



HIGH COURT OF AUSTRALIA

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Details of Filing

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IN THE HIGH COURT OF AUSTRALIA
SYDNEY REGISTRY

S57/2022

BETWEEN:

REALESTATE.COM.AU PTY LTD
Appellant

and

JAMES KELLAND HARDINGHAM
First Respondent

REAL ESTATE MARKETING AUSTRALIA PTY LTD
Second Respondent

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RP DATA PTY LIMITED
Third Respondent

S58/2022

SYDNEY REGISTRY

BETWEEN:

RP DATA PTY LIMITED
Appellant

and

JAMES KELLAND HARDINGHAM
First Respondent

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REAL ESTATE MARKETING AUSTRALIA PTY LTD
Second Respondent

REALESTATE.COM.AU PTY LTD
Third Respondent

FIRST AND SECOND RESPONDENT'S OUTLINE OF ORAL SUBMISSIONS

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Filed on behalf of the solicitors for the
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PART I: CERTIFICATION: this outline is in a form suitable for publication on the internet.

PART II: PROPOSITIONS TO BE ADVANCED IN ORAL ARGUMENT:

A. KEY BACKGROUND ISSUES AND THE APPROACHES BELOW

1. **Copyright case** This is a copyright case.* Hardingham’s proprietary copyright rights can only be taken from him by a statutory defence [62], [73], statutory licence, an assignment, or, subject to its terms, a grant of licence. Hardingham as the owner of copyright in the photographs and the floor plans had to establish the elements of *Copyright Act 1969* (Cth) s. 36 *vis-à-vis* the person being sued; here RP Data. All elements but absence of licence were admitted or common ground. In correspondence in 2014 Hardingham asserted his rights against RPD. RPD asserted a licence derived from REA and in turn from the real estate agencies with whom Hardingham dealt. Hardingham did not accept that. Some years elapsed. The passage of time and RPD’s arguments about it (RPDS[43]) are irrelevant. No defence of laches, acquiescence or estoppel was raised. The primary right in issue is the communication right, the use of which is ongoing.
2. **Onus** [25]-[27] Hardingham as copyright owner accepts the onus to establish absence of licence, but the evidentiary burden shifts on *prima facie* evidence of absence of licence. Typically the copyright owner says it can find no record of a licence to the defendant. Hardingham gave equivalent evidence. It was limited at trial to his understanding but still suffices; & anyway the shift of evidentiary burden was conceded. A party (eg RPD, REA) propounding a licence bears the burden, as does any party propounding an inferred or implied term. REA/RPD bore the onus on the term(s) they propounded.
3. **Conclusions from primary facts** [17]-[24] The primary judgment (PJ) inferred or otherwise implied into the contract between the real estate agents and Hardingham a licence having “the scope” of REA’s “usual terms and conditions”. (The relevant REA term was cl 5(a).) Thawley J did that upon the foundation of some limited, undisputed primary facts. These include that the overwhelming majority of real estate agents use the REA website, the prospect of selling or leasing a property is enhanced by use of that website, and uploading the photographs and the plans to it was one of the principal purposes for their being commissioned (ie there were at least other principal purposes). His Honour found that Hardingham and the agents knew that the photographs and floorplans were not removed from the REA website once a property was sold. His Honour further found that after Hardingham’s complaint in 2014, when RPD notified him of (the incorrect text of) a term in the agency/REA subscription agreement, he did not seek to impose restrictions on the use of his works; in effect he carried on as before. He had no need to impose restrictions –he did not need to: the *Copyright Act* does that. (The Appellants curiously say that his pricing after 2014 must have taken account of the RPD use of which he complained, which it did not – otherwise he might actually have condoned the activity.) From these facts the Thawley J concludes that the agents must have assumed that REA had the “right” to continue communicating the works, including by providing them to a third party, and that “right” needed to come from them; so they must have obtained that from Hardingham. In the Full Court, Jackson J (in dissent) agreed with Thawley J, holding that Hardingham, via a term inferred or implied (based on the same facts) had granted the agents a licence of his copyright “in the form required” – evidently, from time to time – by REA as “contained in REA’s usual terms and conditions”. This “was a full description of the content of the inferred or implied term which did not depend

* Bolded, bracketed figures are reference to Hardingham’s submissions.

on the agencies having actual knowledge of what REA's standard conditions said" (FC[176] (AB 108). Nor was it a licence "in terms equivalent" to REA cl 5(a) (FC [197]/114).

