

The jurisdictional trap: you can run, but you can't forum shop a London-seated arbitral award

Executive summary

The recent Commercial Court judgment in *State Oil Company of the Republic of Azerbaijan & Others v Mansimov & Others* [2026] addressed a significant development in the English courts' approach to cross-border disputes arising from international arbitration awards.

Mr Justice Birt's judgment of 7 August 2026 considered the Defendants' application to set aside an earlier order allowing the Claimants to enforce three arbitration awards and effect service outside of the jurisdiction.

Background

The State Oil Company of the Republic of Azerbaijan ("**SOCAR**") and Mr Mubaraiz Mansimov (the founder of the **Palmali** group of companies ("**Palmali**")) entered into a commercial relationship in 2007. Throughout 2007 and 2008, SOCAR and Palmali entered into two long-term transportation services agreements whereby Palmali agreed to transport SOCAR's crude oil internationally. Subsequently, SOCAR made two substantial loans to Palmali, totalling a principal amount of US\$150 million. In 2018, SOCAR commenced two London-seated arbitrations and one Dubai-seated arbitration against Palmali, alleging breaches of the loan agreements and seeking repayment. Later, in 2020, Palmali restructured, claiming that this was a result of financial and reputational pressures as Mr Mansimov had been convicted in Turkey of being a member of a terrorist organisation and it was essential that Palmali's legal ownership was transferred away from him.

The arbitrations were decided in 2021 and SOCAR were awarded a combined total of US\$240 million plus interests and costs. Prior to the extant proceedings being issued within the English courts, Palmali had only paid around £107,000 towards costs.

SOCAR sought to enforce the arbitration awards in a number of different jurisdictions, including Turkey, Malta and Azerbaijan. Palmali had challenged jurisdiction in each of those cases and thereby had avoided enforcement.

On the same date that the claim was issued in England & Wales, SOCAR also commenced three arbitration claims, seeking permission to enforce the awards and serve outside of the jurisdiction, as well as alternative service on each of the named Defendants, which was granted by Jacobs J. The claims brought by SOCAR included a claim under s.423 of the Insolvency Act 1986 to unwind any prior transactions that had been made at an undervalue for the purpose of putting assets beyond the reach of a creditor, a claim for what is referred to as the Marex tort, and a claim for unlawful means conspiracy.

Palmali then challenged the English High Court's jurisdiction and applied to set aside Jacobs J's earlier order, with that application coming before Birt J on 4 June 2026.

Sufficient connection

To assess whether the earlier order should be set aside, a key aspect of the s.423 claim required SOCAR to establish that there was a sufficient connection with the English jurisdiction if an order under this provision was to have any extra-territorial effect.

It was noted that the restructuring of Palmali took place outside of the jurisdiction, between foreign persons, under foreign laws, and that none of the parties involved are domiciled or incorporated in England and Wales, nor do they carry on any business here or have any assets within the jurisdiction. However, the Court highlighted that the underlying agreements in question contained specific clauses confirming they were to be governed by English law and requiring any disputes to be resolved in London, being the location where the arbitrations took place.

Service

On the issue of service, CPR r.6.37(3) states that permission to serve a claim form outside of the jurisdiction will only be given where the Court is *“satisfied that England and Wales is the proper place in which to bring a claim.”*

Mr Justice Birt agreed with SOCAR that England is *“clearly the most appropriate forum”* to bring the claim for a number of reasons, but most notably:

- The arbitrations were seated in London, and the enforcement of awards by English courts is a natural consequence of that;
- The purpose of s.423 is to protect creditors within England, even where the transactions occurred in a foreign jurisdiction;
- The restructuring which had previously occurred was undertaken when the London-seated arbitrations were already afoot, making England the most logical jurisdiction; and
- Palmali had also contested jurisdiction in the other foreign proceedings, and was making the same argument in respect of the English jurisdiction.

Conclusion

The High Court has reinforced extraterritorial jurisdiction over foreign asset-stripping, ruling that restructuring intended to frustrate the enforcement of London-seated arbitral awards can breach s.423 of the Insolvency Act 1986. The decision underscores a low evidentiary threshold for "undervalue" claims in service-out applications and affirms that obstructionist behaviour weakens *forum non conveniens* arguments.

This judgment demonstrates that parties should not automatically assume that where they have only a limited, if any, connection to England and Wales and the material issues have occurred abroad, that the English courts will not extend its reach to protect awards made within the English jurisdiction. The case also highlights that where there is a sufficient connection, s.423 can be a useful and compelling mechanism for challenging cross-border enforcement where there are concerns surrounding the validity of transactions, even those that have taken place in a foreign jurisdiction.

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