

# Crown Melbourne Ltd v Cosmopolitan Hotel (Vic) Pty Ltd (2016) 260 CLR 1

<https://lawcasesummaries.com/knowledge-base/crown-melbourne-ltd-v-cosmopolitan-hotel-vic-pty-ltd-2016-260-clr-1/>

## Facts

- Crown Melbourne Ltd ("**Crown**") leased two premises to Cosmopolitan Pty Ltd for 5 years on the basis that Cosmopolitan would significantly refurbish them and in exchange Cosmopolitan's lease would be extended for another five years. After the leases expired, Crown did not renew and the tenants vacated.
- The VCAT found that a statement by Crown that it would "*look after*" Cosmopolitan regarding the renewal provided the renovations were of a high quality was enforceable as a collateral contract.
- Both the Victorian Supreme Court and Court of Appeal rejected this, holding that this statement was not a promise and was too vague to be enforceable. The VCA upheld Cosmopolitan's appeal on the basis of promissory estoppel; even if the collateral contract was void for uncertainty, promissory estoppel prevented Crown from not renewing the lease. Crown appealed the VCA's judgment concerning promissory estoppel, and Cosmopolitan cross-appealed, seeking to establish the existence of the collateral contract.

## Issues

- Was there a collateral contract?
- Were Crown estopped from not extending the lease?

## Held

- The High Court majority (French CJ, Kiefel and Bell JJ, Keane J, Nettle J) allowed the appeal and dismissed the cross-appeal.
- The plurality (French CJ, Kiefel and Bell JJ) held that the VCA's judgment was correct in that there was no collateral contract. The statement that the tenants would be "*looked after*" could not bind Crown to offer a further five year lease because "*[i]t did not have the quality of a contractual promise of any kind.*"
- Keane J also held that a collateral contract did not exist. Crown remained free to act in its own interests in negotiating a future lease, the terms of that future lease "*could never be more than unresolvable speculation*", and if the assurance of "*looking after*" were in the terms of the signed leases, "*it would not have been sufficiently certain to be enforceable as a promise of the grant of further leases.*"
- Nettle J upheld the conclusions of the primary judge and VCA that a reasonable person in Cosmopolitan's position could not have construed Crown's assurance to be a binding promise to

offer a renewal: the parties did not "*in intention nor even in appearance*" make or accept a promise about renewal.

### **Quotes**

*"In cases of proprietary estoppel, the approach which has been taken is that, where the court is satisfied that the level of a claimant's assumption or expectation is genuinely derived from the subject representation but goes beyond what could reasonably be attributed to it, and it appears that it would be unjust or unconscionable if the party charged were free to depart from some lower level of assumption or expectation that may fairly and objectively be derived from the representation, relief may be limited accordingly."*

### **Full Text**

The full text is available here: <http://eresources.hcourt.gov.au/showCase/2016/HCA/26>

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