## TABLE OF CONTENTS

Preface .......................................................................................................................... v
Table of Cases ................................................................................................................. xxv
Table of Statutes ............................................................................................................. clxi
List of Abbreviations ..................................................................................................... clxxxvii

### Prologue – Nature of Equity

[P.05] HISTORICAL BACKGROUND ................................................................................. 1
[P.10] Early development of equity .............................................................................. 1
[P.30] Transformation of equity .................................................................................... 3
[P.35] Equity in Australian courts ................................................................................ 5

[P.40] THE FUSION DEBATE ............................................................................................ 6
[P.40] What is meant by “fusion”? ................................................................................ 6
[P.45] Remedial fusion .................................................................................................. 8

[P.70] MAXIMS OF EQUITY .............................................................................................. 14
[P.75] A person who seeks equity must do equity ......................................................... 15
[P.80] A person who comes to equity must come with clean hands ......................... 16
[P.85] Equity will not suffer a wrong without a remedy .............................................. 16
[P.90] Equity will not allow statue to be used as an instrument of fraud ............... 16
[P.95] Equity looks to intent rather than form ............................................................. 17
[P.100] Equity assists the diligent and not the tardy .................................................... 18
[P.105] Equity acts in personam .................................................................................... 18
[P.110] Equity is equality ............................................................................................... 18
[P.115] Equity will not perfect an imperfect gift .......................................................... 19
[P.120] Equity will not assist a volunteer ..................................................................... 20
[P.125] Equity considers as done that which ought to have been done .................. 20

[P.130] THEMES ............................................................................................................... 21
[P.135] Equity’s role in preventing or rectifying abuses of trust ................................ 21
[P.150] Equity’s role in preventing or rectifying unconscionable conduct ............. 23
[P.165] Equity’s role in preventing or rectifying unfair outcomes ......................... 26
[P.170] Equity’s approach to remedies ....................................................................... 26

### PART I: EQUITABLE INTERESTS

#### Chapter 1: Nature and Creation of Equitable Interests

[1.05] NATURE OF AN EQUITABLE INTEREST ................................................................ 33
[1.05] Hallmarks of an equitable interest in property ............................................... 33
[1.20] Scope of an equitable interest in property ......................................................... 36
[1.25] Equitable interests compared to legal interests ............................................... 37

[1.35] CREATION OF EQUITABLE INTERESTS IN PROPERTY ..................................... 38
[1.45] Equitable interests created pursuant to intention ............................................. 39
[1.85] Equitable interests arising by implication of law ............................................. 44
[1.120] Equitable interests arising by operation of law .............................................. 48
Equity and Trusts in Australia

Chapter 2: Equitable Priorities

[2.10] COMPETING EQUITABLE INTERESTS

[2.10] General principle

[2.20] Relevant factors in ascertaining the better equity

[2.75] Priorities in relation to trusts

[2.80] Tacking

[2.105] Equitable priorities and mere equities

[2.125] EQUITABLE ESTATE AND SUBSEQUENT LEGAL ESTATE

[2.125] General principle

[2.135] Qualifications to the general principle

Chapter 3: Assignments in Equity

[3.05] CONCEPT OF AN ASSIGNMENT

[3.10] Historical background to assignments of choses in action

[3.20] Disposal and transfer of equitable interests outside of an assignment

[3.25] STATUTORY ASSIGNMENTS

[3.25] Statutory scheme

[3.35] Principal requirements

[3.40] EQUITABLE ASSIGNMENTS

[3.45] Requirement of an intention to assign

[3.55] Relevance of notice

[3.80] Equitable assignment of legal choses

[3.95] Equitable assignment of equitable choses

[3.120] ENTITLEMENTS OF AN EQUITABLE ASSIGNEE

[3.120] Standing

[3.140] Assignor as trustee

[3.155] IMPACT OF CONTRACTUAL NON-ASSIGNABILITY CLAUSES

PART II: RELATIONSHIPS OF TRUST

Chapter 4: Fiduciary Relations

[4.05] FIDUCIARY DUTIES

[4.10] Nature of fiduciary duties

[4.35] Strictness of fiduciary duties

[4.40] Reasons for seeking to establish breach of fiduciary duty

[4.45] Duration of fiduciary duties

[4.50] CHARACTERISTICS OF RELATIONSHIPS THAT ATTRACT FIDUCIARY DUTIES

[4.50] A fiduciary principle?
# Table of Contents

- Trust and confidence? .................................................. 105
- Undertaking to act in the interests of another? ...................... 106
- Disadvantage, vulnerability and unequal bargaining power? .......... 107
- Synthesis ........................................................................ 108
- Categorising relationships that give rise to fiduciary duties .......... 110

