



HIGH COURT OF AUSTRALIA

NOTICE OF FILING

This document was filed electronically in the High Court of Australia on 14 Jul 2022 and has been accepted for filing under the *High Court Rules 2004*. Details of filing and important additional information are provided below.

Details of Filing

File Number: S57/2022
File Title: Realestate.com.au Pty Ltd v. Hardingham & Ors
Registry: Sydney
Document filed: Form 27D - Respondent's submissions
Filing party: Respondents
Date filed: 14 Jul 2022

Important Information

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File Number: S58/2022
File Title: RP Data Pty Limited v. Hardingham & Ors
Registry: Sydney
Document filed: Form 27D - Respondent's submissions
Filing party: Respondents
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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

No. S58 of 2022

BETWEEN: **RP DATA PTY LIMITED**
Appellant

AND: **JAMES KELLAND HARDINGHAM**
First Respondent

REAL ESTATE MARKETING AUSTRALIA PTY LTD
Second Respondent

REALESTATE.COM.AU PTY LTD
Third Respondent

JOINT SUBMISSIONS FOR FIRST AND SECOND RESPONDENTS

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1. This submission is filed in each of S57 of 2022, wherein the Appellant is Realestate.com.au Pty Ltd (**REA**), and S58 of 2022, wherein the Appellant is RP Data Pty Limited (**RPD**).

I CERTIFICATION

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

II STATEMENT OF ISSUES

II.1 The determinative issue

3. The issue raised by these appeals is whether in the circumstances, and in the absence of an express licence, the Court can, or should, infer or imply a term into the agreements between the Respondents (collectively **Hardingham**) and the real estate agents that “entitles the real estate agents to grant to REA, and through it to RPD, a licence to upload the photographs and the floorplans¹ to the realestate.com.au platform (the **Platform**) and grant to REA a licence in the form required by REA and contained in REA’s usual terms and conditions”².
10
4. The circumstances that attend the resolution of that issue are as follows.
5. **First**, for reasons submitted below (at [25]-[27]), the Appellants bore the onus to establish the term for which they contended. However, the Court cannot be satisfied that the Appellants’ intended term is necessary, efficacious, reasonable and equitable, and indeed obvious, when the Appellants – bearing the onus, as submitted – have, in departure from their pleadings, relied on 3 additional and different expressions of the term, constituting 3 manifestly different licences, and yet now (as REA did on appeal), contend that the last (and
20 vaguest) of those 3 expressions of the term is to be implied or inferred into a contract to which they are not parties. **Secondly**, the Appellants – bearing the onus (*ibid.* – which need not be further repeated but should be borne in mind) – have failed to establish that either of the actual contracting parties had the term, on any of the expressions advanced, within contemplation (viewed, of course, objectively). They say, as the primary judge did, that the contracting parties had a concept in their minds – a proposition contested by Hardingham – but that does not a certain term make. **Thirdly**, the Appellants contend for commercial aims and expectations of the contracting parties (said to be the parties’ “purpose” in entering into the contract) that depart from their pleadings and the evidence (see PJ [8], (CAB 10); see also PJ [1], (CAB 9)) and add glosses to the findings of the primary judge (some of which
30 themselves are, with respect, more speculation than findings: see *per* Greenwood J at [99],

¹ For brevity, photographs will be referred to as covering photographs and floorplans.

² REAS [37]; RPDS [38] and [44]; *cf.* PJ.

(CAB 84)). *Fourthly*, the Appellants did not lead any evidence, and can point to no other sufficient evidence, to demonstrate the surrounding circumstances from which it can be seen that the conduct of the contracting parties shows agreement to the term for which the Appellants contend (assuming that the presently advocated version can be described as a “term”; as submitted, it is more akin to an idea), whether in its present or in a previous expression.

- 10 6. *Fifthly*, where the Appellants – on evidence they themselves have led – have established an available alternative to the inference or implication into the contract of the term for which they contend: the indemnity which REA itself insisted upon but does not seem interested in enforcing; because, *sixthly*, a term is advanced where REA elected not to sue the real estate agencies pursuant to the warranties and indemnity that they gave to REA in their written contracts with it. Instead the Appellants propose, so as to overcome the consequences of REA’s strategic choice, to elevate the present formulation of the term to a matter of principle thus: courts should be free to infer or to imply detailed written terms, into anterior “informal” contracts arising from a course of commercial dealings to which the parties contending for the term were not privies, including where the expression of the term is apt to change from time to time and there is no evidence that the parties to the anterior informal contract had any knowledge of the term now advanced, because the Appellants, who bore the onus, failed to cross-examine Hardingham or lead evidence from the agencies. And all this to suit the requirements of the third parties, being the Appellants.
- 20 7. *Seventhly*, the proposed term is advanced where REA has elected not to plead an estoppel or delay or acquiescence against Hardingham but instead proposes, again so as to overcome the consequences of its strategic choice, to elevate its choice to a matter of principle in the manner expressed in the preceding paragraph.
8. In those relevant circumstances, both commercial and forensic, on whichever version of the law of inference or implication of terms might be adopted, the term for which the Appellants latterly contend before this Court (and, Hardingham accepts, REA did before the Full Court), should not be parachuted into the contract between Hardingham and the agencies. The Court need not then turn to consider the Appellants’ issues³ which, if this Court is to consider them, should await a more appropriate vehicle.
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³ REAS [2]-[4]; RPDS [2].

9. However, as it is the case put against them, Hardingham **1** responds below to the Appellants' issues but **2** submits that their resolution ought not be determinative of these Appeals.

