SUPREME COURT OF QUEENSLAND

CITATION:	*Returned & Services League of Australia (Queensland Branch) v Comprite Pty Ltd* [2005] QSC 361
PARTIES:	**RETURNED & SERVICES LEAGUE OF AUSTRALIA QUEENSLAND BRANCH)** (plaintiff) **v** **COMPRITE PTY LTD** **ACN 010 486 736** (defendant)
FILE NO:	BS 8678 of 2004
DIVISION:	Trial
PROCEEDING:	Civil trial
ORIGINATING COURT:	Supreme Court of Queensland
DELIVERED ON:	9 December 2005
DELIVERED AT:	Brisbane
HEARING DATE:	31/10/05 – 2/11/05; 17/11/05
JUDGE:	Chesterman J
ORDER:	**1. The defendant deliver to the plaintiff gaming and accounting records relating to the conduct of the plaintiff's art unions.** **2. The defendant's counterclaim is dismissed.**
CATCHWORDS:	CONTRACTS – GENERAL CONTRACTUAL PRINCIPLES – CONSTRUCTION AND INTERPRETATION OF CONTRACTS – OTHER MATTERS – Where a contract between the plaintiff and defendant was silent about who was entitled to retain the information stored on the defendant's electronic database upon termination of the contract STATUTES – INTERPRETATION – INTERPRETATION ACTS AND CLAUSES – Where the plaintiff sought the return of documents in the defendant's possession under terms of the *Charitable and Non-Profit Gaming Act* 1999 (Qld) – whether the documents in the defendant's possession amounted to gaming and accounting records under the Act EQUITY – EQUITABLE REMEDIES – INJUNCTIONS – INJUNCTIONS FOR PARTICULAR PURPOSES – TO

RESTRAIN BREACH OF STATUTES, REGULATIONS OR ORDINANCES – IN GENERAL – OTHER MATTERS – Where the defendant seeks an injunction to restrain the plaintiff from using the defendant's database – whether the plaintiff accessing the defendant's database would amount to a breach of confidentiality.

Charitable and Non-Profit Gaming Act 1999 (Qld)
Charitable and Non-Profit Gaming Rule 1999 (Qld)

Corrs Pavey Whiting & Byrne v Collector of Customs (VIC) (1987) 14 FCR 434, cited
Coco v A N Clark (Engineers) Ltd (1969) RPC 41, cited
Deta Nominees Pty Ltd v Viscount Plastic Products Pty Ltd [1979] VR 167, cited
Ecrosteel Pty Ltd v Perfor Printing Pty Ltd (1996) 37 IPR 22, cited
International Entertainment (Aust) Pty Ltd v Churchill [2002] QSC 317, cited
International Entertainment New Zealand (No. 2) Ltd v Lewis (1998) 42 IPR 162, discussed
Lansing Linde Ltd v Kerr (1990) 21 IPR 529, cited
Moorgate Tobacco Co. Ltd v Philip Morris Ltd (1984-1985) 156 CLR 414, discussed
Robb v Green [1895] 2 QB 315, cited
Seager v Copydex Ltd [1967] RPC 349, cited
Secured Income Real Estate (Australia) Ltd v St. Martins Investments Pty Ltd (1979) 144 CLR 596, discussed
The Commonwealth of Australia v John Fairfax & Sons Ltd (1980) 147 CLR 39, cited
Wright v Gasweld Pty Ltd (1991) 22 NSWLR 317, discussed

COUNSEL: Mr R Bain QC for the plaintiff
Mr P O'Shea with
Mr J Logan for the defendant

SOLICITORS: BCI Law for the plaintiff
Minter Ellison Lawyers for the defendant

[1] The plaintiff is an association incorporated pursuant to the *Religious Educational and Charitable Institutions Act* 1861 (Qld). Its principal charitable activity is the provision of retirement and nursing homes for returned servicemen and their dependants. Its principal source of income for this activity is the profit made from the conduct of art unions, which offer luxurious waterfront homes as first prize. For the purpose of conducting its art unions the plaintiff has been granted a category 3 gaming licence issued under the provisions of the *Charitable and Non-Profit Gaming Act* 1999 (Qld) ('the Act').

[2] The plaintiff itself has not conducted the art unions for many years. It successively contracted that task to two companies which were owned and controlled by Mr and

Mrs Olsen. The second company, in point of time, was the defendant which has managed the plaintiff's art unions since 1 July 1997 pursuant to a written Management Agreement ('the agreement') dated 1 April 1999. Mr Olsen has died and the defendant is controlled by Mrs Pamela Olsen and her son, Mr Bradley Olsen.

[3] The agreement was for a term of ten years but either party could, 'at any time after 30 June, 2000 … terminate this Agreement' by giving 18 months' written notice. On 29 June 2004 the plaintiff gave a notice which will bring the agreement to an end on 29 December next.

[4] The business relationship between the plaintiff and the defendant has completely broken down. There is a marked lack of trust in their mutual dealings and, on Mrs Olsen's side, a degree of animosity towards the plaintiff's officers. This tended to cloud the real issues about which the parties are in dispute, which is what should happen to the records created and maintained by the defendant in the course of managing the plaintiff's art unions when the agreement comes to an end. The plaintiff insists that the records, and the documents and electronically stored data which constitute the records, are its property and should be returned to it. The defendant maintains that for the most part the records are its confidential business information which it refuses to make available to the plaintiff.

[5] The dispute is really about the identity of all the men and women who have bought tickets in the plaintiff's art unions in the past. The plaintiff maintains that the documentary or electronic records of their names and contact details are its property, or at least is information to which it is entitled. The defendant maintains equally stoutly that the information which it has gathered in the conduct of its business is both valuable and confidential, and belongs to it.

[6] There is no doubt the information is of commercial value. The plaintiff wants it so that it can conduct its art unions in the future. Persons who are past ticket buyers are those most likely to buy tickets in the future. They are the class of persons most amenable to an invitation to buy such tickets. The defendant has now secured a contract to manage an art union for another charity and it wants to use the information for the same purpose: to invite those members of the public who are known to buy art union tickets to purchase tickets in the new lottery.

[7] The defendant's business consists of more than managing art unions. It gives advice to sellers of goods and services about the people, or classes of people described by vocation, wealth or location who might buy those goods and services. The identities of past ticket buyers is part of the information on which the defendant relies to give such advice.

[8] The question whether the plaintiff can insist upon the information being given to it by the defendant is to be answered by a consideration of the terms of the agreement and the provisions of the Act. In the event that the plaintiff succeeds in its action the defendant counterclaims for an injunction which would, in effect, prevent the

plaintiff from using the information in connection with the conduct of its future art unions.

[9] The plaintiff claims an injunction, mandatory in terms, that the defendant hand over all records of the types described in paragraphs 6 and 9 of the statement of claim. Those paragraphs contain a wide description of documents which the plaintiff presumes the defendant maintained for the purpose of running the art unions. The defendant counterclaims for:

> (a) A declaration that the confidential information contained in any documents or records which the plaintiff may obtain pursuant to an order of the court may only be used by the plaintiff for the sole purpose of ensuring compliance with the audit and other requirements of the Act.
>
> (b) An injunction restraining the plaintiff from disseminating the confidential information without the defendant's consent and/or reproducing the information for any purpose other than ensuring compliance with the Act.

[10] The plaintiff puts its case on several bases. It contends: *firstly* that it is entitled to possession of the records by virtue of some of the provisions of the Act; *secondly* that a term should be implied into the agreement requiring the defendant to hand over the records on the termination of the agreement; *thirdly* that in equity the documents and records are the plaintiff's and are held by the defendant on trust. I have not found it necessary to consider this last ground. The defendant bases its resistance to produce the documents on the terms of the agreement, and founds its claim to the injunctions on the equitable ground that the documents and records contain its confidential information.

[11] The terms of the agreement on which the plaintiff relied for the respective arguments are:

> '**WHEREAS:**
>
> …
>
> B. The (defendant) … has managed the art union for the (plaintiff) since 30 June, 1986, by utilizing its buyer database and providing other services …
>
> …
>
> D. The (defendant) is prepared to continue to manage and promote the art union and provide computer and other services and utilize its buyer database on the terms and conditions hereinafter appearing.
>
> …

2. The (defendant) shall manage art unions in a proper and businesslike manner and the (plaintiff) shall assist as is reasonably required in a proper and businesslike manner and shall pay the expenses of the art unions and its own expenses. The management of art unions shall comprise the marketing management and other functions referred to in the Schedule … The (plaintiff) shall be entitled to all revenue arising from the art union. The (defendant) shall bear and be responsible for its own expenses incurred in its management and marketing of the art union to be paid from the fees and charges payable …

…

4. The (defendant) shall continue to manage all those persons employed by the (plaintiff) in the art union business as at the 1st July 1997. The (defendant) shall have the right to hire or terminate such staff on behalf of the (plaintiff) …

5. A person nominated by the (plaintiff) shall be entitled to inspect and audit all books and records maintained by the (defendant) relating to the art union during the term hereby created. The (defendant) hereby specifically agrees to allow that person so nominated … to inspect and audit its books and records to do so on any working day during the ordinary business hours the art union is conducted after reasonable notice in that regard.

