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Aston Martin's Price Challenge Runs Out of Road: Lessons from Aston Martin MENA Limited v Aston Martin Lagonda Limited [2025] EWHC 2531 (Comm)

INTRODUCTION

On 6 October 2025 the English High Court handed down its judgment in *Aston Martin MENA Limited v Aston Martin Lagonda Limited* [2025] EWHC 2531 (Comm) which concerned a dispute over the pricing clause of a distribution agreement. Although the dispute arose in the automotive industry, the judgment provides valuable insights into the challenges of overturning arbitral awards and the importance of drafting clear, unambiguous pricing clauses in commercial contracts.

BACKGROUND

Aston Martin Lagonda Limited ("**AML**") is a well-known manufacturer of luxury cars. Aston Martin Mena Limited ("**AMMENA**") is AML's sole distributor in the Middle East and North Africa (the "**Territory**"). AML and AMMENA are commercially independent, and their relationship for the supply of products is governed by a Distribution Agreement dated 19 April 2018.

The underlying dispute between AMMENA and AML centred on the interpretation of the price that AML was to charge to AMMENA under Article 4(A)(1) of their Distribution Agreement, which provided that AML's price to AMMENA "shall not be materially higher than the UK factory price applicable to other territories" and "shall be in line with that applicable to other territories for equivalent vehicles with similar specifications"¹ (the "**Pricing Terms**").

ARBITRATION

The dispute concerned whether the comparator for determining AMMENA's purchase price should be the "Internal Transfer Prices" ("**ITPs**") charged by AML to its captive Aston Martin group distributors in other territories (such as North America and China), as argued by AMMENA, or the "Dealer Net Prices" ("**DNPs**") charged by AML to independent retail dealers in other regions (such as Germany), as maintained by AML. Neither of these terms were defined in the Distribution Agreement. The resolution of this issue depended on whether the contract required prices to be benchmarked against those that are set in arm's length commercial transactions with independent third parties (DNPs), or against internal prices set

¹ *Aston Martin MENA Limited v Aston Martin Lagonda Limited* [2025] EWHC 2531 (Comm) at [9]



within the corporate group for accounting purposes (ITPs).

Pursuant to the agreement, the dispute was referred to arbitration under the UNCITRAL Rules, with the London Court of International Arbitration (“**LCIA**”) appointing a panel of three arbitrators (the “**Tribunal**”). An evidentiary hearing took place in September 2024, and the Tribunal issued its award on 18 November 2024. The Tribunal ultimately ruled against AMMENA on the key issue, holding that the relevant comparator for pricing under the Pricing Terms was the prices charged by AML to independent, third-party retail dealers (DNPs), rather than the internal transfer prices (ITPs) charged to captive distributors within the Aston Martin group (the “**Award**”).

PERMISSION TO APPEAL

AMMENA subsequently challenged the Award before English High Court on the basis that the LCIA Tribunal erred in its interpretation of the Pricing Terms.

Under English law, to obtain permission to appeal an arbitral award on a question of law under Section 69 of the Arbitration Act 1996 (the “**Act**”), the applicant must satisfy the Court that the tribunal’s decision on the question of law is “obviously wrong,” or, if the question is of general public importance, that the decision is at least “open to serious doubt.”

In its application, AMMENA accepted that the issue did not raise a question of general public importance (as the clause was a bespoke clause), but contended that the Tribunal’s decision was “obviously wrong” pursuant to Section 69 the Act.

Whilst AMMENA obtained permission to appeal under Section 69 of the Act, it was ultimately unsuccessful at the substantive hearing stage.

THE APPEAL

AML argued that for AMMENA’s appeal to succeed, the Court had to determine that the Tribunal’s decision was “obviously wrong” on the law. However, Bright J expressly rejected the suggestion that the “obviously wrong” test should continue to apply at the substantive stage and

clarified that, once permission to appeal has been granted, the Court’s task at the substantive hearing is simply to decide whether the Tribunal’s decision was right or wrong on the law, rather than “obviously wrong.”

Bright J refused AMMENA’s appeal on three grounds.

1. First, it was held that the natural meaning of the Pricing Terms include DNPs charged by AML to independent retail dealers (such as those in Germany). The wording of the clause does not expressly limit the comparator to prices charged to distributors and could reasonably be read to include prices charged to independent third-party retail dealers.²

The Court’s interpretation here left AMMENA in a challenging position. Unlike distributors in China and the US (both of which were captive entities within the Aston Martin group and purchased vehicles at ITPs), AMMENA was, to its knowledge, the only independent distributor operating at arm’s length from AML. In other markets, AML sold directly to retail dealers, with prices negotiated through commercial, arms-length arrangements (DNPs). However, under the Tribunal’s and the Court’s interpretation, AMMENA was required to pay AML the same DNP as independent dealers in other territories. This left AMMENA with little to no margin, placing it at a significant disadvantage compared to captive distributors who benefited from more favourable internal pricing. The result was a situation where AMMENA bore the risks of an independent business but was denied the pricing flexibility or margin typically afforded to such distributors.

2. Second, it was difficult to conclude that the parties intended the comparator to be ITPs rather than DNPs when there is no evidence to suggest that AMMENA knew of the existence of captive distributors or ITPs at the time of contract.³ The Court declined to make any new findings of fact, acknowledging that “a Court which has to determine an issue of contractual interpretation on the basis of very limited materials (typically, the Award and the contract) is simply not in the same position as a Tribunal

² Ibid at [58]

³ Ibid at [59]



which conducted a multi-day evidentiary hearing.”⁴ Therefore the Court could not conduct the same iterative process in the same way that the Tribunal would have done as per the approach in *Arnold v Britton* and *Wood v Capita Insurance Services Ltd*.

3. Third, in agreement with the Tribunal’s finding, Bright J held that DNPs are the price generally expected to be set at arm’s length and reflect commercial reality, whereas ITPs are internal, and it is not normal for commercial parties to agree that one party can fix the price payable by reference to its own, internal prices and unilaterally set accounting tools.

Therefore, the Tribunal’s interpretation of the Pricing Terms was found to be reasonable and consistent with the contractual language, commercial purpose (it was common ground that the commercial purpose of the Pricing Terms was to maintain “a roughly level playing field between the territories”⁵) and available factual matrix. Bright J saw no sufficient basis to displace the Tribunal’s findings and conclusion.

KEY TAKEAWAYS

To avoid disputes in relation to pricing clauses, drafters should have the principle of clarity and specificity in mind. In particular, internal jargon should not be used or left undefined in agreements, and parties should ensure that all factors within a pricing clause are clearly defined.

The Court and the Tribunal both placed weight on the commercial context, including whether prices were set at arm’s length and the knowledge of the parties at the time of contracting.

This case is yet another example of the high threshold required to successfully challenge an arbitral award under English law. Even after permission is granted, the appellant bears the burden of persuading the court that the Tribunal’s decision was wrong. However, this judgment makes clear that whilst the “obviously wrong” test will apply at the permission stage, once permission is granted, the appellant only needs to prove that the Tribunal’s decision on the law was “wrong.”

At substantive hearings, the Court will generally defer to the Tribunal’s findings, especially where the Tribunal has considered the factual matrix in detail. The Court will not substitute its own view lightly unless an actual error of law is demonstrated. It also reinforces the position that the appeal Court will not engage in fact-finding exercises. The judgment demonstrates that the Tribunal, having heard all the evidence, is usually better placed to interpret the contract in its full factual context. On appeal, the Court is limited to the findings and materials in the award.

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⁴ Ibid at [44]

⁵ Ibid at [65]