## 4.80 TRUSTEE AND BENEFICIARY ........................................... 110

- TRUSTEE AND BENEFICIARY ........................................... 110

## 4.85 DIRECTOR AND COMPANY ........................................... 111

- DIRECTOR AND COMPANY ........................................... 111

## 4.90 Corporate business opportunities ................................... 112

## 4.120 Multiple directorships ............................................. 117

## 4.130 Director having an interest in, and transacting with, the company .... 119

## 4.135 LAWYER AND CLIENT ............................................ 120

- LAWYER AND CLIENT ............................................ 120

## 4.140 Application of the “no-conflict” duty ........................... 120

## 4.160 Application of the “no-profit” duty ............................ 122

## 4.170 AGENT AND PRINCIPAL .......................................... 124

- AGENT AND PRINCIPAL .......................................... 124

## 4.175 Real estate agents ................................................... 124

## 4.190 PARTNERS .......................................................... 127

- PARTNERS .......................................................... 127

## 4.190 Nature of partnership duties ..................................... 127

## 4.200 Fiduciary duties prior to the execution of a partnership agreement ... 127

## 4.205 Fiduciary duties following dissolution of partnership ............ 128

## 4.210 Fiduciary duties following death of a partner ................... 129

## 4.215 JOINT VENTURERS ................................................ 129

## 4.235 FINANCIAL ADVISER AND CLIENT .......................... 133

## 4.250 BANKER AND CUSTOMER ..................................... 135

## 4.265 COMMERCIAL TRANSACTIONS GENERALLY ............... 136

## 4.280 EMPLOYER AND EMPLOYEE ..................................... 139

- EMPLOYER AND EMPLOYEE ........................................ 139

## 4.285 Employees’ contractual duty of fidelity compared to fiduciary duties ...... 139

## 4.290 Employees’ duty of confidentiality compared to fiduciary duties ...... 140

## 4.295 Employers’ duty ................................................... 141

## 4.300 DOCTOR AND PATIENT ........................................... 142

## 4.305 SOCIAL AND FAMILIAL RELATIONSHIPS ....................... 143

## 4.305 Child abuse and fiduciary duties ................................ 143

## 4.315 Guardian and ward ............................................... 145

## 4.320 DEFENCES TO BREACH OF FIDUCIARY DUTY ................. 146

## 4.325 REMEDIES FOR BREACH OF FIDUCIARY DUTY ............... 146

## Chapter 5: Government and the Public Trust .......................... 149

- Chapter 5: Government and the Public Trust .......................... 149

## 5.05 CONCEPTS OF TRUST IN PUBLIC LAW ......................... 149

- CONCEPTS OF TRUST IN PUBLIC LAW .......................... 149

## 5.10 Fiduciary theory and the government–citizen relationship ........... 150

## 5.15 Trust analogy ....................................................... 150

## 5.20 IMPACT OF TRUST CONCEPTS ON PUBLIC LAW ............... 151

## 5.25 Trust at an individual level ...................................... 152

## 5.30 Trust on a collective level ....................................... 153

## 5.35 Curial application of trust concepts in public law — fiduciary duties to indigenous persons .......................... 153
Table of Contents

[7.90] UNDUE INFLUENCE AND PARTICULAR RELATIONSHIPS ........................................ 232
[7.90] Undue influence by husband over wife ......................................................... 232
[7.100] The relationship between man and woman to whom he is affianced (?) .................. 234
[7.105] Other personal relationships ........................................................................... 234
[7.110] Intra-family undue influence ........................................................................... 235
[7.140] Undue influence and commercial relationships .............................................. 239

[7.160] UNDUE INFLUENCE AND THIRD PARTIES ........................................... 240
[7.165] Agency ............................................................................................................ 242
[7.170] Notice ............................................................................................................. 243
[7.210] Unconscionable conduct by creditor ............................................................ 251

[7.270] DEFENCES ................................................................. 262
[7.280] REMEDIES ................................................................. 263

PART III: UNCONSCIONABLE CONDUCT

Chapter 8: Fraud and Mistake .............................................................................. 269
[8.05] FRAUD IN EQUITY ................................................................. 269
[8.10] PRESSURE IN EQUITY ............................................................... 270
[8.10] Common law duress distinguished from pressure in equity ......................... 270
[8.15] Scope of the pressure doctrine in equity ...................................................... 270
[8.25] Onus of proof and relief .................................................................................. 272

[8.35] EQUITABLE FRAUD AND STATUTE ........................................ 273
[8.50] FRAUD ON A POWER ................................................................. 275
[8.55] Relevance of intention .................................................................................... 275
[8.70] Anticipation or knowledge of the conduct of object(s) as intention ............... 276
[8.75] Severance of an excessive exercise of a power ............................................. 277
[8.85] Default, revocation and release of powers ................................................. 277

[8.90] INNOCENT MISREPRESENTATION .............................................. 278
[8.90] Equitable relief .............................................................................................. 278
[8.95] Statutory intervention — misleading and deceptive conduct ......................... 279

[8.100] MISTAKE ......................................................................................... 280
[8.105] Recovery of amounts paid under mistake .................................................. 280
[8.145] Contracts contaminated by mistake ............................................................ 286

Chapter 9: Unconscionable Dealing .................................................................... 295
[9.05] NATURE OF THE DOCTRINE ......................................................... 295
[9.05] Elements of the doctrine .............................................................................. 295
[9.15] Unconscionable dealing distinguished from undue influence .................. 296

[9.25] SPECIAL DISADVANTAGE .......................................................... 297
[9.25] Nature of “special” disadvantage ................................................................ 297
[9.30] Factors indicating special disadvantage ..................................................... 298
# Table of Contents

Chapter 11: Relief Against Forfeiture ................................................................................. 379