II.2 The Appellants' first issue

10. REAS [2] and RPDS [2(a)] state essentially the same *first* issue. It ought to be answered thus: obviousness remains necessary for the implication of terms in fact in informal commercial contracts in Australia. In the case of informal contracts, the Court, and courts subordinate to it, should have regard both to obviousness and the reasonable or effective operation of the contract formulation as they have, applying settled law, for decades. No rationale is given for following the UK Supreme Court in *Marks and Spencer plc v BNP Paribas Securities Services Trust Co (Jersey) Ltd* [2015] UKSC 72; [2016] AC 742 (*contra* authorities of this Court), and this Court should not do so, and certainly not without good reason.

II.3 The Appellants' second issue

11. REAS [3] and RPDS [2(b)] would appear to state the same *second* issue as one another. This issue is misconceived, and is driven by the very particular circumstances of this case, namely, REA's *election* (when it could have taken the simple and orthodox step of suing the agencies for breach of the written indemnity) to run the case as it did, neither cross-examining Mr Hardingham nor leading evidence from the agencies. See [6] above. The law of contract should not be distorted by the peculiarities of this case, which arise from REA's election and its forensic decisions.
12. Be that as it may, taking REA's formulation of the *second* issue on its face, it lacks clarity. If REA is endeavouring to contend that, in the course of inferring terms from conduct, there is no requirement to demonstrate that the terms or their "putative effect" were in the scope of the contracting parties' knowledge, its assertion must be rejected. *First*, it is difficult to see how parties can agree to matters extrinsic to their knowledge (*cf* matters known to them but to which they did not consciously advert). *Secondly*, it is contrary to all authority to infer into a contract terms of merely putative, which is to say supposed but not certain, effect.
13. If REA is endeavouring to contend that limits ought to be placed on the process of inferring terms/contracts – *viz.* courts should have regard only to "the surrounding circumstances and commercial purpose from the position of the reasonable business person" – that should be

rejected. The law as to inferring a term/contract is settled and longstanding.⁴ Courts have regard to additional matters not identified in REAS [3]: *e.g.*, what was said and not said between the parties; whether the term is reasonable/ equitable/ capable of clear expression; and is not inconsistent with an express term. REA’s attempt to rewrite this area of law was not the subject of its Special Leave Application: [2022] HCATrans 64. And the law as to inferring terms does not warrant rewriting, whether in the terms propounded by REA, or at all. See section V.4 below.

II.4 The Appellants’ third issue

- 10 14. The *third* issue relates to s. 15 of the *Copyright Act*. RPD simply poses it as a question of whether s. 15 applied in this case. That is an issue, although Hardingham says it does add anything to the central issue of the terms of any inferred or implied licence. REA propounds a far-reaching and novel construction of s. 15, by which it sweeps away limitations on a licensee’s sub-licensing powers, contrary to the wording of the section, and to all commercial common sense. See below, section V.5. In short, s. 15 of the *Copyright Act* does not have the effect propounded by REA.

III SECTION 78B NOTICE

15. Notices under s 78B of the *Judiciary Act 1903* (Cth) are not required.

IV CONTESTED FACTS

16. Hardingham contests the following material facts set out in the Appellant’s submissions.

20 IV.1 Hardingham and the agencies concluded their arrangements for “the purpose” of uploading the works to realestate.com.au (the Platform)

17. The Appellants variously assert (emphasis added): **1** “upload[ing] the images to REA... [was done to] fulfil the purpose of having commissioned them”: REAS [22]; **2** the “very point” of the engagement of Hardingham was to upload the photographs to the Platform: REAS [68]; **3** “the mutual purpose of both parties was that the images be loaded on the [Platform]”: REAS [38]; **4** “the primary commercial purpose of... the transactions [was] to permit the agencies to upload [the works] to the...[P]latform”: REAS [69]; **5** the “properties

⁴ See, *e.g.*, McHugh JA (Hope and Mahoney JJA agreeing) in *Integrated Computer Services Pty Ltd v Digital Equipment Corp (Aust) Pty Ltd* (1988) 5 BPR 11,110 at 11,117-11,118, approved in, *inter alia*, *Construction, Forestry, Maritime, Mining and Energy Union v Personnel Contracting Pty Ltd* [2022] HCA 1; 96 ALJR 89; 398 ALR 404; 312 IR 1 per Gordon J at [178] and *Brambles Holdings Ltd v Bathurst City Council* (2001) 53 NSWLR 153; [2001] NSWCA 61 at [77] per Heydon JA.

could not be effectively marketed otherwise [done by uploading them to the Platform] and, to do that, the agencies had to agree to REA’s standard terms and conditions”: REAS [70]; **6** “without the implied term the agencies could not upload the Works to REA’s platform [and] Hardingham and REMA knew this was why the Works were produced and no other explanation can be inferred”: RPDS [36]; **7** it “was known to the agencies, REMA and Hardingham that the Works were uploaded to **RPD’s** platform (because this was an objective purpose of the engagements)”: RPDS [42]; **8** without the asserted term “the objective purpose of the engagements fails”: RPDS [35].

