] (CAB 84-85).

[63] FCJ [99] (CAB 84-85), with FCJ [75]-[79] (CAB 72).

[64] FCJ [99] (CAB 84-85).

[65] *Equuscorp Pty Ltd v Glengallen Investments Pty Ltd* (2004) 218 CLR 471, [2004] HCA 55 at [34] per Gleeson CJ, McHugh, Kirby, Hayne and Callinan JJ. See also *Taylor v Johnson* (1983) 151 CLR 422 at 428-429 per Mason A-CJ, Murphy and Deane JJ, cited in *Byrnes v Kendle* (2011) 243 CLR 253, [2011] HCA 26 at [59] per Gummow and Hayne JJ.

Mr Hardingham's onus of proving lack of a licence.[66] In error, his Honour failed to advert to the limited basis on which that evidence was admitted such that it could *not* have satisfied the onus.[67] That ruling rendered cross-examination otiose as it confirmed the central relevance of the objective facts and circumstances in ascertaining the contract. As mentioned, they included the unchallenged findings that the photographs and floor plans would be loaded on the realestate.com.au platform in accordance with terms imposed by REA[68] which were freely available on the realestate.com.au website[69] and, as for the relevant clause, unchanged.[70] Contrary to Greenwood J, in these circumstances, nothing required REA to go further and "*adduce evidence that the scope of the express oral licence … included a term authorising the agencies to grant a sub-licence in the form of the text of … clause 5 …*".[71]

50. *Thirdly*, his Honour's assessment of the "*gravity*" of the clause is irrelevant and has no principled foundation. His Honour did not explain any peculiar significance of copyright rights or the "*gravity*" of dealing with those rights in relation to the photographs and floor plans by way of licence consistently with clause 5(a). Whatever was intended to be conveyed by "*gravity*", it is not reconcilable with an analysis of the potential severity of operation of a putative contractual term.[72] There was, in any event, nothing severe nor grave: the Hardingham respondents were paid for the works produced and the real estate agencies who commissioned and paid for those works got to use them on those agencies' websites and the realestate.com.au platform to which those agents subscribed on REA's published ordinary terms and conditions.

Must an implied term satisfy both business efficacy and obviousness?

51. The requirements for implication of an implied term in fact were stated by the Privy Council in *BP Refinery (Westernport) Pty Ltd v Shire of Hastings*[73]. *BP Refinery* concerned the construction of a written agreement. The Privy Council concluded that

[66] FCJ [75]-[78].

[67] The evidence was limited to his understanding (see paragraph 23 (final sentence and footnote 22) above).

[68] PJ [67] (CAB 27); FCJ [62], [97] (CAB 65, 84); FCJ [148], [184], [189(2)] (CAB 98, 110, 111).

[69] PJ [11], [67] (CAB 11, 27); FCJ [10], [62] (CAB 54, 65); FCJ [158] (CAB 103).

[70] PJ [12] (CAB 12).

[71] FCJ 79 (CAB 72) (emphasis original).

[72] In the context of implied terms, *cf. Hospital Products Ltd v United States Surgical Corp* (1984) 156 CLR 41 at 95 per Mason J.

[73] (1977) 180 CLR 266 at 283.

there were five conditions "*which may overlap*" for a term to be implied: (1) it must be reasonable and equitable; (2) it must be necessary to give business efficacy to the contract, so that no term will implied if the contract is effective without it; (3) it must be so obvious that "*it goes without saying*"; (4) it must be capable of clear expression; (5) it must not contradict any express term of the contract.

52. In support of those conditions, their Lordships cited three passages.

53. The first is from *The Moorcock*[74] where Bowen LJ said "*... what the law desires to effect by the implication is to give such business efficacy to the transaction as must have been intended at all events by both parties ...*". Language of the third condition is not mentioned in the cited passage of the full report.

54. The second is from *Riegate v Union Manufacturing Co*[75] in which Scrutton LJ used language of both business necessity and obviousness.