<table>
<thead>
<tr>
<th>11.05</th>
<th>BASIS FOR RELIEF AGAINST FORFEITURE ................................................................. 379</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.05</td>
<td>Unconscionable conduct ........................................................................................................... 379</td>
</tr>
<tr>
<td>11.10</td>
<td>Proprietary rights in applicant ................................................................................................. 380</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11.15</th>
<th>FORFEITURE AND CONTRACTS FOR THE SALE OF LAND .................................................................. 381</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.15</td>
<td>Scope of jurisdiction .............................................................................................................. 381</td>
</tr>
<tr>
<td>11.20</td>
<td>Forfeiture of payments made under a contract of sale ................................................................ 382</td>
</tr>
<tr>
<td>11.25</td>
<td>Forfeiture of other interests under a contract of sale .............................................................. 383</td>
</tr>
<tr>
<td>11.50</td>
<td>Forfeiture of moneys paid as a deposit ..................................................................................... 387</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11.85</th>
<th>FORFEITURE AND CONTRACTS FOR THE LEASE OF LAND ................................................................ 394</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.90</td>
<td>Relief against forfeiture for breach of covenant to pay rent ......................................................... 395</td>
</tr>
<tr>
<td>11.105</td>
<td>Relief against forfeiture for breach of covenants other than to pay rent .................................... 397</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11.125</th>
<th>NATURE OF RELIEF AGAINST FORFEITURE .............................................................................. 401</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.125</td>
<td>Forms of relief .......................................................................................................................... 401</td>
</tr>
<tr>
<td>11.135</td>
<td>Standing to seek relief ............................................................................................................. 402</td>
</tr>
</tbody>
</table>

## PART IV: UNFAIR OUTCOMES

Chapter 12: Part Performance .......................................................................................... 407

<table>
<thead>
<tr>
<th>12.05</th>
<th>DOCTRINE OF PART PERFORMANCE ......................................................................................... 407</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.05</td>
<td>Relationship to statutory writing requirements ........................................................................ 407</td>
</tr>
<tr>
<td>12.15</td>
<td>Historically strict approach ...................................................................................................... 408</td>
</tr>
<tr>
<td>12.20</td>
<td>Loosening of the strict approach in England ............................................................................. 409</td>
</tr>
<tr>
<td>12.25</td>
<td>Current legal position — confluence with constructive trusts, estoppel and statute? ................. 410</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12.45</th>
<th>EVIDENCE OF PART PERFORMANCE ......................................................................................... 412</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.45</td>
<td>What constitutes relevant evidence ............................................................................................ 412</td>
</tr>
<tr>
<td>12.60</td>
<td>Taking possession ....................................................................................................................... 414</td>
</tr>
<tr>
<td>12.80</td>
<td>Payment of money ..................................................................................................................... 416</td>
</tr>
</tbody>
</table>

Chapter 13: Penalty Clauses ........................................................................................... 419

<table>
<thead>
<tr>
<th>13.05</th>
<th>BACKDROP AND CONTEXT ......................................................................................................... 419</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.20</td>
<td>FOUNDATION FOR RELIEF ......................................................................................................... 420</td>
</tr>
<tr>
<td>13.55</td>
<td>DISTINGUISHED FROM RELIEF AGAINST FORFEITURE .................................................................. 426</td>
</tr>
<tr>
<td>13.60</td>
<td>DEALINGS OUTSIDE THE PENALTY NET ...................................................................................... 426</td>
</tr>
<tr>
<td>13.60</td>
<td>Legitimate deposits .................................................................................................................... 426</td>
</tr>
<tr>
<td>13.65</td>
<td>Acceleration clauses ................................................................................................................... 427</td>
</tr>
<tr>
<td>13.70</td>
<td>Grants of indulgence .................................................................................................................. 427</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13.80</th>
<th>TRIGGERING EVENT NOT CONFINED TO BREACH OF CONTRACT .................................................. 428</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.95</td>
<td>ACTION FOR DAMAGES IF PENALTY UNENFORCEABLE ................................................................... 431</td>
</tr>
</tbody>
</table>

Chapter 14: Subrogation, Contribution and Marshalling .................................................... 433

<table>
<thead>
<tr>
<th>14.05</th>
<th>SUBROGATION ........................................................................................................................... 433</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.05</td>
<td>The nature of subrogation ......................................................................................................... 433</td>
</tr>
</tbody>
</table>
Equity and Trusts in Australia

Chapter 15: Deceased Estates

[15.05] SATISFACTION IN EQUITY ......................................................... 467
[15.10] Presumption as between testators and creditors .............................. 467
[15.40] Presumption in respect of persons in loco parentis ............................ 470

[15.55] EQUITABLE ADEMPTION .......................................................... 471
[15.55] Nature of equitable ademption ...................................................... 471
[15.65] Presumption of ademption ............................................................ 472
[15.80] Subsequent advance by parent (or person in loco parentis) ................. 474
[15.95] Subsequent advance for a specific purpose ....................................... 476

[15.100] ELECTION IN EQUITY ............................................................ 478
[15.100] Nature of election in equity ......................................................... 478
[15.105] Dual gifts ................................................................................. 478
[15.120] Mutual obligations ..................................................................... 481

PART V: TRUSTS

Chapter 16: Nature of A Trust

[16.05] DEFINITION AND CHARACTERISTICS .......................................... 485
[16.15] CLASSIFICATION OF TRUSTS .................................................... 486
[16.15] Express trusts ............................................................................. 486
[16.20] Non-express trusts ................................................................. 488

[16.25] The “use” ................................................................................. 488
[16.40] Movement to the modern trust ...................................................... 490