…

9. The (defendant) shall during the term hereby created comply with the requirements of all Commonwealth, State and Local Authorities and the legislation and ordinances passed by such Authorities in relation to its marketing and managing each art union.

10. It is agreed and declared that the (plaintiff) and the (defendant) are not partners or agents of each other and that neither has the authority to bind the other by contract declaration admission or other statement without the consent of the other first had and obtained …

19. Each party agrees with the other that it will … keep the contents of this Agreement and any information owned by the other party whether or not designated by that party as being confidential information (but which may reasonably be assumed to be confidential) confidential, and not disseminate same … without the consent of the party owning it. Confidential information owned by a party shall be treated by the other party in the strictest confidence. Except as is required by law a party shall not … reproduce … or communicate by any … means … any confidential information … provided that the obligations in this clause shall not apply where the

> confidential information is already known to or lawfully in the possession of the recipient … through sources other than the party (owning) the information, or where disclosure is required by law …'

[12] The art unions which the plaintiff conducted over the years are category 3 games for the purposes of the Act. By section 20 of the Act:

> 'A person must not conduct a category 3 game unless the person –
>
> (a) is an eligible association that complies with section 22 and holds a category 3 gaming licence; …'

The plaintiff is an eligible association. It has held in the past, and holds at present, a category 3 gaming licence. Section 22 of the Act provides:

> 'An eligible association may conduct a category 2 or 3 game only if the association –
>
> (a) keeps its general gaming records at any of the following places –
>
> (i) its principal place of business in Queensland;
> (ii) if the eligible association is a corporation whose registered office, under the Corporations Act, is in Queensland – its registered office;
> (iii) another place approved by the chief executive…'

[13] Section 72 provides that the Minister may make rules about general gaming and that rules so made are subordinate legislation.

[14] Section 74 provides:

> '(1) A person conducting a category … 3 game must keep records (***general gaming records***) about conduct of the game.
>
> …
>
> (2) The person must keep the records at one of the following places –
>
> (a) the person's principal place of business in Queensland;
> (b) if the person is a corporation whose registered office, under the Corporations Act, is in Queensland – its registered office;
> (c) another place approved by the chief executive.'

[15] Section 77 provides that a general gaming record must be kept for the period approved by the chief executive, which must be not more than five years after the end of the game to which the record relates. It does not appear that the chief executive has designated any period for the purposes of section 77. It would seem prudent therefore for licensees to maintain records for five years. The Act does not contain any definition of a general gaming record.

[16] Section 78 provides that:

> '(1) A person conducting a category … 3 game must –
>
> (a) keep accounting records correctly recording and explaining the financial transactions for the game; and
> (b) keep the accounting records in a way that allows –
>
> (i) true and fair financial statements and accounts to be prepared where necessary; and
> (ii) the financial statements and accounts to be conveniently and properly audited.'

[17] Section 79 obliges the holder of a category 3 gaming licence to prepare financial statements and accounts which give a true and fair view of the licence holder's financial operations for the game. By section 87 the category 3 licence holder must, as soon as practicable after the end of each financial year in which the person conducts the game, ensure that its financial accounts, records and statements for the general gaming operations are audited by an accountant.

[18] Although the Act does not define a general gaming record the contents of the *Charitable and Non-Profit Gaming Rule* 1999, made pursuant to the Act, gives some indication of what constitutes such a record. Schedule 1 to the Rule deals with art unions. Clause 2 of the schedule provides that each ticket in a category 3 art union must include the following information:

(a) The name of the person conducting it
(b) The closing and drawing dates
(c) The way in which prize winners will be notified
(d) The ticket price
(e) The order in which prizes will be drawn
(f) The ticket number
(g) The category 3 licence number
(h) A description and retail value of each prize

Clause 3 of the schedule provides:

> '(1) If more than 1 series of tickets is to be used for the same draw … each series of tickets must be identifiable by colour or other distinguishable characteristics.
>
> (2) …

> (3) If an art union is not conducted and drawn on the same day, the tickets for the art union must –
>
> (a) Have the name and either the address or telephone number of the entrant –
>
> (i) legibly written on the ticket butt; or
> (ii) legibly recorded in another way enabling each prize winner to be identified …'

Clause 4 deals with the drawing of prize winners. Sub-clause 6 provides that if the drawing date is extended the licensee must advertise entrants of the new closing and drawing dates by notice in a newspaper circulating in the area where the tickets were sold.

[19] The plaintiff's art unions are not conducted and drawn on the same day. The provisions of the schedule would seem to indicate that those conducting the art unions must make a note, or record, of the name, address or telephone number of the entrant, that is each person who bought a ticket. The information is required for two purposes: to enable the prize winner to be identified and to advise all entrants of any extension to the drawing date. For this purpose it is necessary to know where the tickets were sold, that is the geographical location of the entrants. This can be gathered from telephone numbers as well, obviously, from the address if that is obtained.

[20] The information required by clause 3(3) of the schedule would undoubtedly constitute general gaming records. The Rule requires a licensee to obtain the information, to record it, and to keep it. Other information may also satisfy that designation but it is this information which is of central interest in this litigation.

[21] Before dealing with the parties' submissions it is convenient to mention some evidence as to the manner in which the defendant conducted the plaintiff's art unions and some evidence given by Mrs Olsen.

[22] The plaintiff has offices is at 283 St Paul's Terrace, Fortitude Valley which would appear to be its principal place of business. The plaintiff has recently taken a lease of premises at 67 Astor Terrace in Spring Hill from which it proposes to manage its art unions on and from 30 December 2005.

[23] The defendant carries on business from premises at 23 Musgrave Road, Red Hill. Its business consists of more than managing the plaintiff's art unions. It offers 'a wide range of services including database establishment, storage and maintenance, list rentals, customer service call centre, campaign strategy and development, strategic marketing, creative design, print and production of marketing material and mailhouse services.' It has 35 employees of its own and manages about 80 of the plaintiff's employees who are engaged, obviously, in connection with the art unions. These figures suggest that predominantly the defendant's business is that of running

the plaintiff's art unions. It 'has compiled and continually develops one of the most … comprehensive national consumer databases in Australia (which) contains the names and addresses of approximately 11.7 million adults … (The defendant) has also developed and maintains the business equivalent … [f]ile (which) … contains the names and addresses of approximately 1.4 million businesses in Australia.' Mrs Olsen claims that these two databases are two of the 'largest commercially available databases in Australia.'

[24] For a price the defendant makes the information in the databases available to customers to enable them to conduct both diffuse and specific marketing campaigns. The defendant has developed software programs which allow it to manipulate the information on the databases so as to provide lists of names and addresses of persons categorised in a variety of ways but principally according to wealth and buying habits. In the course of conducting the plaintiff's art unions the defendant has obtained information about those who have bought tickets; how frequently and to what value. This information has been assimilated into the defendant's databases. All of the men and women whose 'profiles' have been entered on the database can be identified by name, address and telephone number. This information can be made available to the defendant's customers, who pay for it, so that a selected group may be approached directly and asked to buy goods and/or services.

[25] A sub-set of persons recorded in the database are those who have bought tickets in the plaintiff's art unions. About 80 per cent of those who buy tickets in an art union have bought tickets in previous art unions. The volume of repetitive business is very high. A knowledge of those who are, by their past conduct, likely to buy tickets in future art unions is of particular value to those who conduct art unions. Those who comprise that group are the most likely to respond to future invitations to buy tickets.

[26] According to Mrs Olsen the defendant's buyer database 'includes information about the name, address and/or telephone number, and details of tickets purchased in respect of all entrants in each of the (plaintiff's) art unions conducted since the commencement of the … agreement.' The database 'is a marketing tool which allows (the defendant) to target people who are likely to purchase tickets in an art union. The information contained in (its) database is extremely valuable and accordingly there are restrictions placed on who can access and deal with information contained in it.' These restrictions are those which the defendant has devised and which it enforces.

[27] Mrs Olsen and her husband were the controllers of a company, Formdeen Pty Ltd ('Formdeen') which in 1983 agreed to conduct art unions for the plaintiff. On 19 December 1983 Formdeen paid the plaintiff $84,000 for a list of 180,000 names and addresses of persons who, more or less frequently, bought tickets in the art unions. These lists were said to be 'very valuable because not only were they responsive art union buyers but they also enabled (Mrs Olsen) to profile a typical RSL Queensland art union ticket purchaser …'. In about June 1986 the defendant succeeded Formdeen as the manager of the plaintiff's art unions. On 31 December 1988 the defendant bought from Formdeen its 'buyer database' for the sum of $350,000.