55. The third is from *Shirlaw v Southern Foundries (1926) Ltd*[76] in which MacKinnon LJ used language referable only to obviousness.

56. In short, only one of the cited passages identified both conditions (2) and (3). None of the other conditions was specifically mentioned.

57. More recently, in *Marks and Spencer plc v BNP Paribas Securities Services Trust Co (Jersey) Ltd*[77], the Supreme Court considered whether both business necessity and obviousness were cumulative requirements and determined that they were not and "*can be alternatives in the sense that only one of them needs to be satisfied, although I suspect that in practice it would be a rare case where only one of those two requirements would be satisfied*".[78] It was emphasised that any implication is not concerned "*with the hypothetical answer of the actual parties, but with that of notional reasonable people in the position of the parties at the time at which they were contracting*" and that business

[74] (1989) 14 PD 64 at 68.

[75] [1918] 1 KB 592 at 605.

[76] [1939] 2 KB 206 at 227.

[77] [2016] AC 742, [2015] UKSC 72.

[78] Per Lord Neuberger of Abbotsbury PSC (with whom Lord Sumption and Lord Hodge JJSC agreed) at [21]; Lord Carnwarth JSC at [57], [73]; Lord Clarke of Stone-Cum-Ebony JSC at [75], [77]. See also *Attorney General of Belize v Belize Telecom Ltd* [2009] 1 WLR 1988, [2009] 2 All ER 1127, [2009] UKPSC 10 at [27]; *Geys v Societée Generale, London Branch* [2013] 1 AC 523, [2012] UKSC 63 at [55]; *Arnold v Britton* [2015] AC 1619, [2015] UKSC 36 at [112].

necessity is not concerned with absolute necessity but whether, without the term, "*the contract would lack commercial or practical coherence*"[79].

58. In this Court, support for the view that at least in informal contracts such as the present, business necessity is a sufficient condition without a need to satisfy obviousness is found in Deane J's statement in *Hawkins v Clayton*[80] that "*where it is apparent that the parties have not attempted to spell out the full terms of their contract, a court should imply a term by reference to the imputed intention of the parties, if but only if, it can be seen that the implication of the particular term is necessary for the reasonable or effective operation of a contract of that nature in the circumstances of the case*".

10 59. That statement has been applied in *Byrne v Australian Airlines*[81] and *Breen v Williams*.[82]

60. In Australia, they have sometimes been posed as alternatives, with a "*necessary connection*" in *Westpac Banking Corp v Bell Group Ltd (in liq) (No 3)*[83]. Other cases have treated them as separate: *Grocon Constructors (Vic) Pty Ltd v APN DF2 Project 2 Pty Ltd*[84]; *Regreen Asset Holdings Pty Ltd v Castricum Brothers Australia Pty Ltd*[85]; *ASC AWD Shipbuilder Pty Ltd v Ottoway Engineering Pty Ltd*[86]. In some cases, they have been said to have significant overlap: see *Yau's Entertainment Pty Ltd v Asia Television Ltd*[87] and *State of New South Wales v Banabelle*[88] both of which were cited by Jackson J.[89] Each of these cases concerned written agreements. With an agreement that was partly written and partly oral, a more simplified approach with a focus on business efficacy has
20 been applied: *Narni Pty Ltd v National Australia Bank Ltd*[90].