- 10 18. Hardingham contests every assertion of fact that the purpose of his creating the works, and the agencies’ purpose in receiving them, was to upload them to REA’s Platform (let alone **RPD’s** Platform). Such assertions depart from the Appellants’ pleaded cases, *viz.* that Hardingham created the works for the purpose of licensing them to the agencies to use, reproduce, &c. them in the marketing for sale or lease of the relevant properties: RPD FAD at [4(a)(iii)B] (CAB 11); [5(c)(i)] (CAB 13); [6(d)(i)] (CAB 14); REA DXC at [3(c)]. They also depart from the primary judge’s finding that publication on the Platform is one of a number of ways in which property is marketed in Australia. They are also at variance with the express oral term of each agreement being that the agency asked Hardingham to take photographs “for the campaign” (not, *e.g.*, “for the greater good of the real estate data collection and analysis community”): see PJ [8], (CAB 10); see also PJ [1] (CAB 9).
- 20 19. “Marketing” is not limited to the advertisement of the properties on the REA platform. It has included advertising the properties in agency windows, in brochures, magazines and general advertising material for decades. More recently it has included agents’ websites. Consistently with PJ [10], (CAB 10), the Appellants concede that the relevant works were so used: REAS [12]; RPDS [15]. It appears that almost all agencies subscribe to REA’s platform, but the evidence did not go so far as to say that every agency used the Platform for every campaign. The agents for the 20 sample campaigns did for those properties but that does not support a conclusion about ubiquitous use for every campaign by agencies, on behalf of their vendors/ lessors, on the Platform. Moreover, it is settled practice in Australia that the agency’s client (*e.g.*, the vendor, or the landlord) foots the bill for such expenses.
- 30 There was no evidence that all vendors/landlords wish to pay REA’s charges.
20. No doubt the Appellants assert the primacy of uploading to the Platform because if Hardingham created the works for the purpose of their use on the Platform (*cf* the purpose of marketing more generally), it will be easier to assert that Hardingham must have known that the photographs would be invariably provided to REA, and how, and thus easier to infer

or to imply into his arrangement with the agencies some version or other of the term for which the Appellants have from time to time in this case contended. Indeed, this was the approach adopted by Jackson J in dissent (see FC [193], (CAB113) and [198], (CAB 114)). (Hardingham does not agree, including for the reasons noted in [39] below.) However, if – as the Appellants pleaded and the succinct evidence of Mr Hardingham established – Hardingham and the agencies entered into their arrangements so that the works might be created for marketing, by various means, the relevant property by way of “a campaign”, then the term (however presently or from time to time expressed) will not be inferred from the parties’ conduct, viewed in the light of the surrounding circumstances; nor is the term either necessary for the reasonable or effective operation of the agreement, or so obvious, &c or both (*viz.* on whichever approach this Court might approve) that it warrants implication.

IV.2 “Effective marketing”

21. The Appellants variously assert: **1** “properties could not be effectively marketed” with their being listed, together with photographs, on the Platform: REAS [17]; **2** Hardingham knew this: REAS [17]; **3** “agencies had to agree to REA’s standard terms and conditions” for properties to be “effectively marketed” and thus “[t]he images were uploaded in accordance with those terms and conditions”: REAS [18]; **4** Hardingham knew prior to the 20 relevant transactions that the relevant works were uploaded to the Platform and had to remain there so that properties could be effectively marketed: RPDS [18]; **5** the objective purpose of Hardingham’s licence to REA was to allow the relevant works to be uploaded to the Platform on its usual terms and conditions to allow the agencies to effectively market the properties for sale or lease: RPDS [44].
22. Hardingham contests every assertion of fact tethered to the proposition that the relevant works needed to be uploaded to the Platform to be “effectively marketed”. The primary judge made no such finding; and there is no evidence to support such a finding. Rather, it rises no higher than conclusion reached by Jackson J, in dissent on appeal, which lack foundation in the primary judge’s reasons: [189(1)]; CAB 98; see [24] below.
23. Again, this concept of “effective marketing” fits with and amplifies the Appellants’ attempts to narrow the “purpose” of the arrangement (see [20] above) in which use of the REA platform becomes not only one means, but essentially the only means (through being, on the Appellants’ newly developed argument, the only “effective” means), of marketing property.

24. The Appellants rely on the dissenting judgment of Jackson J. Briefly analysed: at [184], (CAB 110) Jackson J agrees that the primary judge did not find **1**, that the agents had in fact read the (actual) terms **2**, that Hardingham read the terms; thus, there was no evidence that either party had read the terms. Accordingly, his Honour’s views are predicated not accepting any finding that the parties knew the precise words of any of the variant terms. Despite that, also at [184], (CAB 110), Jackson J embraces the primary judge’s finding that the parties either knew or must have assumed that the standard terms permitted REA to make the works available post-campaign to a very specific third party, *viz* RPD. Thus, Jackson J does not accept that Hardingham and the agencies knew that the licence was in one or other of the variants, but found that they somehow came to know or assumed that they included a licence in the very specific variant proposed at PJ [70], (CAB 27) – *i.e.* one that “permitted” provision of the works to RPD. With respect, that does not withstand scrutiny. This raises obvious difficulties with the scope of the licence, which Jackson J seeks to resolve at [187], (CAB111). However, those difficulties are not resolved. Then, his Honour’s [189], (CAB 111) involves various steps of reasoning that depend upon the primary judge having found, contrary to fact, how the properties were to be “effectively marketed”. Thus, with respect, the reasoning falls away.

V RESPONDENT’S ARGUMENT

V.1 Onus and evidentiary burden

25. The principles relating to onus and evidentiary burden in cases of copyright infringement are not in dispute. The burden of proving each element of infringement lies on the plaintiff. However, an evidentiary burden shifts to the defendant if **1** the plaintiff shows a *prima facie* case of absence of licence and **2** *a fortiori* if the defendant posits a specific licence in answer. See *Acohs Pty Ltd v Ucorp Pty Ltd* (2012) 201 FCR 173; *Avel Pty Ltd v Multicoins Amusements Pty Ltd* (1990) 171 CLR 88. Yet the Appellants devote many paragraphs to identifying issues in respect of which it is alleged Hardingham “failed” to lead evidence.