[16.45] MODERN FUNCTIONS OF TRUSTS ............................................ 490

[16.50] TRUSTS AND OTHER LEGAL RELATIONSHIPS ............................. 492
[16.55] Trust and bailment ..................................................................... 492
[16.90] Trust and agency ....................................................................... 497
[16.110] Trust and debt ......................................................................... 498
[16.120] Trust and contract ................................................................. 500
[16.150] Trust, condition, charge and equitable personal obligation ................. 504
[16.175] Trusts and powers .................................................................... 506
[16.195] Trustee and executor ................................................................. 510
### Chapter 17: The Requisite Certainties

**[17.10] CERTAINTY OF INTENTION** ..................................................... 513

- Process of construction ......................................................... 513
- Admissibility of extrinsic evidence ........................................... 516
- Intention stemming from statute ............................................... 518
- Inferring an intention to create a trust ....................................... 518

**[17.60] CERTAINTY OF SUBJECT MATTER** ......................................... 520

- Nature of the property .......................................................... 521
- Quantum of interest .............................................................. 522

**[17.95] CERTAINTY OF OBJECT** .................................................... 524

- "Beneficiary principle” .......................................................... 524
- Application of the beneficiary principle to fixed trusts .................. 525
- Application of the beneficiary principle to discretionary trusts ....... 526
- Purpose trusts ........................................................................ 529
- Gifts to unincorporated associations ......................................... 534

### Chapter 18: Formalities and Complete Constitution

**[18.05] FORMALITIES FOR ESTABLISHING AN INTER VIVOS TRUST** .......... 539

- Statutory writing requirements .................................................. 539
- Enforcement oftrust where formalities not fulfilled ........................ 542

**[18.40] FORMALITIES FOR ESTABLISHING A TESTAMENTARY TRUST** ...... 546

- Formality requirements for a valid will ..................................... 546
- Secret trusts ............................................................................ 547

**[18.90] COMPLETE CONSTITUTION OF TRUSTS** .................................... 552

- Complete constitution by full legal transfer of trust property .......... 552
- Enforceability of an incompletely constituted trust by way of contract ................................................................. 557
- Exceptions to the rule that equity will not assist a volunteer ............ 558

### Chapter 19: Legality of Trusts

**[19.05] FORMS OF ILLEGALITY** ..................................................... 563

- Public policy illegality ............................................................. 563
- Statutory illegality .................................................................... 564

**[19.20] TRUSTS FOR ILLEGAL PURPOSES** ......................................... 564

- Disclosure of illegal purpose ..................................................... 565
- Doctrine of locus poenitentiae — carrying out the illegal purpose ...... 569

**[19.60] TRUSTS THAT DISTURB THE SANCTITY OF MARRIAGE OR THE FAMILY** ................................................................. 570

**[19.75] TRUSTS IN RESTRAINT OF ALIENATION OF PROPERTY** .............. 572

- Conditional dispositions and deprivation clauses ........................... 572
- Trusts that infringe the rule against perpetuities ........................... 574
- Rule against indestructibility ..................................................... 577

**[19.100] TRUSTS TO AVOID CREDITORS** ............................................ 577

- Setting aside where settlor is a natural person ............................... 578
- Setting aside where settlor is a company ...................................... 581
- Voidable dispositions outside of insolvency .................................. 583
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>[22.50]</td>
<td>Engagement of agents by trustees</td>
<td>642</td>
</tr>
<tr>
<td>[22.65]</td>
<td>Unanimity in trustee decision-making</td>
<td>644</td>
</tr>
<tr>
<td>[22.70]</td>
<td>FIDUCIARY DUTIES</td>
<td>645</td>
</tr>
<tr>
<td>[22.75]</td>
<td>Trustees’ remuneration</td>
<td>645</td>
</tr>
<tr>
<td>[22.95]</td>
<td>Purchase of trust property by trustee (“purchase rule” or “self-dealing rule”)</td>
<td>648</td>
</tr>
<tr>
<td>[22.115]</td>
<td>Purchase of a beneficiary’s interest (“fair dealing rule”)</td>
<td>651</td>
</tr>
<tr>
<td>[22.120]</td>
<td>DUTY TO ACT IMPARTIALLY</td>
<td>651</td>
</tr>
<tr>
<td>[22.120]</td>
<td>Nature of the duty</td>
<td>651</td>
</tr>
<tr>
<td>[22.130]</td>
<td>Apportionment required by the duty of impartiality</td>
<td>652</td>
</tr>
<tr>
<td>[22.155]</td>
<td>Residuary personality of a wasting, hazardous or reversionary nature</td>
<td>654</td>
</tr>
<tr>
<td>[22.160]</td>
<td>Allocation of revenue and costs</td>
<td>655</td>
</tr>
<tr>
<td>[22.175]</td>
<td>DUTY TO INVEST</td>
<td>656</td>
</tr>
<tr>
<td>[22.180]</td>
<td>Investments authorised by the trust instrument</td>
<td>657</td>
</tr>
<tr>
<td>[22.185]</td>
<td>Investments authorised by statute</td>
<td>658</td>
</tr>
<tr>
<td>[22.200]</td>
<td>Investments authorised by the court pursuant to its “expediency” jurisdiction</td>
<td>660</td>
</tr>
<tr>
<td>[22.205]</td>
<td>Investment for the financial advantage to the trust</td>
<td>660</td>
</tr>
<tr>
<td>[22.225]</td>
<td>DUTY TO PAY CORRECT BENEFICIARIES</td>
<td>663</td>
</tr>
<tr>
<td>[22.225]</td>
<td>Duty of trustee in the event of overpayment</td>
<td>663</td>
</tr>
<tr>
<td>[22.230]</td>
<td>Action by underpaid beneficiary</td>
<td>664</td>
</tr>
</tbody>
</table>