[28] Mrs Olsen thought that only some 'few tens of thousands' of the names on the list which Formdeen acquired from the plaintiff in 1983 would remain on the defendant's buyer database.

[29] By 1 July 1997 the defendant's database contained the names and addresses of about 1.2 million persons who bought tickets in art unions more or less regularly. During the course of, or at the conclusion of, each of the plaintiff's art unions which the defendant has conducted the defendant has added to its database details, names, addresses and/or telephone numbers, of every ticket buyer. Mrs Olsen claims that this information 'is extremely valuable and currently contains approximately 1.4 million names and addresses.' Although the total number has not grown greatly since 1997 'the composition of the database has altered significantly … The number of people who are now regular buyers has almost doubled.' Mrs Olsen makes the point, which is obviously correct, that direct marketing and selling tickets in art unions 'is extremely competitive and because of their value mailing lists are very closely guarded.' 'Confidentiality' is said to be 'of the utmost importance.'

[30] In the recent past the defendant has managed ten art unions each year for the plaintiff, selling between 700,000 and 800,000 tickets in each. It manages the art unions from its premises in Red Hill where it accommodates the plaintiff's employees and provides a room for the plaintiff's officer responsible for overseeing the conduct of art unions. To reflect this arrangement the defendant has charged the plaintiff $25,000 per art union for rent and $5,000 for storage, presumably of documents necessary for the art union.

[31] The defendant keeps the records for the plaintiff's art union at its premises. Mrs Olsen has deposed, significantly, to the fact that 'to properly manage the art union on behalf of (the plaintiff) (the defendant) needs ongoing access to documents for … current (and) past art unions' and that 'to properly manage the art union, (the defendant) requires ready access to the records of past art unions … It needs those records to answer inquiries where a credit card charge has been rejected. In that instance the original ticket order form must be located …'

[32] In response to the notice terminating the agreement Mrs Olsen wrote to the plaintiff on 30 July 2004:

> '… Comprite owns substantial confidential information which includes know-how, the art union lists and otherwise.
>
> The purpose of this letter is to advise you that Comprite insists that the RSL respects all confidential provisions and information and that all parties with access to any part of Comprite's confidential information due to previous arrangements and until termination (including … lists) must also respect Comprite's rights.'

[33] On 14 April 2005 Mrs Olsen again wrote to the plaintiff:

> '…

> The fourth matter contains a demand or a requirement that we deliver to you Art Union records. As you would well understand, the question of whether the records properly characterised as general gaming records should be held at Comprite's office or at the RSL's office is a matter within the scope of the current litigation. …
>
> We believe that the RSL has an obligation … to ensure that Comprite has the full and proper benefit of the Management Agreement. … What follows is that the RSL should … support Comprite in the request made of the Chief Executive (that the documents be kept at the defendant's office)…
>
> Moreover, we know and understand that the only reason the RSL wants these documents is to take them, deconstruct the content of them, fail to properly comply with the confidentiality obligations within the Management Agreement and use them generally for the purpose of taking confidential information. These documents, if they are to be held at the office of the RSL, are to be held solely for the purpose of regulatory compliance with the … *Act*…, and *no other collateral purpose*.'

[34] The plaintiff replied on 18 April 2005:

> 'You misunderstood the RSL's request. The RSL has no issue with Comprite maintaining the records relating to current Art Unions at its premises so that it can <u>obtain the full and proper benefit of the Management Agreement</u>. Having said that, in light of the various audit reports that have been published recently, the RSL will not support any application to the QOGR for the keeping of those records at Comprite's premises indefinitely because it cannot be sure that the records are being kept properly and that the RSL is otherwise meeting its statutory obligations.
>
> As to the records of Art Unions that are complete, how you can say that those records, which are generated in the conduct of the RSL's Art Union business (of which you are only the manager) and which would be generated irrespective of by whom the business was managed:
>
> (a) are your records; or
> (b) if not your records, contain information which is your confidential information,
>
> is frankly, beyond me. The RSL does not want to use your systems, it merely wants to recover its records.
>
> The fact that the RSL wants those records to assist in the conduct of the Art Union business going forward is no secret either, so I don't know why you keep raising this.'

[35] Mrs Olsen said in evidence that the documents that the defendant will deliver to the plaintiff on 29 December are 'deposit books, cheque books, bank statements … and the MYOB documents, anything that's in the accounting system.' Unless compelled by the court the defendant will not deliver any records or documents that concern the running of the art union because that is its 'know how'.

[36] On behalf of the defendant Mrs Olsen has undertaken that if the plaintiff's art union records are retained by it the defendant will 'continue to deal with any inquiries from ticket purchasers in relation to past art unions …'. Mrs Olsen also undertakes on behalf of the defendant to provide access to auditors appointed under the Act who conduct audits into the plaintiff's art unions to all documents in its possession relating to the conduct of the art unions if it retains possession of those records.

[37] On receiving notice of termination of the agreement Mrs Olsen sought to replace the plaintiff with another charity for whom the defendant could conduct art unions. It succeeded in reaching agreement with The Royal Blind Foundation for whom it will conduct art unions in the future. It secured that agreement partly by intimating that it had a database containing names and addresses of people likely to buy art union tickets. These are the people who have bought tickets in the plaintiff's art unions.

[38] The plaintiff employs about 80 staff in connection with the conduct of its art unions. As I mentioned they work at the defendant's premises and are directed and supervised by the defendant's managers and senior employees. The plaintiff's staff perform routine tasks below managerial level. They send out and receive mail, bank moneys received for the purchase of tickets, process electronically into the database details of ticket buyers, answer telephone requests for tickets and prepare, for mailing, advertising brochures and invitations to purchase tickets. The plaintiff's employees have limited access to the defendant's database. They can enter details of ticket purchasers on a superficial level. The amalgamation of that information into the wider database is undertaken by the defendant's employees. Two of the plaintiff's staff who work in computer operations are able to access the whole of the defendant's database but they work under the close supervision of one of the defendant's managers. All of the plaintiff's employees engaged at the defendant's premises have been required to sign a document setting out the terms and conditions of their employment. Importantly the agreement contains this condition:

> '*Confidentiality*: During your employment you may have access to and/or acquire highly sensitive, Company Confidential, proprietary and/or privileged information dealing with or otherwise relating to the business of the RSLA … Art Union, Comprite Pty Ltd or its affiliates. Employees shall not use or disclose … to anybody any information about these companies or any of its clients, nor should any employee aid … any other person in using or disclosing any information about these companies or any of its clients. There is a continuing legal obligation for all employees to maintain confidentiality, even if they are no longer in the employ of any of the abovementioned companies. Any employee who breaches this confidentiality obligation, acknowledges that the employer is entitled to substantial compensation … or … injunctive relief …

> The RSLA (Qld branch) War Veterans Homes and Welfare Art Union and/or Comprite Pty Ltd will aggressively take immediate legal proceedings against anyone found breaching this confidentiality agreement.'

[39] There are four methods by which art union tickets are sold. The first is by agents who have contracted to sell tickets on a commission basis. Although the contracts are made with the plaintiff it is the defendant who has all the dealings with the agents. Typically the agents occupy booths at major shopping centres and offer tickets to passers-by. When a ticket is sold the butt, which the agent keeps, has a record which identifies the buyer. The agent in due course returns the butts of sold tickets and all unsold tickets to the defendant. When butts are received the details inscribed on them are entered into the superficial level of the defendant's database, becoming what was called 'a temporary computer file'. This information is later assimilated into the main database by one of the defendant's employees. The initial entry is performed by one of the plaintiff's employees. The original ticket butt is also retained as part of the records of the art union.

[40] The second method of sale is by mail order. There is, for each art union, an advertising brochure and a ticket order form which are mailed to very substantial numbers of people selected from the defendant's database. Largely, but not entirely, the members of the public to whom brochures and ticket order forms are sent are those who have previously bought tickets. When the completed order forms are returned the documents are scanned electronically and the detail held in the temporary computer file from which a ticket is printed and then posted to the buyer. If for some reason a ticket order form cannot be scanned the details are manually entered into the temporary file. The information so entered in the temporary computer file is processed into the defendant's database by one of its employees as with tickets sold by agents.

[41] Mrs Olsen accepted that the butts of tickets sold by agents are kept by the defendant because they are part of the accounting records of the art union which the Act requires to be kept.

[42] Fifty-one per cent of ticket buyers in each art union have pre-ordered tickets. The pre-orders come in two forms. Some buyers send money for the purchase of a ticket or specified numbers of tickets in one or more future art unions. The money is paid into a suspense account and transferred from that to an operating account when tickets are allocated in the art unions as this time arrives. The second form of pre-order utilises a credit card authority. The purchaser will authorise the defendant to issue tickets in future art unions and charge the amount due against a credit card account.