26. REA again asserts at REAS [49], as it did at [7] of its Special Leave submissions, that due to the limitation on Mr Hardingham’s evidence (trial T 39.5-8) and the paragraphs of Hardingham 1 referred to), Hardingham did not discharge the *Avel* burden of proving *prima facie* absence of licence. RPD does not make such a submission. Greenwood J found that the *Avel* burden had shifted: [78]-[80], (CAB 72-73). Justices Thawley, Rares and Jackson certainly did not find that it had not shifted, and proceeded on the basis that it had. REA cannot make such a submission: it is bound to accept that the *Avel* burden did shift, because it accepted so explicitly at trial (T 112.30-32).

27. The *prima facie* evidentiary burden having been discharged, where did it then lie? In Hardingham’s submission, on REA and RPD: as the persons asserting an implied term⁵ and as the parties asserting, against the background of *prima facie* evidence of an absence of licence, for a positive licence in the form asserted by the accused infringer: *Acohs*.

V.2 The determinative issue

- 10 28. The Appellants would have the circumstance – that the agencies had entered into standard form agreements with REA that contained (by incorporation of terms to be found on REA’s website) a blanket licence from the agency to REA of all content provided by the agency to REA during the term – be the only relevant, and indeed the controlling, circumstance—they say that as Mr Hardingham’s copyright photographs are among such “content”, the agencies and Hardingham must be taken to have intended to bring their arrangements into conformity with REA’s extrinsic requirement. (Of course, any photograph supplied by the vendor to the agency for use in marketing the property, whether taken by, or for, the vendor would also be such “content”; the Appellants do not explain how a similar term would be imposed in those circumstances, even though its absence would also make the agencies’ conduct vis-à-vis REA “unlawful”.)
- 20 29. The basis for the Appellants’ case is that Hardingham and the agencies would be anxious to ensure that their contractual relations were “lawful”: that is, be governed by the régime that REA had set up – *even absent any knowledge* of those extrinsic terms or their effect (putative or otherwise). This submission in turn supposes that persons, including those in business, carry around in their heads the detail of all the multifarious agreements to which they may have ticked boxes agreeing, and were astute to make sure that those ticked later in time conform to those ticked earlier (despite its being plain, as the primary judge found here,⁶ that their terms are not negotiable.) That proposition might need to be tested in this Court at some point when consideration of such agreements arises on a dispute about the breach of one of them. Here, the proposition is of indirect effect: no one is suing any agency for breach.
- 30 30. Logically, there are really only two ways for a party such as Hardingham or the agencies to meet that edict: either to investigate closely what REA required of them, and conform to it; or to be so solicitous of REA’s need as to overcompensate and get into their (the agencies’)

⁵ *Con-Stan Industries of Australia Pty Limited v Norwich Winterthur Insurance (Australia) Ltd* [1986] HCA 14; 160 CLR 226 at 241.

⁶ PJ [59], (CAB 25), point four and PJ [77], (CAB 28).

hands rights well in excess of what REA might want (particularly when, as Greenwood J points out, at [95], (CAB 84), REA reserved to itself the power to vary the term at any time on 30 days' notice).

31. The Appellants specifically disavow the former; indeed, they suggest that the majority (Greenwood and Rares JJ) in the Full Federal Court were mistaken in looking at that question⁷. They have yet to suggest that the latter motivation was in play and indeed, as the term that they advance expressly involves the Hardingham/agency grant “mapping onto” the agency/REA grant (“in the form required”), they could not. That position is attended by an air of business unreality.
- 10 32. Further, by their approach, the Appellants impermissibly call extrinsic circumstances in aid of finding what words the parties intended to use and have not used. See *Codelfa Construction Pty Ltd v State Rail Authority of New South Wales* [1982] HCA 24; 149 CLR 337at 402.
33. ***Uncertainty as to the term.*** As a matter of fact, this Court should refrain from inferring or implying any term into the arrangements between Hardingham and the agencies in circumstances where, notwithstanding their onus, the parties to the proceeding (non-parties to the contract) have failed to fix upon the alleged term, whether in expression or effect, and, indeed, where in this Court, they advance a fourth version of the term that is even vaguer in expression and effect (as to which see [3] above).
- 20 34. As Greenwood J holds at [68(5)], (CAB 66), the Appellants advanced 3 versions of the term that they say should be judicially inferred or implied into a third-party informal contract. The *first* is that which appears in REA’s pleading; the *second* is that which appears in cl. 5 of REA’s subscription agreement with the agencies (of which the first is an abridgment); the *third* is that advanced in the letter dated 9 April 2014 from RPD’s legal representatives to those for Hardingham. RPD says (see its Special Leave Application at [22]) that, despite their varied wording, these terms are essentially the same in effect, which, having regard to the clear words advanced is plainly incorrect (*inter alia*, they contemplate the licence of different classes of act that, by virtue of the *Copyright Act*, are among the copyright owner’s exclusive right; in different circumstances, e.g. express transferability and use in any
- 30 medium; whether in existence or not; and subject to different limitations, e.g. whether or not the purpose is connected to REA’s business). See, e.g., Greenwood J at [68(6)],

⁷ E.g. RPDS [47];

(CAB 68). Meanwhile, REA submits (see REAS [13] and [26]) notwithstanding the state of the Appellants' pleadings and the primary judge's findings of fact concerning RPD's 9 April 2014 letter, that the only term ever to obtain is cl 5 (PJ [10], (CAB 10)).