**Chapter 23: Powers and Rights of Trustees**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>[23.05]</td>
<td>POWERS OF TRUSTEES</td>
<td>665</td>
</tr>
<tr>
<td>[23.10]</td>
<td>Sources of trustees’ powers</td>
<td>665</td>
</tr>
<tr>
<td>[23.30]</td>
<td>Exercise of trustees’ discretion</td>
<td>667</td>
</tr>
<tr>
<td>[23.80]</td>
<td>Powers of sale</td>
<td>674</td>
</tr>
<tr>
<td>[23.115]</td>
<td>Powers of maintenance and advancement</td>
<td>677</td>
</tr>
<tr>
<td>[23.120]</td>
<td>RIGHTS OF TRUSTEES</td>
<td>679</td>
</tr>
<tr>
<td>[23.120]</td>
<td>Right to indemnity (and exoneration)</td>
<td>679</td>
</tr>
<tr>
<td>[23.160]</td>
<td>Right to contribution from co-trustees</td>
<td>687</td>
</tr>
<tr>
<td>[23.165]</td>
<td>Right to impound the interest of a beneficiary</td>
<td>688</td>
</tr>
<tr>
<td>[23.170]</td>
<td>Right to seek advice and directions from the court</td>
<td>688</td>
</tr>
</tbody>
</table>

**Chapter 24: Breach of Trust**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>[24.05]</td>
<td>STANDING TO SUE</td>
<td>695</td>
</tr>
<tr>
<td>[24.10]</td>
<td>Identity of persons with standing</td>
<td>695</td>
</tr>
<tr>
<td>[24.15]</td>
<td>Beneficiaries’ standing to sue third parties</td>
<td>696</td>
</tr>
<tr>
<td>[24.25]</td>
<td>REMEDIES FOR BREACH OF TRUST</td>
<td>698</td>
</tr>
<tr>
<td>[24.30]</td>
<td>Compensation</td>
<td>698</td>
</tr>
<tr>
<td>[24.60]</td>
<td>Interest</td>
<td>702</td>
</tr>
<tr>
<td>[24.75]</td>
<td>Account of profits</td>
<td>704</td>
</tr>
<tr>
<td>[24.95]</td>
<td>Liability for co-trustee’s breaches of trust — “wilful default”</td>
<td>706</td>
</tr>
<tr>
<td>[24.105]</td>
<td>Account on the basis of wilful default</td>
<td>708</td>
</tr>
<tr>
<td>Section</td>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>[24.110]</td>
<td>Options apart from action for breach of trust</td>
<td>708</td>
</tr>
<tr>
<td>[24.130]</td>
<td>Personal action against third-party recipients of trust property — Re Diplock</td>
<td>711</td>
</tr>
<tr>
<td>[24.140]</td>
<td>DEFENCES TO BREACH OF TRUST</td>
<td>713</td>
</tr>
<tr>
<td>[24.140]</td>
<td>Trustee exemption clauses</td>
<td>713</td>
</tr>
<tr>
<td>[24.160]</td>
<td>Consent, acquiescence or release by the beneficiaries</td>
<td>716</td>
</tr>
<tr>
<td>[24.175]</td>
<td>Delay</td>
<td>718</td>
</tr>
<tr>
<td>[24.200]</td>
<td>Court’s statutory power to excuse breach</td>
<td>721</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 25: Variation, Resettlement and Termination of Trusts</strong></td>
<td></td>
</tr>
<tr>
<td>[25.05]</td>
<td>VARIATION OF TRUST</td>
<td>725</td>
</tr>
<tr>
<td>[25.10]</td>
<td>Power of variation in the trust instrument</td>
<td>725</td>
</tr>
<tr>
<td>[25.25]</td>
<td>Inherent jurisdiction of the court to vary trusts</td>
<td>727</td>
</tr>
<tr>
<td>[25.30]</td>
<td>Variation by the court under its “expediency” jurisdiction</td>
<td>728</td>
</tr>
<tr>
<td>[25.60]</td>
<td>Variation by the court on behalf of infants, unborn and incompetent persons</td>
<td>735</td>
</tr>
<tr>
<td>[25.80]</td>
<td>Western Australia — statutory jurisdiction to vary the quantum paid to a beneficiary</td>
<td>738</td>
</tr>
<tr>
<td>[25.85]</td>
<td>RESETTLEMENT OF TRUST</td>
<td>738</td>
</tr>
<tr>
<td>[25.90]</td>
<td>Sources of the power to resettle a trust</td>
<td>738</td>
</tr>
<tr>
<td>[25.105]</td>
<td>Resettlement for revenue law purposes</td>
<td>740</td>
</tr>
<tr>
<td>[25.120]</td>
<td>TERMINATION OF TRUST</td>
<td>741</td>
</tr>
<tr>
<td>[25.125]</td>
<td>Termination by revocation</td>
<td>742</td>
</tr>
<tr>
<td>[25.135]</td>
<td>Termination by beneficiaries</td>
<td>743</td>
</tr>
<tr>
<td>[25.155]</td>
<td>Termination by distribution of trust property</td>
<td>746</td>
</tr>
<tr>
<td></td>
<td><strong>Chapter 26: Resulting Trusts</strong></td>
<td></td>
</tr>
<tr>
<td>[26.05]</td>
<td>NATURE OF THE RESULTING TRUST</td>
<td>749</td>
</tr>
<tr>
<td>[26.05]</td>
<td>Definition and terminology</td>
<td>749</td>
</tr>
<tr>
<td>[26.10]</td>
<td>“Institutional” nature of the resulting trust</td>
<td>750</td>
</tr>
<tr>
<td>[26.15]</td>
<td>FAILURE TO EXHAUST BENEFICIAL INTEREST</td>
<td>751</td>
</tr>
<tr>
<td>[26.20]</td>
<td>Failure of express trust</td>
<td>751</td>
</tr>
<tr>
<td>[26.25]</td>
<td>Failure to set out the trust or disclose the entire beneficial interest</td>
<td>751</td>
</tr>
<tr>
<td>[26.30]</td>
<td>Property conveyed on trust for a specific purpose that fails</td>
<td>751</td>
</tr>
<tr>
<td>[26.35]</td>
<td>Property conveyed on trust for purposes exceeds that required</td>
<td>752</td>
</tr>
<tr>
<td>[26.40]</td>
<td>Resulting trust over stolen property</td>
<td>753</td>
</tr>
<tr>
<td>[26.45]</td>
<td>RESULTING TRUSTS FORM CONTRIBUTIONS TO PROPERTY</td>
<td>753</td>
</tr>
<tr>
<td>[26.45]</td>
<td>Circumstances giving rise to the presumption of resulting trust</td>
<td>753</td>
</tr>
<tr>
<td>[26.55]</td>
<td>Voluntary transfer situation</td>
<td>755</td>
</tr>
<tr>
<td>[26.60]</td>
<td>Purchase money situation</td>
<td>755</td>
</tr>
<tr>
<td>[26.90]</td>
<td>Constructive trust relief</td>
<td>760</td>
</tr>
<tr>
<td>[26.95]</td>
<td>DISPLACING THE PRESUMPTION BY CONTRARY EVIDENCE</td>
<td>760</td>
</tr>
<tr>
<td>[26.100]</td>
<td>Relevant evidence of intention</td>
<td>760</td>
</tr>
<tr>
<td>[26.110]</td>
<td>Relevant evidence in rebuttal</td>
<td>762</td>
</tr>
<tr>
<td>[26.120]</td>
<td>PRESUMPTION OF ADVANCEMENT</td>
<td>763</td>
</tr>
<tr>
<td>[26.120]</td>
<td>Nature and operation</td>
<td>763</td>
</tr>
<tr>
<td>[26.145]</td>
<td>Rebuttal of the presumption of advancement</td>
<td>768</td>
</tr>
</tbody>
</table>
[26.155] FUTURE OF THE PRESUMPTIONS .......................................................... 770

