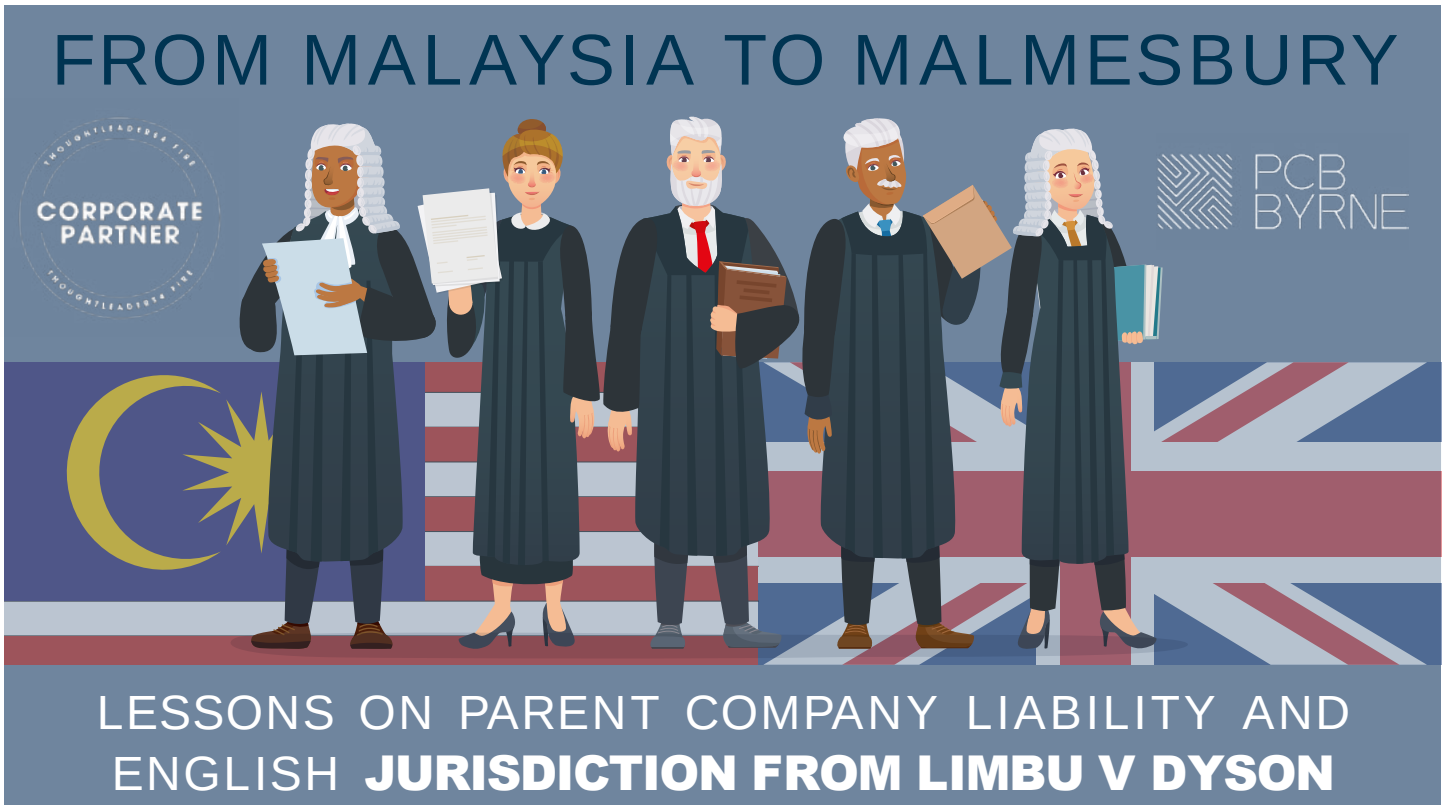
FROM MALAYSIA TO MALMESBURY



LESSONS ON PARENT COMPANY LIABILITY AND ENGLISH **JURISDICTION FROM LIMBU V DYSON**

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Introduction

As multinational corporations expand their operations, courts are increasingly faced with a significant question on parent company liability: in what circumstances might English jurisdiction be engaged in a claim against a UK company, for the harms facilitated by its foreign subsidiaries in foreign lands?

This article considers Limbu v Dyson[1], which was handed down in December 2024, and relates to allegations of forced labour within the supply chain of the international technology group, Dyson. The two main defendants are English companies within the Dyson group (D1 and D2), while the third defendant is a Malaysian subsidiary (D3).

This decision reflects a growing judicial trend: in assessing the appropriate jurisdiction for parent company liability claims, English courts are prepared to look beyond corporate formalities and focus instead on the real "centre of gravity" of the alleged wrongdoing.