35. In this Court (as REA did below), the Appellants advance a fourth: "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". As just demonstrated, contrary to REAS [13] and [26], the "form required" was not fixed. And, in the very form propounded, it is ambulatory. Moreover, although the Appellants and Jackson J seem to say that by inferring or implying a term of that kind, there is then no need for the contracting parties to know the content of the term, that cannot be so: see [29] to [31] above.
36. *No knowledge of any of the different terms variously alleged.* This Court should refrain from inferring or implying any term into the arrangements between Hardingham and the agencies by way of extrinsic circumstances, where, notwithstanding their onus, the Appellants have failed to lead any evidence to demonstrate that the terms, variously expressed (in the first 3 instances, in scrupulous specificity, yet in the fourth, only vaguely), were within the knowledge or contemplation of the contracting parties. Notably, Hardingham was not cross-examined on the matter and no evidence was led from any of the agencies. See Greenwood J at [75]-[81], (CAB 72 to 73), and esp. at [81], (CAB 73).
37. Further, as to the fourth version of the term, it did not form any part of the case that Hardingham had to meet at trial. That term was fashioned by the trial judge (in particular at PJ [78], (CAB 29)) and has now been adopted by the Appellants. The Appellants seem to suggest that a person such as Hardingham granting such a licence is apparently disinterested, despite the words of "the form required by REA and contained in REA's usual terms and conditions", a proposition that is based in exactitude – in what the actual content of those terms and conditions might be from time to time. Nor, on this hypothesis, were the agencies interested, despite the need inherent in the proffered term for them to ensure that the rights they were getting at least mapped onto, and preferably exceeded, those that they had, in some detail, purportedly granted—lest they expose themselves to being sued for breach of warranty and for indemnity. Again, according to RPD and REA, in notionally or objectively agreeing on such a term, it was not of interest either to Hardingham or the agencies to detail what REA's usual terms and conditions provided.

38. **Shifting “purpose” of the agreement.** In this case, it was the intention of the parties that Hardingham take photographs so that the agencies might market the properties on behalf of the vendors/lessors. This was the case the Appellants pleaded and ran at trial. On that case there is no basis for implying (or inferring) the various terms for which the Appellants have at various points in these proceedings contended – there being more than one way of marketing a property, no particular one is demanded by the pleaded “purpose”. For the reasons articulated at [17] to [20] above, and esp. [20], in inferring a contract or implying a term where the Appellants contend for commercial aims and expectations of the contracting parties (said to be the parties’ “purpose” in entering into the contract) they should not be permitted, in this Court, to advance a different purpose that departs from their pleadings, nor to add glosses to the findings of the primary judge to suit their case.
39. **Insufficient evidence of surrounding circumstances.** The nature of the relationship between a real estate agency and its client has been long-established. See: *Petersen v Moloney* [1951] HCA 57; (1951) 84 CLR 91 (16 October 1951); *Markson v Cutler* [2007] NSWSC 1515; 2 BFRA 780; 13 BPR 25 (Brereton J). The law does not imply from the mere fact of employment to find a purchaser/lessee a general authority to do on behalf of the employer anything which may be incidental to the effecting of a sale (*Cf qui facit per alium facit per se*). See also *e.g.* the *Property, Stock and Business Agents Act 2002* (NSW) and its Regulations. Despite the Appellants’ onus, they have placed nothing before the Court concerning the scope of any the relevant grants of agency.
40. **Indemnity.** REA would have no need to sue on the warranty and rely on the indemnity were it the case that one or other of the terms for which they have contended must be inferred or implied into the contract between Hardingham and the agencies. The very existence of the warranty and indemnity contemplates that such a term does not form part of the arrangements with Hardingham.
41. By reason of the above circumstances, this Court should reject the inference or implication of a term into the contracts between Hardingham and the agencies that would have the effect of “perfecting” RPD’s infringement of Hardingham’s copyright in the photographs and the plans.

30 V.3 The Appellants’ first issue

42. REA and RPD urge this Court to eschew a requirement that implied terms in an informal contract be obvious.

43. **REA** commences its analysis (at REAS [1]) as a choice between **1**, is the term “necessary for the reasonable or effective operation of a contract of that nature in the circumstances of the case” and **2**, is there also a criterion of obviousness? Thereafter, at REAS [51] (and it heading), that choice is replaced by one between “business efficacy” with, and without, obviousness; and, thereafter, at REAS [57]-[58], between “business necessity” with, and without, obviousness. Having said that this Court has supported a “business necessity” formulation, REA returns (at REAS [61]-[62]) to argue that the Court should determine that only a test of “business efficacy” should be applied.
44. In contradistinction **RPD** moves the opposite way. It commences its analysis (at RPDS [2(a)]) as a choice as to whether **1**, “business efficacy is the overriding consideration”⁸ or **2**, there must also be a criterion of obviousness. However, RPD argues (at RPDS [33]-[35]) that the choice is one between the “necessary for the reasonable or effective operation” formulation with, and without, obviousness.
45. The Appellants then appear to proceed on the basis that the “reasonable or effective operation of a contract”, “business efficacy” and “business necessity” formulations are interchangeable. They are not. The difference between “reasonable or effective operation of a contract” and “business efficacy” is demonstrated by the very judgments of Deane J on which the Appellants rely. And “business necessity” has not entered received Australian discourse concerning the implication of terms.
46. This confusion of nomenclature is, with respect, one of a number of confusions that attend the Appellants’ second issue. All point to sound reasons why this Court ought not follow one or other of the Appellants’ mix of formulations. However, a consideration of the authorities dispels the confusion.
47. In *The Moorcock* (1889) 14 PD 64, the *locus classicus*, Bowen LJ said (at 68), that, in cases of an implied term:
- ...as distinguished from [one that is express] ... really [it] is in all cases founded on the presumed intention of the parties, and upon reason... the law draws from what must obviously have been the intention of the parties, the law draws with the object of giving efficacy to the transaction... the law is raising an implication from the presumed intention of the parties with the object of giving to the transaction such efficacy as both parties must have intended that at all events it should have.*

⁸ “Overriding” suggests “primary but not sole”, a position that sits uncomfortably with the apparently binary choice RPD poses in its “Correct Test Issue”.