[43] Of the 49 per cent of ticket sales which are not pre-ordered, 80 per cent are bought in response to the mail outs. Of the remaining 20 per cent most come from telephone responses to the mail out. The telephone caller is answered by one of the plaintiff's employees who makes a note of the caller's name and address and arranges to have tickets posted out. The details are entered into the temporary

computer file. A few sales are effected through the plaintiff's internet site. The evidence was silent about how details of these purchasers were processed but they must have been given to the defendant for assimilation into the records of those who bought by other means.

[44] A record of persons who had pre-ordered tickets for future art unions is retained on the defendant's database. Presumably when each art union is conducted the database is consulted, by means of the appropriate program, to reveal who had placed orders so that tickets could be issued and appropriate steps taken to make a charge on the credit card account or to transfer money from the suspense account to an operating account.

[45] Over the years in which the defendant has managed the plaintiff's art union it has improved the capacity of its computer programs to sort, file and retrieve information from the database. The plaintiff has been asked to pay substantial sums towards the cost of that process. It complied, no doubt for the reason that improved programs made for a more efficient use of the database in connection with the marketing and operation of the art unions.

[46] The internet site which the plaintiff utilised to sell art union tickets was initially serviced by a company 'Jumbo Mall'. In the first half of last year the plaintiff decided to terminate its arrangements with that company and supervise the site itself. Accordingly Mr Brad Olsen wrote to Jumbo Mall on 17 June 2004 on the plaintiff's letterhead to inform it of the plaintiff's decision. Mr Olsen wrote:

> '… [W]e feel it is important to control this function and responsibility under one roof.
>
> The following is required to be transferred and/or copied to RSL immediately:
>
> - Currently used … domain names
> - RSL Web Client Lists
> - Client Credit Card Information
> - PIA information
>
> All this information belongs to the RSL and can only be used for the Art Union.'

[47] Mr Olsen described himself as the 'RSL War Veterans' Homes and Welfare Art Union Manager'. 'PIA' refers to 'payment in advance'.

[48] Mrs Olsen agreed in cross-examination that had Jumbo Mall supplied Mr Olsen with the information requested (ignoring the domain names) it would have been entered into the defendant's database, which Mrs Olsen claims is confidential to it and will not be supplied to the plaintiff. It will be noted that Mr Olsen demanded the information on behalf of the plaintiff.

[49] In the course of cross-examination Mrs Olsen conceded that one of the plaintiff's employees engaged at the defendant's premises to process mailed applications for tickets could, without breaching the confidentiality agreement, reveal to the plaintiff the details of an individual ticket buyer. The defendant's case is that the plaintiff is not entitled to be told, even by its employees, the identity of all ticket buyers in an art union. When asked to indicate what number of buyers the plaintiff's employees could divulge to their employer, the number necessarily falling somewhere between one and the totality of buyers, Mrs Olsen declined to answer.

[50] The plaintiff intends conducting its own art unions from the end of the year. It is obvious from the facts I have recited that there is a large numbers of persons, whom the defendant can identify, who have placed orders for tickets in future art unions. The plaintiff will face obvious difficulty in fulfilling these orders if it does not know of the orders, or who placed them. The defendant resists telling the plaintiff.

[51] Mrs Olsen had this to say about the situation (T 224.51-225.33):

> '… [W]hen the RSL takes over its art unions at the beginning of next year, how can it honour the authorities given by people, the 51 per cent who have given authorities to buy tickets in the future, without access to that information? – I would contact those people, your Honour.
>
> And tell them what? – And tell them that Comprite's database has been utilised over the last 22 years to raise funds for the RSL. It is now being utilised to raise funds for other organisations.
>
> So you would ask them to cancel their authorities in favour of the RSL and transfer them to … the Royal Blind Foundation? – No, no. I wouldn't ask them to do that. It is a choice.
>
> But these people have … made a decision to buy tickets in future RSL art unions – indeed, given an authority to you as agent for the RSL to … issue them with tickets in future RSL unions? – But I'm not an agent …
>
> … [T]he RSL couldn't honour … those authorities, without access to the information that you say you won't give them? – No.
>
> And you say you will contact them and say that you no longer run the RSL art unions so that they won't be given tickets in the future in RSL art unions? - If they wish to procure tickets they would have to go to the RSL.
>
> But you would tell them, I take it, that you do, however, run an art union for another worthy organisation? – Yes.'

[52] The trial of the action was complicated by the level of distrust between the parties which gave rise to a tendency to dispute every point, whether relevant or not, and by Mrs Olsen's propensity to be argumentative. A difficulty for the plaintiff is that it

did not know what records have been kept by the defendant so it could not articulate with any precision the terms of the order it seeks. The same reason obliged it to rely upon slightly tendentious asseverations of what documents the defendant must have, and which should be handed over.

[53] In the end this difficulty has been largely overcome. Counsel for the parties have reached agreement with respect to the existence and categorisation as 'accounting records' of a number of classes of document. In addition, counsel for the plaintiff has identified the names and addresses (or telephone numbers) of buyers in the art unions conducted by the defendant in the course of the agreement as being the gaming records which it is the plaintiff's principal concern to obtain.

[54] There is no doubt that these records exist. The plaintiff described them as 'ticket registers' and claimed that one exists, or must exist, in respect of each art union conducted by the defendant. Mrs Olsen disputed that the defendant kept such records though she was able to produce such a record (PAO 38) without difficulty from the defendant's database. She described it as 'a subset of the information contained in Comprite's buyer database.' Mrs Olsen agreed (T 165.9-10) that the defendant could, with respect to any art union it has conducted for the plaintiff, produce 'the entirety of the ticket holders.'

[55] There is also no doubt that this information, stored in and retrievable from, the defendant's database constitutes general gaming records for the purposes of the Act. For the purposes of conducting an art union which is not conducted and drawn on the same day the licensee is obliged to keep a record of all ticket buyers sufficient to identify them.

[56] The defendant's counsel does not contend otherwise, but in order to resist an order that they be delivered to the plaintiff submits that the register of buyers, or the record of their details, ceases to be a gaming record once the art unions have been drawn and the winner identified. There is, it is submitted, no need to maintain information identifying unsuccessful ticket buyers. There being no use for the information with respect to the conduct of that particular art union, the information is not, or ceases to be, a general gaming record.

[57] I can see neither sense nor logic in the submission. No reason was given to explain why the conclusion of an art union should cause information which was a gaming record to lose that character. Its immediate purpose may have disappeared but it is still a gaming record, even if only of a past event.

[58] The defendant then submitted that the Act applies only to gaming records that exist with respect to current art unions and not records of past ones. Accordingly, it was submitted, the plaintiff had no obligation to maintain such records and no right to demand them from the defendant. The submission overlooks the terms of sections 74 and 77 of the Act: a gaming record must be kept by a licensee at its registered office or principal place of business for the period approved by the chief executive. This is a statutory recognition of the fact that general gaming records maintain their

character after the drawing of an art union, and that the licensee must preserve them at its premises.

[59] The ticket registers, as I call them for convenience, are accounting records as well as general gaming records. This conclusion follows from the evidence of the two accountants called respectively by the parties, Mr McKinnon and Mr Traynor.

[60] Revenue for art unions is generated by the sale of tickets. Each sale is a contract or, as the accountants call it, a transaction, by which money is paid for the chance to win a prize. Those running the art union, whether they be the plaintiff or the defendant, record each transaction, i.e. ticket sale. The record includes information which identifies the purchaser as well as the value of the transaction which, of course, depends upon the number of tickets purchased.

[61] Mr McKinnon's evidence (T 240.30-.50) was that the ticket register, that is the records of individual ticket sales, was an accounting record because it was a record of the purchase by a member of the public of a chance to win the prize and was therefore a record of a transaction of the business of the art union. This is clearly right. Mr Traynor was disposed to argue, in support of the defendant, that the ticket register was not an accounting record because an auditor conducting an audit of the art union would not ordinarily look at the documentary records of individual ticket purchases. This is to miss the point quite badly. Mr Taynor did, however, accept that (exhibit 5 paragraphs 38, 44):

> 'In respect of an audit trail for sales of tickets it is important to first identify the point of data capture. A ticket sale is a sale when someone has paid for it; be it by cash, credit card or any other means. Hence the first point of data capture is the transaction of someone paying for a ticket. … The transaction capture point for sales revenue is the point of payment.'