61. Given that the process of implication of terms is an aspect or adjunct to construction of an agreement in which the object is to identify the meaning of the agreement which

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[79] *Marks & Spencer* at [21].
[80] (1988) 164 CLR 539 at 572-573.
[81] (1995) 185 CLR 410 at 422 per Brennan CJ, Dawson and Toohey JJ, at 446 per McHugh and Gummow JJ.
[82] (1995) 186 CLR 171 at 90 per Dawson and Toohey JJ, at 102-103 per Gaudron and McHugh JJ.
[83] (2012) 44 WAR 1 at [341] per Lee A-JA.
[84] [2015] VSCA 190 at [142]-[143].
[85] [2015] VSCA 286 at [81]-[82].
[86] (2017) 129 SASR 122 at [71]-[77].
[87] (2002) 54 IPR 1, [2002] FCAFC 78 at [35] per Hely J (Sundberg J and Finkelstein J agreeing).
[88] (2002) 54 NSWLR 503, [2002] NSWSC 178 at [50], referring to *Heimann v Commonwealth* (1930) 38 SR (NSW) 691 at 695, 55 WN (NSW) 235 at 237 per Jordan CJ.
[89] FCJ [179] (CAB 109).
[90] [2001] VSCA 31 at [16]-[18] per Tadgell JA; see also at [39]-[40] per Chernov JA.

hypothetical reasonable persons would have understood the parties to have meant,[91] an approach which has the flexibility of not requiring both the second and third conditions to be satisfied ought be confirmed by this Court.

62. Assuming only business efficacy need be satisfied, the primary judge's findings make a compelling case for implying the relevant term. Even if obviousness must also be satisfied, the relevant term does satisfy the test. The parties need not be aware of the precise wording of the standard term required by REA. It is enough that the parties would have regarded as obvious, any licence to use the works which was a pre-condition to being loaded onto the realestate.com.au website.

10 **Does an inferred term require knowledge of the term?**

63. Logically, the identification of the terms of the contract is the first task,[92] including any terms to be inferred from conduct.[93] Where, as here, the contract has not been reduced to a complete written form (or at all), the evidence as to the surrounding circumstances went to identifying objectively what the terms were,[94] as part of the process of determining the common understanding to be derived from the conduct of the parties. This accords with well-established principle which does not depend upon an ascertainment of the actual intention of the parties.[95] As submitted above, the parties need not be aware of the precise wording of the standard term required by REA.

Section 15

20 64. The primary judge held that s 15 of the *Copyright Act* was also engaged as RP Data's acts were not established as "*beyond what was permitted by the licence granted by the agencies to REA*".[96] In this way, it may be said that s 15 operates as an independent basis

[91] *Codelfa* at 345 per Mason J; *Commonwealth Bank of Australia v Barker* (2014) 253 CLR 169, [2014] HCA 32 at [22] per French CJ, Bell and Keane JJ; *Belize Telecom* at [22] per Lord Hoffmann; see also, e.g., *H Lundbeck A/S v Sandoz Pty Ltd* (2022) 96 ALRJ, [2022] HCA 4 at [93] per Edelman J.

[92] *Byrne v Australian Airlines* (1995) 185 CLR 410. See also PJ [40]-[42] (CAB 20).

[93] *Hawkins v Clayton* (1988) 164 CLR 539 at 570; *Byrne* (1995) 185 CLR 410 at 422-423; *Breen v Williams* (1996) 186 CLR 71 at 91.

[94] *Byrne* at 442.

[95] See, e.g., *Henry Kendall & Sons v William Lillico & Sons Ltd* [1969] 2 AC 31 at 104, quoting *McCutcheon v David MacBrayne Ltd* [1964] 1 WLR 125 at 134, [1964] 1 All ER 430 at 437; *Chattis Nominees Pty Ltd v Norman Ross Homeworks Pty Ltd (In liq)* (1992) 28 NSWLR 338 at 343-344.

[96] PJ [81] (CAB 29-30).

for the primary judge's decision, although based on the same factual foundation as the contractual licence case.

65. The Full Court did not consider the provision.

66. By s 15, any act of RP Data will be treated as done with the licence of Mr Hardingham if the doing of the act "*was authorized by a licence binding [Mr Hardingham as] the owner of the copyright*".