48. Thereafter, in considering business efficacy, other classic statements emphasise that the term to be implied should be obvious. So, in *Reigate v Union Manufacturing Co (Ramsbottom) Ltd* [1918] 1 KB 592 (at 605) Scrutton LJ added that a term would only be implied if “it is such a term that it can confidently be said that if at the time the contract was being negotiated” the parties, if asked what would happen in a certain event, would both have replied, “Of course, so and so will happen; we did not trouble to say that; it is too clear”. And, in *Shirlaw v Southern Foundries (1926) Ltd* [1939] 2 KB 206, MacKinnon LJ (at 227) observed that, “[p]rima facie that which in any contract is left to be implied and need not be expressed is something so obvious that it goes without saying” (cf. MacKinnon LJ’s imagined conversation also at [227]). Of MacKinnon LJ’s statement, Mason J in *Codelfa* (at 347) said that this “basis on which the courts act in implying a term [has] ... been universally accepted”.⁹
49. Lord Justice Bowen’s judgment discloses that the judicial task of implying a term involves, fundamentally, an assessment, objectively made, of the parties’ presumed intention (cf the inference of terms which involves an actual intention, discussed below). Obviousness is indispensable to the Court’s determination of the parties’ presumed intention because, considered objectively, that intention needs to be apparent on the face of the admissible dealings to the reasonable person. Thus, see *BP Refinery (Westernport) Pty Ltd v Shire of Hastings* (1977) 180 CLR 26 at 283, and see esp. Deane J in *Hospital Products Ltd v United States Surgical Corporation* [1984] HCA 64; 156 CLR 41 at 573.
50. At issue in *BP Refinery* was a lengthy commercial contract in writing. It is not disputed (see, e.g., *Codelfa*), that the *BP Refinery* conditions apply to the implication of terms into written contracts. Against this background, the Appellants argue that Deane J’s judgments in *Hospital Products* and later cases support a different approach in the case of informal contracts (being those evidenced by conduct, including statements). Hardingham agrees; but does not agree that the Appellants’ approach is supported. In *Hospital Products* at 121, Deane J advanced this approach (emphasis added) in respect of such contracts (having referred to *BP Refinery*’s being a formal contract and warning against an “over-rigid approach” of *BP Refinery* criteria to less formal contracts):

30 ... I do not think that a rigid approach to the requirement “that it must be necessary to give business efficacy to the contract” should be adopted in the case of an informal and obviously not detailed oral contract where the term which it is sought to imply is one which satisfies the requirement of being “so obvious that it goes without saying”

⁹ See also Mason J in *Codelfa* (at 346).

in that if it had been raised both parties would “testily” have replied “of course” (cf. the B.P. Refinery Case, at p.27). As a general rule however, the “so obvious that it goes without saying” requirement must be satisfied even in the case of an informal oral contract before the courts will imply a term which cannot be implied from some actual statement, from previous dealings between the parties or from established mercantile practice.

51. To the extent that Deane J eschews a “rigid approach”, he eschews that approach in respect of business efficacy, not obviousness; *contra*, RDPS [33] and REAS [61].

52. So much is apparent in *Hawkins v Clayton* [1988] HCA 15; 164 CLR 539, where Deane J developed his line of reasoning in *Hospital Products* at 121, holding (at 573) as follows:

... 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... the question whether there should be implied... a term... falls to be answered by reference to whether it can be seen that the implication of such a term is necessary for the reasonable or effective operation of such a contract in the circumstances.

53. At 585, his Honour concluded that the imputation of terms:

...should be confined to what is justified by ordinary principles governing the implication of a term on the basis of the imputed intention of the parties, which... is what can be seen to be necessary for the effective or reasonable operation of that contract.

54. That which “can be seen” is that which is “obvious”, as Deane J uses the phrase in *Hawkins*. Further, Deane J’s finding at 585 accords with Hardingham’s argument at [49] above: when assessing the imputed the intention of the parties, the Court looks at what “can be seen”, in other words, what is objectively obvious, to be necessary for the effective or reasonable operation of that contract. And in looking at what is necessary, regard is not to be had to overly rigid notions of business efficacy, but instead to that which is necessary for the effective or reasonable operation of a contract of that nature in the circumstances of the case (*contra* the Appellants).

55. Notwithstanding Deane J’s analysis, RPD asserts (at RPDS [33]-[34]) that Deane J espoused a so-called “test for implying terms into an informal contract”, said not involve the “application of the *BP Refinery* criterion of obviousness”. In doing so, however, RPD does not quote in its entirety the relevant passage from Deane J’s reasons, and omit the words (emphasised below) by which his Honour held that obviousness (“can be seen”) is necessary:

*... 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.*

56. Justice Deane’s approach was adopted and approved in *Byrne & Frew v Australian Airlines Limited* [1995] HCA24; 185 CLR 410 at 442 by Brennan CJ, Dawson and Toohey JJ, and at 442 by McHugh and Gummow JJ as follows (emphasis added):

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*If the contract has not been reduced to complete written form, the question is whether the implication of the particular term is necessary for the reasonable or effective operation of the contract in the circumstances of the case; **only where this can be seen to be true will the term be implied.***

57. At 446, consistently with the above, their Honours exchange “can be seen” for its equivalent, “so obvious” (see also McHugh and Gummow JJ’s use of obviousness at 444 and 445):

*In contracts of this nature, apparently lacking written formality and detailed specificity, it still is necessary to show that the term in question would have been accepted by the contracting parties as a matter **so obvious** that it would go without saying. That cannot be postulated here.*

58. There is no principled reason for jettisoning obviousness: such an approach would be contrary to the very authorities upon which the Appellants rely.