[62] Mr Traynor said this in his testimony:

> '(T 257.11-.28) The record of initial entry can't happen until the transaction has occurred. …
>
> The transaction is the contract – it's the record of the contract that … is … the record of initial entry …? – Yes.
>
> (T 265.34-.40) … [I]n terms of an art union, on the revenue side the transactions that generate the revenue are the ticket sales, aren't they? – They are, … yes.
>
> So each purchase of a ticket which generates revenue is a transaction, is it not? – That is correct.
>
> (T 266.15-.35) You cannot, can you, intelligibly enter the transaction unless you collate the cash receipt with the ticket which identifies the purchaser? - … [Y]es.

> But however you do it you match a name with the payment for one or more tickets? – That's right.'

[63] The 'point of data capture' or 'record of initial entry' is the act of noting in an accounting system the detail of a transaction. The transactions in question are the sales of tickets. The details which are 'captured' or 'entered' are the identity of the parties, buyer and seller, the subject matter of the sale, i.e. the number of tickets bought and the price paid. To accept, as Mr Traynor did, that this information, this record of transactions, is entered into the defendant's accounts is to admit that the records are accounting records.

[64] Initially, the parties hotly debated the question of what constitutes accounting records. The defendant was disposed to argue that only those documents which an auditor would rely upon for the purposes of performing his audit answer that description. It appears that over the years the plaintiff's auditors have been content to issue unqualified audit certificates having referred to a minimum of accounting information. Thus the defendant argued that the minimum which would satisfy the auditors was all that constituted accounting records. The proposition only has to be stated for its fallacy to be apparent. By the time of addresses the parties had come to a more realistic assessment of what such records are.

[65] The defendant now accepts that the following classes of documents are accounting records for the purposes of the Act:

> Rates notices; bank deposit records; prepayments re construction of prize homes; invoices from defendant to plaintiff; tax invoices; cheque butts and bank account statements; detailed reconciliation of all ticket sales; register of foreign currency sales including exchange rates; reconciliation of sales by ticket number and by art union to banking records (ticket file audit report); asset register; supporting documentation for additions and disposals; edit lists supporting all transactions within the asset register; detailed records of all prize costs and associated records; bank statements and reconciliations; monthly and yearly balance sheet and profit and loss reconciliations; reconciliations of foreign currency sales and records of both overpayments and inadequate payments; suspense records detailing by ticket or pre-draws; general ledger records; petty cash records; taxation records; payroll records; valuation of real property offered as prizes; details of the acquisition of real estate; remittance advices – payments; records detailing calculations of the proportion of group invoices; credit card statements (merchant statements); valuations of prize properties; real estate acquisition details;

I have already indicated my opinion that what I have called the ticket registers are also accounting records.

[66] There are other classes of documents which the defendant contends are not accounting records. They are:

(i) Third party supplier invoices relating to printing, postage etc.;
(ii) Standing authorities to purchase tickets in future art unions;
(iii) Authorities relating to the suspense account (for the purchase of tickets in future art unions);
(iv) Employee induction manual;
(v) Job descriptions;
(vi) Workplace health and safety manual.

[67] The documents in dispute are the third party supplier invoices and documents relating to the forward purchase of tickets. I would accept that the other classes of documents, those numbered (iv), (v) and (vi), are not accounting records.

[68] The records which reveal who has ordered tickets in future art unions, the number of those art unions and the number of tickets to be bought in each as well as the details of how payment is to be made for those forward purchases are, I think, accounting records. In the case of advance payments made to the suspense account the record of who paid the money and for what purpose must surely be an accounting record. The defendant, as manager of the art union, cannot properly account for the moneys received, and cannot apply the money as directed, without keeping, i.e. recording, the details I have mentioned. The record of payment and the direction as to the application of the money are clearly accounting records, as is the record of the application of the money when tickets are issued in the art unions. The same is true of credit card authorities. Although there is no transaction until the tickets are sold the existence of an authority to make future sales is an accounting record.

[69] The last category in dispute is that of the third party supplier invoices. What has happened is that, to achieve economy, the defendant has placed bulk orders for printing brochures and advertising material for other clients as well as the plaintiff. By placing larger orders the unit cost of printing has declined. Because the printer's invoice delivered to the defendant relates to more than the printing of the plaintiff's material the defendant has delivered its own invoice for printing to the plaintiff and has resisted showing the printer's invoices to the plaintiff. The plaintiff suspects that it has been overcharged and has demanded to see those invoices. That dispute does not concern me but it explains the ardour with which this point was contested.

[70] The defendant submits that the relevant accounting record is the invoice which it has delivered in respect of printing services. The cost to it of obtaining those services is said to be its accounting record but not an accounting record of the plaintiff nor the art union. The plaintiff's submission is that the record of the transaction which gives rise to the cost of printing for which the plaintiff is charged is an accounting record of the art union.

[71] I prefer the plaintiff's submission. The defendant's point gives too narrow an understanding of what is an accounting record. The printer's invoice is the evidence

of, and basis for, a charge made against the plaintiff as part of the cost of running its art unions.

[72] In any event it is difficult to see why the defendant would resist revealing those invoices to the plaintiff. Clause 5 of the agreement allows the plaintiff to inspect the defendant's documents. If the defendant were right about the printer's invoice the plaintiff could still see it by exercising the right given by clause 5.

[73] The plaintiff contends that the following are general gaming records:

(i) Ticket registers for each art union;
(ii) Standing authorities to purchase tickets in future art unions;
(iii) Records of pre-payment for future ticket purchases;
(iv) Advertising material;
(v) Contracts with ticket selling agents;
(vi) Third party supplier invoices.

[74] The defendant contends that none of these is a gaming record. I have dealt with the ticket registers. I accept that the third party supplier invoices are not gaming records. They are no different to other invoices. I would accept that the records relating to future purchases of tickets are gaming records. They are no different in principle to actual ticket sales which are transactions the record of which I have found to be a gaming record. The proper conduct of an art union for which advance notice of intention to buy tickets has been given requires that the record of intention be maintained and honoured. Those records are necessary for the proper conduct of the art union. In my opinion they are gaming records. The other documents, those numbered (iv) and (v), are gaming records, but I do not understand them to be in controversy.

[75] The plaintiff puts its entitlement to the gaming and accounting records principally upon the provisions of the Act and the terms of the agreement which, it submits, interact in its favour. It points to clause 9 which imposes on the defendant an obligation to comply with the Act 'in relation to its … managing each art union.' The Act, of course, to the extent that its provisions regulate the parties' conduct, applies by its own force and not by their agreement. Read literally, the Act, which obliges the plaintiff to keep gaming records at its premises, and to keep accounting records, did not require the defendant to do anything. Disobedience by the plaintiff to the provisions of the Act, however, would make it susceptible to the cancellation of its gaming licence or a refusal by the Minister to renew it. In order to enjoy the benefit of the contract itself, and in order for the defendant to have the benefit of the contract, the plaintiff must comply with the Act and remain licensed to conduct its art unions. The defendant must do what is in its power to enable the plaintiff to comply with the Act and so allow both parties the benefit of the agreement.

[76] There is no express term in the agreement to that effect but it is a necessary implied term. According to Mason J in *Secured Income Real Estate (Australia) Ltd v St. Martins Investments Pty Ltd* (1979) 144 CLR 596 at 607:

> 'But it is common ground that the contract imposed an implied obligation on each party to do all that was reasonably necessary to secure performance of the contract. As Lord Blackburn said in *Mackay v Dick* …:
>
> > "[A]s a general rule … where in a written contract it appears that both parties have agreed that something shall be done, which cannot effectually be done unless both concur in doing it, the construction of the contract is that each agrees to do all that is necessary to be done on his part for the carrying out of that thing, though there may be no express words to that effect."
>
> It is not to be thought that this rule of construction is confined to the imposition of an obligation on one contracting party to co-operate in doing all that it is necessary … for the performance by the other party of his obligations … As Griffith CJ said in *Butt v M'Donald* …:
>
> > "It is a general rule applicable to every contract that each party agrees, by implication, to do all such things as are necessary on his part to enable the other party to have the benefit of the contract."
>
> It is easy to imply a duty to co-operate in the doing of acts which are necessary to the performance by the parties or by one of the parties of fundamental obligations under the contract.'

[77] Read with this understanding clause 9 obliges the defendant to do that which is necessary to enable the plaintiff to comply with the Act. This means that the defendant must yield to the plaintiff the general gaming records and accounting records in its possession which the Act requires the plaintiff to keep, or to keep at its premises.

[78] The Act does not require the plaintiff to keep accounting records at its premises. The obligation is merely to keep them. The plaintiff is, however, obliged to have its accounting records audited. A failure to do so would put it in breach of the Act and expose it to the risk that its gaming licence would be revoked or would not be renewed. To perform its statutory obligation the plaintiff, it seems to me, must have unrestricted access to its accounting records so that it may make them available to the auditor. The obligation is on the plaintiff to *keep* records. They must, therefore, either be held at the plaintiff's premises where it controls them, or the defendant must provide the accounting records on request. On either view the plaintiff is entitled to have the accounting records given to it.