Chapter 27: Trusts for Commercial Purposes .............................................. 773
[27.10] TRUSTS AS VEHICLES TO CONDUCT BUSINESS ............................ 773
[27.20] INSOLVENCY AND TRUSTS ................................................................. 775
  [27.25] Liability on insolvency of trustee .................................................... 775
  [27.65] Property given for a specific purpose — trust or debt? .................... 782
  [27.75] Property given for a specific purpose — co-existence of loan and trust (“Quistclose Trust”) .................................................. 784
  [27.110] Insolvency of beneficiary .............................................................. 793
[27.125] TAXATION OF TRUSTS ................................................................. 795
  [27.130] Scheme of trust taxation ............................................................... 795
  [27.185] Capital gains tax and trusts ......................................................... 802
  [27.200] Taxation of minors’ income: Part III, Division 6AA ........................ 803

Chapter 28: Trusts for Investment .............................................................. 805
[28.05] BACKGROUND ................................................................................. 805
  [28.10] Superannuation ............................................................................ 805
  [28.15] Managed investments ................................................................. 806
[28.20] STATUTORY REGULATION OF SUPERANNUATION ......................... 806
  [28.30] Regulators ..................................................................................... 808
  [28.35] Regulated entities ......................................................................... 809
  [28.40] Compliance ................................................................................. 810
  [28.45] Financial services regime ............................................................. 810
[28.50] SUPERANNUATION TRUSTS ............................................................. 810
  [28.55] Provisions of a superannuation fund deed ..................................... 811
  [28.60] Trustees ....................................................................................... 812
  [28.75] Duties of trustees and directors ..................................................... 814
  [28.105] Trust property .............................................................................. 821
  [28.130] Beneficiaries .............................................................................. 824
[28.145] SUPERANNUATION TRUSTS AND THE CONTRACT OF EMPLOYMENT ... 826
  [28.150] Construction of trust documents ................................................. 826
  [28.155] Employer’s implied obligation of trust and confidence .................. 828
[28.160] OTHER TRUST RELATED SUPERANNUATION ISSUES ...................... 829
  [28.160] Exercise of discretion and the formation of opinions ...................... 829
  [28.170] Amendment and rectification of trust deeds ................................. 831
  [28.190] Surpluses ..................................................................................... 833
  [28.210] Conflicts of interest ..................................................................... 836
[28.225] DISPUTE RESOLUTION IN SUPERANNUATION TRUSTS ...................... 838
  [28.230] Internal review ............................................................................ 838
  [28.235] External review; SCT (and forthcoming Australian Financial Complaints Authority) .......................................................... 838
[28.240] MANAGED INVESTMENT SCHEMES ............................................... 840
Chapter 29: Charitable Trusts