4. Although superficially embracing Thawley and Jackson JJ, REA adopts the "full description" but promptly says that the term to be inferred or implied is the equivalent of REA's cl. 5(a) of the Agency/REA subscription agreement: see REAS [37]; REAR [5]. That is no doubt because Thawley and Jackson JJ have inferred/imputed a term into Hardingham's contract with the agencies that is ambulatory and thus is neither equitable, nor reasonable, nor capable of clear expression. Recognising the need to overcome this, REA returns to cl 5(a), dismissing the fact that as found by their Honours the actual content of the term is at the whim of REA. The Appellants need to dispense with obviousness is clear: cl. 5(a) in its full amplitude and all its particularity could not have been obvious to either party at the time the entered in to their agreement.
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5. **Lawfulness [29]-[30]** The agents entered into a contract with REA in which the agents agreed, *inter alia*: (a) in consideration for the right to upload content to the REA website, granted a licence to provided "content" on certain terms for REA's use for any purpose in its business; and (b) to indemnify REA should they not "ensure" that any such content does not infringe third part intellectual property rights. The agents agreed to this mechanism in a written contract complete upon its face. See: PJ[13] (AB 11); see also PJ[12] (AB 11); REA OS[35]. It was held by the Thawley J at PJ[79] (AB 29) that "[t]he agencies could not lawfully grant the licence in REA's usual terms and conditions unless the applicants authorised them to grant a licence of that scope", hence the need to infer or imply a term to that effect. Questions of "lawfulness", however, do not arise. The status of the agents' and REA's rights and obligations under their agreements have not been determined. No party is in breach. Nonetheless, to relieve the real estate agents of the contractual and commercial consequences of their executed agreement, and absent the real estate agents in these proceedings, the appellants would have this Court impose against Hardingham, by inference or implication the term for which the Appellants contends. This calls for an exercise in judicial drafting both impermissible and unnecessary, because the agencies and REA expressly contemplate an alternative: they have indemnified REA should they, the agencies, not have the relevant rights to grant, and should they ever be pursued. As to not having the rights to grant, many well-known situations would arise where that was quite evidently going to be the case. Eg if the property owner supplied their own photographs.
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6. **Floorplans [Cf 28]** Once example suffices as to why the term whether as fashioned by the Primary Judge/ Jackson J of by the Appellants could not have been obvious. Whether one takes the ambulatory term or the term it picks up, REA's cl 5(a), the rights granted are so wide as to be virtually unrestricted. Depending only on what REA' business became from time to time, they extend to building a dwelling based on the plans. Hardingham was plainly not the architect or draftsman for the original dwelling; yet dealing in his drawings beyond their very limited role in the actual sale or letting for which they were done would plainly infringe those person's copyright. That could not have been Hardingham's or the real estate agent's actual intention; nor could it be imputed to them.
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B. INFERRED OR IMPLIED TERM

7. In the case of informal contracts, the terms must first be **inferred** before any question of implication arises. Thus, it is necessary first to arrive at some conclusion as to the actual intention of the parties before any presumed or imputed intention. Actual intention may be inferred from precontractual dealings or communications. See: PJ[78] (AB 29); FCJ [190] (AB 112). See: *Byrne* JBA 2/192 at 422, 442.

8. **Implied term – Obviousness [42]-[61]** The starting point is *BP Westernport* as set out in *Codelfa*. Based on long-standing authority. Commencing with *Hospital Products* Deane J developed a companion approach for informal or less formal contracts vs complete written contracts, in particular avoiding stringency of “business efficacy”, viz. a **formulation** that a court should imply a term only if it can be seen that its implication “is necessary for the reasonable or effective operation of a contract of that nature in the circumstances of the case”. REA and RPD; also Jackson J; suggest that, in applying Deane J’s approach, “so obvious it goes without saying” is no longer a requirement, and seem also to suggest that the **other requirements** capable of clear expression, reasonable and equitable and not contradicting any express term are no longer requirements. None of that is correct. This Court has applied Deane J’s formulation in later cases of informal contracts but has continued to apply the obviousness requirement, by rejecting terms that did not meet it, or allowing terms that did. There are sound reasons for that approach. Moreover the other requirements correctly remain essential. **Reasons:** PJ [44]-[46]; FCJ [82(1)-(25)] Greenwood J; [114] Rares J; [171]-[181] Jackson J; **Submissions:** REAS [2], [51]-[62]; RPD [2(a)], 23]-[37]; [5], [10], [42]-[62]. **Cases:** *BP Refinery (Westernport)* JBA 1/94; *Codelfa* JBA 2/252; *Hospital Products* JBA 3/569; *Con-Stan* JBA 3/407; *Hawkins v Clayton* JBA 3/504; *Byrne* JBA 2/192; *Breen v Williams* JBA 2/123; *Associated Alloys* JBA 2/16; *CFMEU v Personnel Contracting* JBA 4/887.
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- 20 9. **The term advanced should not be inferred [63]-[68] or implied [28]-[29]** By their pleadings, neither Appellant contended for an inferred term. Nonetheless, the Primary Judge and Jackson J (in dissent) inferred into the Hardingham/agency contracts the ambulatory term discussed above. There was no evidence that the agreeing parties had read or had any knowledge of the complex legal term thus imported as a whole or in any singular aspect of its detail. It is not a term capable of being inferred in accordance with principle. Greenwood J and Rares J correctly found that the term found by Thawley J at PJ [78], and Jackson J FJ [186-][188], [189] (which purports to outsource to REA a key term of the Hardingham/agency agreements) and advanced by the Appellants was not obvious and therefore should be neither inferred nor implied, nor should the term (whether REA cl 5(a) or the version put forward *passim* by RPD) for which the outsourced term is in truth just a proxy. The gravity of the term is a relevant factor: Greenwood J at [99]. (Jackson J says that the outsourced term is not the equivalent of REA cl 5(a); REAS [37] and REAR [5] says it is, so crucially REA does not support Jackson J.)
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C. SECTION 15 [14], [73]

10. The Appellants’ case(s) on s. 15 lack coherence. Whatever the term(s) for which they contend (see above), each version either expressly (REA terms cl 5(a) (“licence to other persons”); RPD Disputed Term (“transferable”) or by incorporation (the outsourced term (by “picking up” cl 5(a)) in effect permits sub-licensing, so s. 15 is not required. If they are suggesting that s. 15 has an independent operation permitting sub-licensing to travel beyond the head licence, they are wrong. Section 15 is an interpretation provision & does not create substantive rights.
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