[79] The defendant relies upon the terms of clause 5 to resist this conclusion. Its submission is that the clause recognises that 'all books and records maintained by (the defendant relating to the art union) are its records and are to be kept at its premises. The clause gives the plaintiff the right to inspect them on notice and during ordinary business hours. The clause, so the argument runs, would be

unnecessary if gaming and accounting records were to be kept at the plaintiff's premises. So much is true but there are, I think, three answers to this submission.

[80] The first is that the defendant keeps, or might keep, more by way of records than those documents which fit the description of general gaming records, or accounting records, as the Act uses those terms. The clause would give the plaintiff the right to inspect those additional documents, so long as they related to the art union.

[81] The second answer is that to construe clause 5 as the defendant does would bring it into conflict with those provisions of the Act which require the plaintiff to keep accounting and gaming records. The agreement was made on 1 April 1999 but had taken almost two years to negotiate. Its term commenced on 1 July 1997. The Act came into force in 1999. When it did, to the extent that its provisions conflicted with any terms of the agreement those terms would be invalid because illegal. Neither side has suggested the contract should be struck down for that reason, or that parts of it should be severed. I think that restraint is correct. The proper approach is, in my opinion, to regard clause 9, and the Act, as predominant so that the contractual obligation on the defendant to comply with the Act, and the implied contractual obligation to co-operate with the plaintiff, so that it can comply with the Act, overrides any contractual implication arising from clause 5 that would have allowed the defendant to keep to itself the accounting and gaming records. The effect of the Act, and of clause 9, is to limit clause 5 to those records which are not accounting or gaming records.

[82] The third answer is that the defendant might have records which answer the description of accounting or gaming records. These might duplicate records held by the plaintiff. They may be more extensive than such records held by the plaintiff. The Act does not specify that only one set of gaming and/or accounting records be kept. The plaintiff might obey the Act by keeping the appropriate records but the defendant may have its own set of records. Clause 5 permits the plaintiff to inspect the defendant's records. Clause 5 does not necessarily indicate that the defendant is to keep the *only* set of gaming and accounting records.

[83] The defendant also resists the claim on the ground that the plaintiff's principal place of business is the defendant's office because:

(i) the plaintiff does not have a registered office under the *Corporations Act* because it is incorporated under the *Religious Educational and Charitable Institutions Act*; and

(ii) the plaintiff's principal activity is the conduct of its art unions and that has taken place at the defendant's offices since at least 1997.

The factual basis for the second point is that about 90 per cent of the plaintiff's revenue comes from the art unions and that business is conducted at 23 Musgrave Road, Red Hill, where about 80 of the plaintiff's employees are located. The plaintiff was given an office of its own there until 2003.

[84] I am not convinced that these facts do not make the plaintiff's own premises at 283 St Paul's Terrace other than its principal place of business. The point was taken only in addresses and was not explored in evidence. For that reason I am reluctant to accept it. The plaintiff does more than raise money by art unions. I expect its decision-making occurs in its own offices and they can, I think, properly be described as its principal place of business. Moreover when the agreement comes to an end on 29 December 2005 the art union business will not be conducted by the defendant or at its premises. It will not, from January next onwards, be possible to regard the defendant's premises as the plaintiff's.

[85] Next the defendant argues that it will be unnecessary for the plaintiff to have the records at its premises if the chief executive gives his approval to the records being kept at the defendant's premises. The defendant contends that the plaintiff should co-operate with it to seek that approval because:

(i) The defendant carries out all the activities in relation to the conduct of the art unions.

(ii) There is no reason (apart from the statutory requirement) that the records should be kept by the plaintiff.

(iii) The express terms of the agreement, clause 5, contemplate that the records will be kept by the defendant.

(iv) There is no prejudice to the plaintiff in this arrangement.

[86] On the hypothesis that the defendant is entitled to prevent the plaintiff using the records to conduct art unions in the future the records, it is argued, should be kept at the defendant's office. If the premise be made out it is unnecessary to imply a term in the contract that the plaintiff have the records which, by definition, it cannot use, save to comply with the Act. Its obligation to comply with the Act can be met by securing the chief executive's approval to keep the records with the defendant and by the right to inspect documents conferred by clause 5 and/or the defendant's undertaking to make the records available if they are required for audits.

[87] If the claim for confidentiality fails there is no force in this submission. That apart, the facts do not support an order that the plaintiff should seek the approval of the chief executive for the maintenance of its records by the defendant. There is no reason, apart from confidentiality, why the defendant should keep the records after the termination of the agreement. The distrust and acrimony that exists between the parties makes that inappropriate. In addition, the accounting records will be required for audit purposes. The gaming records may be required if the regulatory authority decides to audit the conduct of any past art union. The evidence shows that auditors have had difficulty in obtaining documents from the defendant for their audits. Mrs Olsen's own evidence was that past gaming records are necessary for the management of current and future art unions. The plaintiff intends to conduct such art unions after December 2005.

[88] I conclude that the gaming and accounting records, which I have identified, should be kept at the plaintiff's offices. Indeed the Act requires the gaming records to be kept there. Clause 9 of the agreement obliges the defendant to co-operate with the plaintiff in performing its statutory obligation.

[89] The real, and difficult, question which the action poses is whether the defendant can insist that: (i) the plaintiff may not use the records when delivered to it to conduct art unions in the future; but (ii) must keep them only to satisfy sections 74 and 78 and allow them to be used only for the conduct of an audit.

[90] The defendant's submissions have, as their foundation, the proposition that the records are, or should be, confidential. If this point is not made out the basis for the counterclaim disappears, as does the ground for resisting the delivery of the records to the plaintiff. To succeed the defendant must also establish that the records, and their confidentiality, belong to it.

[91] I would accept that the ticket registers contain information which the law would ordinarily regard as confidential. Holmes J thought that a similar kind of information was confidential: see *International Entertainment (Aust) Pty Ltd v Churchill* [2002] QSC 317. Kirby P enumerated a number of factors which courts have found to be relevant, in particular cases, in determining whether information should be regarded as confidential. The list appears in *Wright v Gasweld Pty Ltd* (1991) 22 NSWLR 317 at 334:

> '(a) The fact that skill and effort was expended to acquire the information…
>
> (b) The fact that the information is jealously guarded …, is not readily made available to employees and could not, without considerable effort and/or risk, be acquired by others…
>
> (c) The fact that it was plainly made known to the employee that the material was regarded by the employer as confidential…
>
> (d) The fact that the usages and practices of the industry support the assertion of confidentiality…
>
> (e) The fact that the employee in question has been permitted to share the information only by reason of … seniority or high responsibility within the … organisation…'

[92] To this list may be added information which is a trade secret, 'information which, if disclosed to a competitor, would be liable to cause real or significant harm to the owner of the secret.' See *Lansing Linde Ltd v Kerr* (1990) 21 IPR 529 at 536; *Ecrosteel Pty Ltd v Perfor Printing Pty Ltd* (1996) 37 IPR 22 at 32.

[93] A number of these factors are established by the evidence. A great deal of effort was expended in acquiring the ticket registers, though I do not think any particular skill was involved. What was required was the careful and industrious recording of the detail of hundreds of thousands of transactions in an organised way. I think this is sufficient to satisfy the first criterion. There is no doubt that the information is jealousy guarded by the defendant and is not readily made available to employees or others. It could not without considerable effort and expense be acquired by others. The second criterion is made out. So is the third, that the defendant made it plain to employees and others that it regarded the information as confidential. I do not recall that the fourth criterion was the subject of evidence but I am prepared to accept that the usages of those who conduct art unions is to treat their lists of potential ticket buyers as confidential. That fact seems to constitute the very point of this litigation. The fifth criterion does not appear to be present in this case. I think the sixth criterion is satisfied; the lists of potential ticket buyers is akin to a customer list and these have, for many years, been regarded as trade secrets. See *Robb v Green* [1895] 2 QB 315.

[94] This conclusion is of little real relevance in this case. As I see it the question is not whether the accounting and gaming records are generically confidential or whether the plaintiff and/or the defendant could, against third parties, successfully contend that the information is confidential and restrain the third parties' use of it. The question is whether, as against the plaintiff, the defendant is entitled to maintain the information is confidential.

[95] The defendant relies upon the following facts to support the conclusion that the ticket registers are owned by the defendant:

(a) The foundational database was acquired for value from the plaintiff and has been developed by the defendant.

(b) The plaintiff acknowledged the defendant's ownership of the database in the recitals to the agreement.

(c) Obtaining the names of new purchasers, which are added to the database, involved manipulation and skilled use of the other huge and valuable databases owned by the defendant.