29.05 NATURE OF A CHARITABLE TRUST

29.05 Purpose trust

29.10 Differences between private and charitable trusts

29.30 Meaning of “charitable” at law

29.55 PUBLIC BENEFIT REQUIREMENT

29.60 The “public” requirement

29.90 The “benefit” requirement

29.110 RELIEF OF THE POOR, AGED AND IMPOTENT

29.115 Relief of poverty

29.125 Relief of the aged

29.130 Relief of impotence

29.140 ADVANCEMENT OF EDUCATION

29.145 Valid educational purposes

29.155 Public benefit in educational purposes

29.160 The “benefit” element

29.165 ADVANCEMENT OF RELIGION

29.165 Religious purposes

29.190 Advancing religion

29.195 Public benefit in religious purposes

29.210 OTHER PURPOSES BENEFICIAL TO THE COMMUNITY

29.215 Two-stage analogy approach

29.220 Protection of animals

29.225 Locality cases

29.230 Preservation or protection of the environment

29.235 Promotion of industry and commerce

29.240 Relief of distress

29.245 Promotion of safety and protection of the country

29.250 Assistance for immigration and emigration

29.255 Recreation and sport

29.275 MIXED CHARITABLE AND NON-CHARITABLE PURPOSES

29.275 Requirement that a trust be exclusively charitable

29.280 Gifts for the purposes of associations

29.290 Alternative and cumulative expressions

29.295 Saving legislation

29.310 CY-PRES SCHEMES

29.310 Impossibility, impracticability or illegality

29.315 “Initial” failure

29.320 Non-existent institutions

29.345 Cy-près and public appeals
PART VI: Equitable Defences

Chapter 30: Equitable Defences ........................................................................ 907
[30.10] DELAY ................................................................................................. 907
[30.10] Delay and equitable relief ................................................................. 907
[30.25] Relationship between laches and acquiescence .......................... 910
[30.35] Laches and limitation legislation ....................................................... 911
[30.45] Nature of the claim ............................................................................ 913
[30.75] Subject matter of the claim ............................................................... 916
[30.80] Identity of the party seeking to rely on the defence ..................... 917
[30.85] SET-OFF ............................................................................................... 917
[30.85] Nature of set-off ................................................................................ 917
[30.95] Legal set-off ....................................................................................... 918
[30.105] Equitable set-off ................................................................................. 919
[30.140] WAIVER IN EQUITY ........................................................................... 924
[30.145] Release ............................................................................................... 925
[30.160] Estoppel ............................................................................................... 926
[30.170] UNCLEAN HANDS ............................................................................. 928
[30.170] Nature of and limitations on the defence ....................................... 928
[30.180] Case illustrations .............................................................................. 930

PART VII: EQUITABLE REMEDIES

Chapter 31: Injunctions ................................................................................. 935
[31.05] GENERAL PRINCIPLES .................................................................... 935
[31.05] Nature and jurisdiction .................................................................... 935
[31.10] Classification ...................................................................................... 936
[31.15] Effect of non-compliance ................................................................. 936
[31.20] Standing to seek an injunction .......................................................... 937
[31.40] Scope of injunctive relief ................................................................. 941
[31.50] Considerations relevant to the exercise of the court's discretion ... 942
[31.75] Injunctions in criminal law ............................................................. 945
[31.80] Ex parte applications ........................................................................... 946
[31.90] INTERLOCUTORY INJUNCTIONS ......................................................... 948
[31.90] Nature of interlocutory injunctions .................................................... 948
[31.95] Serious question to be tried / prima facie test ................................. 949
[31.105] Damages not an adequate remedy (irreparable harm) .................. 951
[31.125] Balance of convenience ................................................................. 953
[31.175] Interlocutory injunctions to prevent alleged defamation ............ 962
[31.185] Appellate review of interlocutory determinations ......................... 966
### Chapter 32: Mareva and Anton Piller Orders

- **Mareva Orders**
  - Nature and jurisdiction .................................................. 969
  - Preconditions to Mareva relief ........................................ 973
  - Scope and variation of Mareva orders ............................... 978
  - Post-judgment Mareva orders .......................................... 980
  - Mareva orders and third parties .................................... 981
  - Extra-jurisdictional and worldwide Mareva orders ............ 984
  - Orders in aid of Mareva relief (“ancillary orders”) ........... 986
  - Abuses of process in seeking Mareva relief ..................... 988

- **Anton Piller Orders**
  - The Anton Piller case ..................................................... 990
  - Nature of Anton Piller relief ........................................ 990
  - Preconditions to Anton Piller relief ............................... 991
  - Application for and execution of Anton Piller orders ....... 992

### Chapter 33: Specific Performance

- **Nature of Specific Performance**
  - Basic requirements ....................................................... 1002

- **Specific Performance of Particular Contracts**
  - Contracts for the sale of land ....................................... 1003
  - Building contracts ...................................................... 1006
  - Repairing covenants in leases ....................................... 1006
  - Contracts for the sale of personalty .............................. 1007
  - Contracts to pay or lend money ..................................... 1010
  - Contracts for personal services .................................... 1011

- **Defences to an Action for Specific Performance**
  - Defences arising from the nature of the contract ............. 1012
  - Defences arising from the conduct of the parties ............. 1017

### Chapter 34: Compensation, Damages and Account of Profits

- **Equitable Compensation**
  - Nature of equitable compensation ................................ 1025
  - Relevance of causation ............................................... 1027
  - Flexible nature of equitable compensation ....................... 1032
  - Award of interest ...................................................... 1033