Limbu v Dyson

Twenty-four claimants of Nepalese or Bangladeshi nationality, employed at Malaysian factories operated by Malaysian subcontractors ATA Industrial and Jabco Filter System (the "Subcontractors"), reported being subjected to abusive employment practices. They allege that they were forced to work excessive overtime in breach of Malaysian employment law, for wages below the legal minimum, while being subjected to onerous production targets enforced through intimidation and physical violence.

D1 and D2 are English companies within the Dyson group which have operated at all material times from their office in Malmesbury, which was the headquarters for the entire Dyson group until late 2019 (i.e. for the majority of the period covered by the Claimants' claims). D3, known as Dyson Malaysia, is a Malaysian company that contracted with the Subcontractors for the manufacture of various Dyson components at the factories where the Claimants worked. The Claimants argued that Dyson UK exercised operational oversight over the factories through its supply chain management practices and its public commitments to ethical labour standards.

The causes of action brought by the Claimants are threefold[2]:

(1) negligence for breach of duty in relation to defects in Dyson's policies and a failure to take steps to ensure their proper implementation and enforcement;

(2) liability for torts including false imprisonment, intimidation, and assault, allegedly committed by the Subcontractors and, in some instances, the Royal Malaysian Police; and

(3) a restitutionary claim for unjust enrichment.

1 [2024] EWCA Civ 1564

2 [2024] EWCA Civ 1564, paragraph [16]

The English High Court initially found that Malaysia was the "centre of gravity" due to the location of the alleged abuses, and therefore was the appropriate forum for the claims. However, the Court of Appeal overturned that decision.

In particular, the Court of Appeal noted that Dyson's UK office remained the primary operational control centre for the Dyson group, employing approximately 3,500 staff, including most of its senior management and key personnel relevant to the claims. Crucially, the UK office hosts a UK based sustainability team which is responsible for developing and promulgating mandatory supply chain policies and standards, including the implementation, monitoring, auditing of, and ensuring compliance with, those policies and standards.

The Court of Appeal observed that ultimately the claim against the UK Dyson defendants is the primary claim:

"The reality is that Dyson UK is the principal protagonist and Dyson Malaysia a more minor and ancillary defendant"[3].

Drawing on the principles set out in Vedanta Resources and another v Lungowe[4], the Court found that proper consideration should have been given by the Judge (Clive Sheldon KC, as he then was) to the fact that the promulgation of the policies took place in England. These policies, which are central to key allegations of Dyson UK's failure to act on known abuse, failure to enforce compliance, and unjust enrichment, were not failures that occurred in Malaysia, but rather within Dyson's UK operations, where those policies were developed and maintained.

While the factual centre of the claim pointed to England, the Court of Appeal also had to consider the governing law of the causes of action which are governed by Malaysian law, which—with one exception—is said to be materially the same as English law.

This gave the Court confidence in its ability to proceed, drawing on expert evidence and its own experience with Commonwealth legal systems.

The Court noted[5] that while these differences would ordinarily favour trial in Malaysia, "they are nevertheless issues which the English court is well equipped to deal with as a matter of expert evidence and using its own experience to analyse Malaysian and other Commonwealth authorities."

In reaching this view, the Court relied on the reasoning of the Privy Council in Perry v Lopag Trust Reg[6], which affirmed that English judges may draw on their domestic experience when interpreting foreign common law systems. This reflects a wider judicial willingness to engage with foreign legal systems where there is sufficient alignment in legal principles, reinforcing the capacity of English courts to contribute meaningfully to cross-border corporate accountability.

Strategic Implications For Multinational Corporations

The clear trend is that courts are moving beyond formal corporate structures and jurisdictional defences. They are increasingly focused on:

- **Operational reality over corporate form –** Parent companies must assess not only their subsidiaries' conduct but also how their own policies, and decisions influence those operations.
- **Jurisdictional reach –** Forum non conveniens arguments face growing scepticism where the parent and the claim has a material connection to the UK.

Conclusion

This judgment illustrates the courts' broader willingness to assess parent company behaviour through the lens of its operational centre, rather than focusing solely on where the harm occurred, especially where corporate oversight and control are exercised within England and Wales.

The English court rejected the argument that the absence of a direct relationship between the parent company and foreign claimants should bar foreign claims for harm suffered abroad from being dealt with in England.

Overall, there is a growing body of case law[7] which demonstrates a judicial shift toward assessing real-world control and parent company involvement. Where the parent company is UK-based, or where key aspects of the alleged misconduct occurred in the UK (such as policy-making), the courts have demonstrated a clear readiness to assert jurisdiction and focus on where the real control lies, rather than relying solely on territorial arguments.

3 [2024] EWCA Civ 1564, paragraph [36]
4 [2019] UKSC 20
5 [2024] EWCA Civ 1564, paragraph [72]
6 [2023] UKPC 16
7 For example, Okpabi and others v Royal Dutch Shell Plc and another [2021] UKSC 3 and Municipio de Mariana v BHP Group (UK) Ltd (formerly BHP Group Plc) [2022] EWCA Civ 951