[96] The first two factors are made out on the evidence. The third factor, I think, is not relevant to ownership. Mrs Olsen exaggerated the extent to which the ticket registers mingled into the database and could not be distinguished from it. The ticket registers are merely one facet of the database and/or is one sub-set of information which the database contains and which it can produce. The process of adding the information into the database is simple. It can be retrieved without difficulty, as it has been.

[97] The preoccupation with the origins and content of the defendant's database gave rise to some confusion in the litigation for which the plaintiff is, I suspect, responsible. The plaintiff's first claims for delivery of the defendant's records appeared to extend to the whole of the contents of the defendant's database. Such a

request understandably alarmed the defendant. It became apparent towards the end of the trial that what the plaintiff wants is the ticket registers: the lists of persons who have bought tickets in each of its art unions. It does not seek all of the information on the database, nor the software programs by which the defendant is able to sift and analyse the information.

[98] The defendant is no doubt right in its submission that the recitals, (b) and (d), to the agreement, are an admission by the plaintiff, who signed the agreement, that in April 1999 the defendant 'owned' information contained on the discs and drives of its computers. The information consisted of a very large number, perhaps a million or more, of names and addresses of persons who could be contacted and offered tickets in the plaintiff's art unions. It is also right that Formdeen Pty Ltd bought a list of names and addresses from the plaintiff in 1983. The names were those of people who had bought tickets in the plaintiff's art unions prior to the sale. This fact is of little relevance because of the evidence that very few of the people on that list remain in the defendant's database. Only that small number is included in those who are selected to be the recipients of invitations to buy tickets in the plaintiff's art unions. The purchase of the information by Formdeen is of historical importance only. There was no evidence about the number of persons presently in the defendant's database who were included in the names and addresses which the defendant bought from Formdeen. Nor is there any evidence of the correspondence between the names and addresses in the databases when the agreement was made and now. There is evidence that the composition of the lists change over time. New names are added and others deleted. The defendant may have bought a database from Formdeen but it did not buy the contents of the temporary files which it added to the database. Indeed it was paid by the plaintiff to acquire and process that information.

[99] Once the more limited nature of the plaintiff's application is understood the plaintiff's ownership of the database becomes less relevant. It is not the database as such that the plaintiff seeks: it is only the identity of those who have bought tickets in its art unions. It is true that this information has been added to the database and is available for analysis and manipulation by the defendant, but does this mean that the particulars of the ticket buyers have become the defendant's confidential information?

[100] Mrs Olsen made exaggerated claims for the contents of the database. It will be recalled that she was prepared to say that had Jumbo Mall responded to Mr Olsen's letter and supplied the information which was requested, on behalf of the plaintiff, it would have been added to the defendant's database and the defendant would have claimed confidentiality for it. It cannot be right that information which would otherwise be the plaintiff's, and which passed to the defendant in its capacity as agent for the plaintiff, ceases to be the plaintiff's by being entered into the defendant's database.

[101] No doubt the parties contemplated that the buyers' identities would be added to the database. The lists of buyers do not, however, lose their separate identities. During the course of each art union buyers' details are gathered from ticket butts and mail order forms and entered in a computer to create what Mrs Olsen described as a

temporary file. This work is done by the plaintiff's employees. Later the contents of the temporary file are assimilated into the larger database by the defendant's employees. Whether or not the temporary files disappear their contents can be retrieved to create the ticket registers which the plaintiff seeks. No doubt it was convenient for the conduct of future art unions that the contents of the temporary file be added to the database, and no doubt the information contained in those temporary files when added to the database was of commercial value to the defendant. This does not alter the point that there existed and can be reproduced the temporary files, or ticket registers, which are or can be made separate from the database.

[102] The information which the plaintiff seeks once existed, and probably still exists, in documentary form. Mrs Olsen said in her statement that the defendant has retained a considerable amount of documentary material which it produced in the conduct of the plaintiff's art unions over the last seven years. This material is said to 'take up approximately 40 pallets', by which I assume Mrs Olsen meant that the documents are stored in boxes which are piled onto pallets. The information which became the contents of the temporary files came from ticket butts or mail order forms. These, presumably, are some of the documents which the defendant retains. For convenience the information has been stored electronically.

[103] The information itself was revealed to and processed by the plaintiff's employees. The documents which contain the information and from which it was entered electronically came into existence through: (i) the purchase of tickets from ticket sellers contracted to the plaintiff; (ii) orders sent in response to an invitation to buy tickets by the plaintiff's manager; and (iii) a written confirmation of orders for tickets from people who telephoned in response to a posted invitation. In each case the information in documentary form was read and handled by the plaintiff's employees. They processed the information into electronic form where it constituted the temporary files.

[104] The critical question is whether the temporary files, whether or not they are added to the defendant's larger database, contain information which can properly be regarded as the defendant's. The defendant relies principally for its claim to ownership of the information upon clause 19 of the agreement and, to a lesser extent, on clause 5. Clause 19, it will be recalled, contained the parties' agreement that 'any information owned by the other party … which may reasonably be assumed to be confidential …' should be kept confidential and not disseminated without the consent 'of the party owning it'. The clause does not in terms answer the question whether the defendant is the owner of the ticket registers. For the reasons I have endeavoured to express the question is not answered by the fact that the defendant added the information in the registers to its wider database. The defendant also relies upon clause 5 as constituting a contractual recognition that all records, which the defendant maintains in relation to the plaintiff's art union, are to be located at the defendant's premises. From this it is argued that the records are the defendant's. If the records contain confidential information clause 19 applies to justify the defendant keeping them from the plaintiff.

[105] I have already indicated my disagreement with the defendant's construction of clause 5. In addition to the matters I have mentioned it does not seem to me that the clause goes far enough to support the submission presently under consideration. The clause does not expressly deal with the question of the 'ownership' of the ticket registers. It has to be overworked to produce the result for which the defendant contends.

[106] The defendant draws attention to the fact that there was an earlier agreement, made in 1984, between Formdeen and the plaintiff for the management of the latter's art unions. Clause 21(b) of that agreement provided that on the termination of the agreement Formdeen should return to the plaintiff 'all documents relating to the conduct of the art union business which are in its possession, power or custody at that time.' There is no equivalent term in the agreement between the plaintiff and the defendant. From the omission the defendant argues that an intention should be presumed or implied into the agreement that on its termination the defendant should retain documents and records relating to the conduct of the art unions during the term of the agreement. The provisions of the Act make the presumption and the implication impossible. Even without that statutory obstacle I doubt if the implication, or presumption, should be made, at least where there is no evidence that the omission was deliberate.

[107] The reality is that the agreement does not provide an answer to the critical question in this action. It has to be found outside the terms of the contract, by more general considerations.

[108] The employee confidentiality agreements, exhibit 36 to Mrs Olsen's affidavit, are particularly significant. Their terms, indeed their existence, are inconsistent with the defendant's claim for ownership of and confidentiality in the ticket registers. It will be remembered that it was the defendant who drew up the agreements and insisted upon their execution by its and the plaintiff's employees. Importantly the agreements specify that the plaintiff is the owner of confidential information and that it could take action in the event that the information was divulged. The agreements are a clear admission that the plaintiff had the right to enforce breaches of the employees' promise not to disclose 'highly sensitive, company confidential, … privileged information dealing with or … relating to the business of the (plaintiff)'. It is a clear recognition that the confidentiality of that information was the plaintiff's. The information in question is that which is processed by the plaintiff's employees and is that contained in the documents just discussed, and which is converted into electronic form in the temporary files.

[109] The defendant's submissions, if accepted, would lead to a startling result. The plaintiff would have lost the capacity to conduct the art unions which have provided the means of paying for its charitable works. That capacity would have passed to the defendant who intends to make it available to another charity, for its own profit.

[110] This conclusion is made out on the evidence. Nearly all ticket buyers are repeat customers, though not all buy tickets in every art union. The regularity with which individuals do buy tickets is apparent from the ticket registers and invitations can be

sent to those at the known interval at which they buy. Fifty-one per cent of buyers are those who have standing orders for tickets in each art union. This majority of buyers will be lost if the plaintiff does not have the means of knowing who has placed orders, for how many tickets, in how many future art unions. It will not know to whom to send invitations to buy tickets if it does not know the identity of those who constitute the remaining forty-nine per cent of buyers. Mrs Olsen admitted that, without the ticket registers, the plaintiff would have to struggle to rebuild its business, 'as she did'.

[111] If the parties intended that the plaintiff should, at the termination of the agreement, lose its capacity to conduct the art unions which have supported their charitable objects for over 20 years and pass that capacity to its manager, one would expect to see a clear expression of that intention in the agreement. It is not there. Likewise one would expect to see clear indications in other circumstances that the parties intended that the information in which and with which both dealt should belong to the manager of the art union and not the licensee of the game. The only indication identified by the defendant was the contractual recital acknowledging that the defendant owned databases which it would utilise in the conduct of the plaintiff's art unions. This, in my opinion, is an insufficient foundation to bear the weight of the defendant's case.