67. In *Concrete Pty Ltd v Parramatta Design & Developments Pty Ltd*[97], Gummow A-CJ said that, as here, s 15 "*accommodates instances of what ordinarily would be called a sub-licence*" and "*encompasses cases where the existence and scope of an effective licence is found in a consent binding the copyright owner other than by reason solely of the principles of contractual consideration and privity*." Both Gummow A-CJ[98] and Hayne J[99] based their decision on s 15.

68. Here, s 15 operates to the ultimate benefit of RP Data because the Hardingham respondents gave consent to the use of the photos and floor plans by real estate agencies for marketing of properties on the realestate.com.au platform in accordance with REA's standard terms and conditions. On any view, and even on the admitted licence,[100] there was a consent binding the Hardingham respondents to the agencies to permit them to upload them onto the realestate.com.au platform. That was, after all, the very point of the engagement for reward of Mr Hardingham to produce those photographs and floor plans.[101] This case is encompassed within the operation of the section because, *first*, there is no contractual privity between the Hardingham respondents and REA or RP Data, *secondly*, the s 31 acts comprising the copyright (reproduction and communication) that were done by RP Data and about which the Hardingham respondents complain are the same as those done by the agencies themselves and by REA under licence from the agencies,[102] and, *thirdly*, the Hardingham respondents are bound by the consent or licence they gave the agencies in respect of those acts.

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[97] (2006) 229 CLR 577, [2009] HCA 55 at [10].
[98] *Concrete v Parramatta Design* at [11]-[16].
[99] *Concrete v Parramatta Design* at [121]-[124].
[100] PJ [24], [54]-[55] (CAB 17, 23).
[101] See, analogously, the architect plans in *Beck v Montana Constructions Pty Ltd* [1964-5] NSWR 229 at 235 per Jacobs J.
[102] PJ [81] (CAB 29-30).

Conclusion

69. Whether as an implied term in fact or an inferred term, given the admitted licence (including the right to sub-license), the primary commercial purpose of each of the transactions (to permit the agencies to upload to the realestate.com.au platform), the unchallenged factual findings, and the lack of any evidence to support the specific temporal limitation pleaded by the Hardingham respondents (namely, that the licence terminated at the end of the sale or lease transaction), there was "*no sensible objective alternative explanation*" other than that found by the primary judge (and Jackson J), namely, that Mr Hardingham and REMA licensed the agencies to upload the works to the realestate.com.au platform and "*to grant to REA a licence in the form required by REA and contained in REA's usual terms and conditions*".[103]

70. Tellingly, neither Greenwood J nor Rares J nor the Hardingham respondents explain how the contracts would work without the implied or inferred term given the unchallenged factual findings that a purpose of commissioning the works was to upload them to the realestate.com.au platform because the properties could not be effectively marketed otherwise and, to do that, the agencies had to agree to REA's standard terms and conditions. Their Honours were wrong to conclude that the alleged infringing conduct of RP Data was not licensed and that infringement had therefore been established. The appeal should be allowed.

VII. ORDERS SOUGHT

71. REA seeks the following orders:

(1) The appeal be allowed with costs.

(2) The orders made by the Full Court of the Federal Court on 8 September, 13 September and 1 October 2021 be set aside and, in their place, order that the appeal be dismissed with costs.

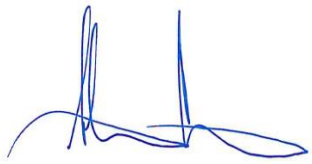
(3) The matter be remitted to the Full Court of the Federal Court for determination of the merits of the cross-appeal to that Court.

[103] FCJ [190] (CAB 112).

VIII. ESTIMATE OF TIME REQUIRED

72. The estimate of time required for the presentation of REA's oral argument is 1.5 hours.

Dated: 31 May 2022



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ANNEXURE – RELEVANT STATUTORY PROVISIONS

***Copyright Act 1968* (Cth)**

15 References to acts done with licence of owner of copyright

For the purposes of this Act, an act shall be deemed to have been done with the licence of the owner of a copyright if the doing of the act was authorized by a licence binding the owner of the copyright.