

**Harris v Anais Holdings Ltd 29/8/02, CA89/02**

Unsuccessful appeal by applicants ("Hs") against decision of High Court ("HC") declining to make an order that their caveat should not lapse - Hs owned farm near Winton divided into northern blocks and a home block - Hs sold entire property to AHL in April 2000 - before sale Hs requested first right of refusal in favour of them in contract, but it was not included - March 2001 AHL sold the northern blocks of property to Zs - September 2001 AHL wanted to sell home block to Ks conditional on Hs not proceeding to purchase it back - however Hs wished to exercise an option to purchase the home block - AHL denied Hs had any pre-emptive rights - Hs lodged a caveat against the titles to both home block and northern blocks - they commenced proceedings against AHL claiming specific performance and damages - HC decided AHL had made a binding contract to sell northern blocks to Zs - there was no enforceable right concluded at the time of sale by Hs - however, caveat over the home block was sustained - Hs appealed HC's decision in relation to northern blocks' caveat - they contended AHL promised Hs they would be given first opportunity to purchase - while only a moral obligation it should have affected AHL's conscience - when exercising their option to purchase, Hs were unaware of Zs' contract and Zs' failure to lodge a caveat to warn purchasers of their equitable interest.

Held, Hs' caveat over northern block was properly removed - in the reversal of equities a court cannot bring into consideration obligations of moral character as this may have far reaching consequences - Hs unable to say absence of Zs' lodging a caveat has misled them or caused any material prejudice - AHL has been quite consistent about the fact there had never been a contract between them - appeal dismissed.