[112] For this reason, in my opinion, clause 19 of the agreement has no application. If, contrary to this opinion, the clause were applicable the exception would operate to remove the ticket registers from the prohibition on dissemination. That prohibition does not apply 'where the confidential information is already known to or lawfully in possession of the recipient through sources other than the party owning the information'. Information was in the possession of the plaintiff's employees who processed the ticket butts and mail order forms and entered it into the temporary files. That information came directly from the public who bought tickets and not from the defendant. Mrs Olsen conceded that one of the plaintiff's employees could inform it of the (or some of the) information which came to the employee in that manner.

[113] Additionally, the clause does not apply 'where disclosure is required by law …'. My view of the operation of the Act and clause 9 is that the defendant is obliged to provide the plaintiff with the ticket registers. The disclosure is required by law, i.e. the Act, and the prohibition cannot operate.

[114] The defendant relies on clause 5 of the agreement for the implication that the agreement contemplated that the documentary and electronic records which came into existence for the purpose of conducting the art union would be in the defendant's possession is a cogent indication that those records were to be the defendant's and would thus be information owned by the defendant. I do not accept this submission. Clause 5 deals with the possession of documents, not their ownership for the purposes of clause 19. Moreover the ambit of clause 5 has to be restricted to prevent it conflicting with sections 74 and 78 of the Act, as I indicated earlier.

[115] The plaintiff is charged by, and pays, the defendant $5,000 each art union for the storage of documents at the defendant's premises. This arrangement can only be explained on the basis that the documents being stored are the plaintiff's. There is no direct evidence as to the nature of the documents but I would assume that they are the ticket butts and order forms from which the buyer's details are transferred to the temporary computer files. If the documents are the plaintiff's, the information must be and does not cease to be because it is made into an electronic entry in the defendant's database.

[116] The defendant bases its counterclaim upon the general obligation, which equity will enforce, not to misuse information which is properly regarded as confidential. I accept that there is such an obligation which exists independently of any contractual rights to confidence that the defendant may have, although, in this case I have found that there is no such contractual right. The question which must be addressed when considering whether equity will restrain the plaintiff's use of the ticket registers is the same as that which I answered negatively when considering the contractual claim. The question is, put loosely, whether the defendant 'owns' the confidential information. As will be seen the formulation has to be altered to take account of the manner in which equity expresses the obligation, but the essence of the inquiry is the same. It is clear that employees and agents who, through their employment or agency, come into possession of their employer's or principal's secrets would be restrained from using them except for the purposes of their employment or agency, and will have to account for profits made from improper use, or pay compensation for the misuse. I have not been referred to any case where an independent, contracted manager, was in possession of information generated in the course of conducting the other contracting party's business and sought to claim the information for its own. *International Entertainment New Zealand (No. 2) Ltd v Lewis* (1998) 42 IPR 162 involved such a manager but the decision is of interlocutory proceedings only and is not helpful on the point.

[117] To return to the formulation of the question which must be addressed one looks to the basis on which equity will intervene. In *The Commonwealth of Australia v John Fairfax & Sons Ltd* (1980) 147 CLR 39 at 50, Mason J, sitting as a single judge, said:

> 'The plaintiff says that this case falls neatly within a fundamental principle of Equity. The principle is that the court will "restrain the publication of confidential information improperly or surreptitiously obtained or of information imparted in confidence which ought not to be divulged" (*Lord Ashburton v. Pape* … per Swinfen Eady L.J.).'

In *Moorgate Tobacco Co. Ltd v Philip Morris Ltd* (1984-1985) 156 CLR 414 at 437-8 Deane J (with whom Gibbs CJ, Mason, Wilson and Dawson JJ agreed) said:

> 'It is unnecessary … to define the precise scope of the equitable jurisdiction to grant relief against an actual or threatened abuse of confidential information not involving any tort or any breach of … contractual provision, some wider fiduciary duty or some copyright or trade mark right. A general equitable jurisdiction to grant such relief has long been asserted and should … now be accepted: see

> *The Commonwealth v. John Fairfax & Sons* … Like most heads of exclusive equitable jurisdiction, its rational basis does not lie in proprietary right. It lies in the notion of an obligation of conscience arising from the circumstances in or through which the information was communicated or obtained.'

[118] Earlier Lord Denning MR had said in *Seager v Copydex Ltd* [1967] RPC 349:

> 'the broad principle of equity (is) that he who has received information in confidence shall not take unfair advantage of it'.

The authors of the fourth edition of *Equity Doctrines & Remedies* thought that this expression of principle 'conveys the notion of receipt of the information in circumstances importing an obligation to treat it on a limited basis and the actual threatened unauthorised use.' (Paragraph 41-050)

[119] These expressions of principle give rise to the conclusion that in any case where a party seeks to restrain the use of confidential information by another the inquiry must be whether, in all the circumstances, including the relationship between the parties, the nature of the information and the circumstances of its communication shows that the information belongs to the plaintiff (in this case the defendant) and that is something which the defendant (plaintiff) might use as it likes. This was the approach taken by Fullager J in *Deta Nominees Pty Ltd v Viscount Plastic Products Pty Ltd* [1979] VR 167 at 193.

[120] I have already set out the nature of the information, the terms of the relationship between plaintiff and defendant and the circumstances in which the communication has been or will be communicated to the plaintiff. There is nothing in any of these circumstances which indicates that it would be unconscionable for the plaintiff to use the ticket registers in the future conduct of its art unions. I so conclude from the following:

1. The relationship between the parties is governed by a contract pursuant to which the defendant has managed the conduct of the plaintiff's art unions so that the plaintiff can make profits to fund its charitable works. The contract does not in its terms confer on the defendant a right of confidentiality with respect to the ticket registers.

2. The information consists of the identities of those who have bought tickets in the plaintiff's art unions. There is nothing in the nature of the information which would indicate that it should belong to the defendant, the manager of the art unions, save for the fact that for the proper performance of the agreement the defendant assimilated the information into its databases. The information which is stored in the database was received by, recorded and converted into electronic form by the plaintiff's employees as part of the conduct of the plaintiff's art unions.

3. The plaintiff has a statutory obligation to keep the information at its premises and the defendant is under a contractual obligation to assist the plaintiff to comply with the Act. There is nothing in the communication of information in these circumstances which suggests some surreptitiousness, some impropriety, which would attract the attention of equity.

4. By the terms of the confidentiality agreements which the defendant had the plaintiff's employees sign the plaintiff's interest in maintaining confidentiality in the information is acknowledged.

[121] These considerations lead me to conclude that the defendant cannot assert, as against the plaintiff, that the ticket registers are its confidential information or that it is information imparted in confidence which ought not to be divulged or used by the plaintiff in the conduct of its art unions.

[122] One reaches the same conclusion if one consider the 'elements' of the cause of action for breach of confidentiality. One of the elements which must exist before the breach is made out is that the information be received by the recipient in such circumstances as to import an obligation of confidence. See *Corrs Pavey Whiting & Byrne v Collector of Customs* (VIC) (1987) 14 FCR 434 at 443; *Coco v A N Clark (Engineers) Ltd* (1969) RPC 41 at 47-48. Information was received by the plaintiff's employees in the course of their employment in connection with the conduct of the plaintiff's art union. The Act and the agreement oblige the defendant to give the information to the plaintiff because it is both an accounting record and a gaming record which the plaintiff must keep. The information itself consists of the identities of those persons who participate in the plaintiff's art unions. These circumstances are not such as, in my opinion, to import an obligation of confidence on the plaintiff. The fact that the defendant has added the information to other information held by it which it can amalgamate and manipulate to its own value does not mean that the information was received by the plaintiff in circumstances importing an obligation not to use it in the conduct of its own future art unions.

[123] For these reasons I conclude that the defendant's counterclaim should be dismissed. I have already expressed my conclusion that the plaintiff is entitled to an order that the defendant deliver to it what I have found to be gaming and accounting records. I will not attempt a formulation of the precise injunction which should be granted. The parties should formulate an order which will give effect to these reasons. One point which the order will have to address is the manner in which the records are to be delivered. This was not the subject of a full inquiry at the trial. The point is whether the records should be given by computer disc or in paper form. Another question which was not addressed is whether the defendant should deliver all of the accounting and gaming records in its possession or whether it may keep copies for itself. The evidence, I think, establishes that when the ticket registers are delivered to the plaintiff the defendant will retain in its database information sufficient for it to replicate the ticket registers. There is, I think, no doubt that the defendant would intend to use that information to promote the art union of its new client. Whether it

is entitled to do so was not the subject of any debate at the trial and I do not understand that any claim was made to restrain such use. One may eventuate.