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59. The Appellants’ reliance on *Marks and Spencer* is misplaced for at least the following reasons. *First*, the contract there was complex and written, very different from the present; the weight of authority in this Court (see above) warrants different considerations. *Secondly*, the issue of implication in *Marks and Spencer* was resolved by reference to the customary law of leasing in London¹⁰. *Thirdly*, the Supreme Court seems to have had particular concerns over the parsing of Lord Hoffman’s views in *Attorney General of Belize v Belize Telecom Ltd* [2009] UKPC 10; [2009] 1 WLR 1988, and about a debate over whether implication is part of construction. Those motivations will not play a rôle in this Court.

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60. This Court should not, with the greatest respect, decline to follow *Byrne, &c supra* in favour of a determination of the UK Supreme Court. The Appellants have not sought leave to re-open the correctness of *Byrne, &c*, nor sought to argue that *Byrne, &c* should be overruled, nor that *Byrne, &c* is not binding authority in the present case, which Hardingham submits they would have to do to argue that there is no need to consider obviousness when implying

¹⁰ E.g., *per* Lord Neuberger at [42]-[48].

terms into informal contracts. It follows that the Appellants' second issue ought to be determined against them.

61. In any event, if the reasonable or effective operation formulation is restricted to the operation of the contract (as opposed to the commercial convenience of one of the parties), this appeal should fail. The term the primary judge fashioned and found would not, with respect, pass any reasonable or effective operation requirement. By the term propounded (see [3] above) his Honour, REA and more latterly RPD, outsource the extent of Mr Hardingham's grant of rights in his copyright entirely to REA, and its terms and conditions buried away on its website. What objective, sensible and well-grounded business people would agree to such a term? Indeed, it would be highly doubtful that it would comply with another of the *BP Refinery* requirements: that it be capable of clear expression. It would not have satisfied McHugh and Gummow JJ in *Byrne*: see their Honours' rejection of the term there propounded as being "one-sided". And nor would it have satisfied Bowen LJ (see his Honour's rejection of the imposition on one party of all "the perils of the transaction": *The Moorcock* at 68), nor Deane J, noting his Honour's emphasis on the "reasonable" operation of the contract.
- 10
62. As can be seen from *Marks and Spencer*, when inferring or implying terms it is appropriate to consider the type of content, and the subject-matter, in issue. In *Marks and Spencer*, the issue of implication was ultimately resolved by reference to the customary law of leasing in London. Hardingham relies on the following principles or observations that are relevant in assessing whether a term should be inferred or implied when a term is a licence of copyright:
- 20
- (a) Delivering an item embodying a copyright work does not thereby give the buyer a copyright licence. It may, depending on the circumstances, grant to the buyer an inferred or implied licence moulded to the circumstances, being the minimum necessary to achieve the object of the transaction.
- (b) Supplying a photo digitally does not, just because digital images are inherently manipulable and replicable, thereby convey a licence of greater amplitude than had the image been delivered in a different way. What is intended by digital delivery would have to be assessed according to the circumstances. Hardingham has never disputed that the agencies had some reproduction rights in the photographs supplied to them. But the use of photographs in real estate marketing did not begin with REA or RPD. Photographs in real estate agents' windows and brochures printed and used by agents
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existed well before the arrival of REA. Nor has Hardingham disputed that, since the advent of the internet, the licence to real estate agents includes using the photographs online.

- (c) Failing explicitly to specify limitations on use does not thereby abandon one's copyright, or indicate that the copyright owner will not enforce its copyright. Examples abound of where copyright works are delivered into a purchaser's (even commissioner's) hands without having that effect. In this court, the following cases, at least, demonstrate that: *Time Life*,¹¹ *Moorhouse*,¹² and *Copyright Agency v NSW*.¹³
- (d) A party who discovers infringements but does not immediately sue for them does not thereby give up their right to sue for those infringements. That appears to be the thrust of the argument at REAS [24] and [31] and RPDS [21]. Of course, there may be circumstances where not doing so is an element of estoppel, laches or acquiescence, but none of those was pleaded here by either RPD or REA.

V.4 The Appellants' second issue

63. Hardingham repeats the submission above that REA's election and its forensic decisions has necessitated the Appellants' formulation of this issue. Hardingham also repeats that these peculiarities of their case should not distort the law of contract.

64. In considering the Appellants' second issue it is fundamental first to have regard to the character of an inferred term. In *Regreen Asset Holdings Pty Ltd v Castricum Brothers Australia Pty Ltd* [2015] VSCA 286 at [72]-[73] the Court (Warren CJ, Kyrou, McLeish JJA) stated the following (emphasis added):

[72] ...A term implied into a contract is one which it is presumed that the parties would have agreed upon had they turned their minds to it... implication of a term is designed to give effect to the parties' presumed intention, whereas rectification gives effect to their actual intention [*Codelfa* at 346; *Grocon* at [137]]. The courts are slow to imply a term [*Codelfa* at 346].

[73] An implied term can also be contrasted with an **inferred term**. The latter is a term which the parties **actually intended to form part of their contract** but did not reduce to writing or clearly articulate orally, thus requiring the court to infer it from the parties' communications and course of dealing. As with rectification, **the process of inferring a term gives effect to the parties' actual intention** rather than their presumed intention. While the line between inference and implication is not always

¹¹ *Interstate Parcel Express Co Pty Ltd v Time-Life International (Nederlands) BV* (1977) 1B IPR 253.

¹² *University of New South Wales v Moorhouse* [1975] HCA 26; 133 CLR 1.

¹³ *Copyright Agency Limited v State of New South Wales* [2008] HCA 35; 233 CLR 279.

easy to draw [Breen v Williams at 91; Kitching v Phillips at 562 [64]; Grocon at [176]], it is well established that, where the parties have not reduced all the terms of their agreement to a complete written form, the court must first identify all the actual terms by inference before considering whether any additional terms are to be implied [Hawkins v Clayton at 570; Byrne at 422, 442; Breen at 90–1; Grocon at [176]–[180]].