- **Equitable Damages**
  - Prerequisites for the award of equitable damages ............ 1034
  - Assessment of equitable damages .................................. 1038
  - Exemplary and aggravated damages ................................. 1041

- **Account of Profits**
  - Nature of an account .................................................. 1045
### Table of Contents

| [34.155] Jurisdiction | 1047 |
| [34.160] Calculation of profit | 1048 |

### Chapter 35: Rescission

| [35.05] NATURE OF RESCISSION | 1051 |
| [35.10] Rescission at common law | 1051 |
| [35.15] Rescission in equity | 1052 |
| [35.40] Need for assistance of the court | 1055 |

| [35.45] GROUNDS FOR RESCISSION | 1055 |
| [35.50] Misrepresentation | 1055 |
| [35.65] Breach of fiduciary duty | 1058 |
| [35.70] Mistake | 1058 |

| [35.75] BARS TO RESCISSION | 1059 |
| [35.75] Third party interests | 1059 |
| [35.85] Affirmation | 1059 |
| [35.100] Delay | 1062 |
| [35.105] Express exclusion of the right to rescind | 1062 |
| [35.110] Executed contract | 1062 |

### Chapter 36: Receivership

| [36.05] NATURE OF RECEIVERSHIP | 1065 |
| [36.20] OUT-OF-COURT (“PRIVATE”) APPOINTMENT | 1066 |
| [36.25] Agency relationship | 1067 |
| [36.45] Duties of privately-appointed receivers | 1070 |

| [36.80] APPOINTMENT BY THE COURT | 1076 |
| [36.85] Officer of the court | 1076 |
| [36.90] Jurisdiction not to be exercised liberally | 1077 |
| [36.100] Standing | 1078 |
| [36.105] Pre-existing contracts of the debtor | 1078 |
| [36.110] Undertaking as to damages | 1079 |
| [36.115] Ex parte appointment | 1079 |
| [36.125] Indemnity for remuneration and expenses | 1080 |
| [36.130] Receivers and equitable execution | 1081 |

| [36.150] STATUTE GOVERNING RECEIVERS | 1083 |
| [36.150] Corporations Act 2001 | 1083 |
| [36.165] Receivers appointed under property legislation | 1085 |

### Chapter 37: Declarations, Rectification, Specific Restitution and Delivery up

| [37.05] DECLARATIONS | 1087 |
| [37.05] Source of jurisdiction to grant declaratory relief | 1087 |
| [37.10] Use of declaratory relief | 1088 |
| [37.15] Discretion to grant declaratory relief | 1088 |
| [37.20] Inconsistency with alternative remedy or statute | 1090 |
| [37.30] Theoretical or academic issues | 1091 |
| [37.40] Standing | 1092 |
| [37.50] No practical relevance or utility | 1094 |
Equity and Trusts in Australia

[37.65] RECTIFICATION .................................................................................................................. 1095
[37.65] Nature of rectification ........................................................................................................ 1095
[37.80] Instruments equity will not rectify ..................................................................................... 1098
[37.90] Rectification for common mistake ..................................................................................... 1099
[37.125] Rectification for unilateral mistake ................................................................................... 1105
[37.140] SPECIFIC RESTITUTION .................................................................................................. 1109
[37.155] DELIVERY UP AND CANCELLATION OF DOCUMENTS .............................................. 1110
[37.155] Nature of jurisdiction ......................................................................................................... 1110
[37.165] Terms of relief ..................................................................................................................... 1111

Chapter 38: Constructive Trusts ................................................................................................. 1115
[38.05] DEFINITION AND CLASSIFICATION .................................................................................. 1115
[38.10] Institutional constructive trusts .......................................................................................... 1115
[38.15] "Remedial" constructive trusts ........................................................................................... 1117
[38.20] Constructive trusts distinguished from other trusts .......................................................... 1117
[38.25] INSTITUTIONAL CONSTRUCTIVE TRUSTS ....................................................................... 1118
[38.25] Accountability as principal for breach of fiduciary duty .................................................... 1118
[38.55] Accountability of persons who act as trustees without appointment .................................. 1125
[38.65] Liability as an “accessory” to a fiduciary or trust breach .................................................... 1126
[38.100] Accountability as a recipient of trust property ................................................................. 1135
[38.130] Constructive trusts arising out of agreements to deal with property .................................. 1141
[38.165] REMEDIAL CONSTRUCTIVE TRUSTS .............................................................................. 1147
[38.165] Nature and incidents ........................................................................................................... 1147
[38.175] General principle: unconscionable denial of or assertion to beneficial interest in property ................................................................................................................................................................. 1149
[38.215] Common intention constructive trust .................................................................................. 1155
[38.250] Backdating the remedial constructive trust ....................................................................... 1162
[38.270] Alternative remedies .......................................................................................................... 1168
[38.275] Charitable trust as remedy? ................................................................................................. 1169

Chapter 39: Tracing ...................................................................................................................... 1171
[39.05] NATURE OF TRACING ......................................................................................................... 1171
[39.10] Tracing at common law ....................................................................................................... 1171
[39.15] Tracing in equity .................................................................................................................. 1172
[39.50] Coalescence between common law and equitable tracing .................................................. 1176
[39.55] PROCESS OF TRACING .................................................................................................... 1177
[39.85] Mixing of property from more than one trust: the “allocation step” .................................. 1183

Index ........................................................................................................................................... 1189