65. To overcome the primary judge’s findings that there was **no evidence** that the agreeing parties had read or had any knowledge of the term (in its pleaded and subsequent iterations, a lengthily and complexly worded clause in a lengthy and complex legal document), the Appellants would have this Court hold that it is enough to look at the various other prevailing circumstances – from which the term is to be excised – such that the “parties need not be aware of the precise wording of the standard term required by REA”¹⁴ and thereafter conclude that the parties nonetheless “**actually intended** [the term] to form part of their contract”: see *Regreen* at [73]. The Appellants’ approach runs contrary to the well-settle principles concerning the inference of terms as articulated in *Regreen*, *supra* and the authorities referred to therein.
66. Picking just one version of the term the Appellants have sought to infer into Hardingham’s arrangement with the agencies (cl. 5 at PJ [10]), this Court is invited to ask how, on the Appellants’ contention, Hardingham and the agencies could have **actually intended** the clause – in **all** of its bullet pointed (for ease) specificity – to form part of their contract, when there was no evidence that any of them had read or had any actual knowledge of its terms or (spread across three columns below for space reasons; read left to right):

“you grant us an:

- | | | |
|-----------------------|----------------------------|--|
| • <i>irrevocable</i> | ○ <i>publish,</i> | ▪ <i>for any purpose related to our business</i> |
| • <i>perpetual,</i> | ○ <i>copy,</i> | ▪ <i>any content you provide to us</i> |
| • <i>world-wide,</i> | ○ <i>licence</i> | ▪ <i>during the Term, and</i> |
| • <i>royalty free</i> | ○ <i>to other persons,</i> | ▪ <i>this licence survives termination of this</i> |
| • <i>licence to:</i> | ○ <i>use and</i> | ▪ <i>Agreement by you or us”</i> |
| | ○ <i>adapt</i> | |

67. The Appellants would have it that Hardingham and the agencies **actually intended** all of it. With respect, this is fanciful. The Appellants’ approach does not accord with principle. The term cannot be inferred.

¹⁴ REAS [62];

68. It remains to be noted that the Appellants do not in argument dilate upon the notion that the “putative” (*viz.* supposed and not actual) effect of the term may be inferred. This is not surprising: it cannot for the reasons articulated immediately above.

V.5 The Appellants’ third issue

69. His Honour’s [80], (CAB 29) contains the following two statements:

REA granted a sub-licence to RP Data which was not contended to go relevantly beyond what was permitted by the sub-licence granted to REA by the agencies.

Nor was it submitted that RP Data acted beyond the scope of the sub-licence granted by REA.

10 70. Each of those statements is part of a finding, contrary to Hardingham’s case that succeeded on appeal, and is put here, that Hardingham did license the agencies to sub-license the works to REA on terms which permitted the agencies to agree to REA’s terms and conditions, including the term setting out the licence. Hardingham did not contend, as his Honour points out, that REA, in granting a sub-licence to RP Data, had gone beyond, nor that RP Data acted beyond, the scope of the licence purportedly granted to it by REA. But those are entirely irrelevant questions. The issue in the case, once RPD and REA advanced their proposed implied (or inferred) term(s), was whether the agencies had the right at all to confer on REA, and REA in turn to confer on RPD. Whether there were, or were not, excesses of unlicensed behaviour within the agency-REA-RPD chain simply does not bear
20 on that question.

71. Hardingham accepts that – whether by licence or by some other mechanism – they (Hardingham) could not complain about the uploading of the photographs to the REA website, nor their remaining there, while the property was on the market; or to put it in terms of the standard conversation with the agency, during “the campaign”. It does not follow that Hardingham therefore agreed to every use, for however long it wanted, that REA might make of the photographs; nor that it could sub-license them to RPD for the purpose of creating a commercially valuable database for which RPD would charge access fees.

30 72. The objective intended by Hardingham and the agents was to market the subject property to the point of sale or lease. Once sold or let, the common objective of Hardingham and the agencies (and their client) was fulfilled. REA, in wishing to retain the photographs as a valuable input to its database, and as a valuable aspect of that database that enabled it to license it to RPD for significant sums of money, is not furthering the objective of Hardingham and the agencies. When RPD and REA conduct their profit-making activities of providing research databases – for which they charge access to the agencies themselves

– they are engaging in commercial activity for which they wish to pay the lowest price possible (and it does not get much better than zero) for the inputs. Despite the sentiments in REAS [15]-[16] and RPDS [7]-[11], their actions are not an altruistic expression of extension of some laudable general purposes of the betterment of real estate knowledge, to the benefit also of Hardingham and the agencies.

73. The gravamen of REA's case on the s. 15 ground at REAS [68] seems to suggest that if the agencies were licensed to reproduce and communicate the works at all, viz., even with implied limitations, the photographs were by that mere fact licensable by sub-licence to REA as widely as the agency or REA wished, by force of s. 15, and without regard to any limitations on the agency's own licence. Section 15 cannot be sensibly construed to have that effect.

VI NOTICE OF CONTENTION

74. Hardingham has not filed a notice of contention or notice of cross-appeal.

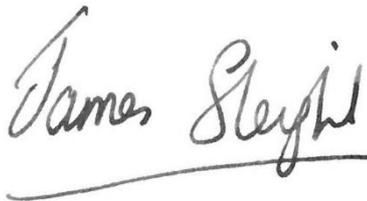
VII TIME ESTIMATE

75. Hardingham estimates that two hours will be required for the presentation of their oral argument.

Dated: 12 July 2022



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**ANNEXURE
CONSTITUTIONAL AND STATUTORY PROVISIONS**

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