

ENGLISH COURT MAKES LANDMARK CORPORATE MODERN SLAVERY CIVIL ORDER

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Legal Briefings - By **Daniel Hudson**, **Oliver Elgie** and **Natasha Walton**

In a landmark ruling, the English Court has for the first time, awarded damages against a company in relation to modern slavery, broadening the scope of a company's responsibility and putting business and human rights firmly on the risk map for modern businesses.

On June 10, in [Galdikas v DJ Houghton Catching Services Limited](#), Mr Justice Supperstone awarded damages by way of summary judgment to six Lithuanian workers in relation to (i) failures to pay statutory minimum rates, (ii) failures to pay for travel time, (ii) job finder fees charged, (iv) unlawful deductions to workers' pay and (v) failures to provide adequate facilities to wash, rest, eat and drink.

THE FACTS

The Claimants were six Lithuanian men who were sent by DJ Houghton Chicken Catching Services (**Company**) to various farms around the country in order to catch chickens. The Claimants frequently worked on farms that produce eggs that are ultimately sold in major supermarkets.

The Claimants often slept on a minibus between farms, they were paid in relation to the number of chickens caught rather than the hours worked and the work was hard and took place in unpleasant conditions.

The Claimants brought various claims against the Company, its director and company secretary (**Houghton Defendants**) and the Gangmasters Licensing Authority (**GLA**). The Claimants had already brought and compromised proceedings before an employment tribunal against the Houghton Defendants.

THE APPLICATIONS

The hearing before Mr Justice Supperstone was an interim hearing at which the parties made applications to have certain aspects of their claims considered without a full trial. The Claimants alleged that their employment contracts were subject to the terms of the Agricultural Workers Order (**AWO**) that guaranteed minimum hourly rates, night work supplement and payment for travel time and that they therefore did not receive adequate pay.

They also alleged that, in breach of the Gangmasters (Licensing Conditions) Rules 2009 (**Rules**), the Defendants charged illegal recruitment fees (the Rules, Condition 7), made unlawful deductions from their pay (the Rules, Condition 13) and failed to provide facilities for the Claimants to wash, rest, eat and drink (the Rules, Standards 4.3 and 6.3).

Finally, the Claimants alleged that the accommodation provided was not fit for human habitation.

The Claimants sought summary judgment of each of these claims. The Claimants also applied for the entire Defence to be struck out on procedural grounds.

By contrast, the Houghton Defendants applied for the entirety of the Claimants' case to be struck out on the basis that such claims had already been compromised in the employment tribunal and/or they constituted an abuse of process because they should have been brought in the employment tribunal proceedings.

The Houghton Defendants also sought to strike out personal injury claims brought by the Claimants on the basis that they were time-barred and/or unsupported by medical evidence and/or too vague.

Finally, the Houghton Defendants sought to set aside an order staying similar proceedings brought by 10 other men (represented by the same solicitors as the Claimants) against the same Defendants.

The GLA also brought an application that the claims against the Houghton Defendants should be decided first, before that against the GLA. This was on the grounds that the claims against the GLA will only be of value if the Claimants establish liability against one or more of the Houghton Defendants, but fail to receive 'just satisfaction' or to make full recovery of any damages awarded.

ORDERS MADE

The Court was satisfied, on the facts, to award summary judgment in relation to all of the Claimants claims, with exception of the claim that the accommodation was not fit for human habitation.

It did not strike out the Defence, as requested, but it also found that the employment tribunal proceedings did not compromise these claims, particularly as many of them did not fall within the tribunal's jurisdiction. It also did not award strike out or summary judgment in relation to the Claimants' personal injury claims.

As this was an interim hearing, the Claimants' claims in relation to accommodation and personal injury did not fail entirely, rather they will just need to be litigated at a full trial, unless settled prior to the hearing.

The Court refused to lift the stay in relation to the similar proceedings, but did order that all issues relating to liability as against the Houghton Defendants should be tried before the claim against the GLA is determined.

COMMENT

This is the first time that the English Court has awarded damages against a company in relation to modern slavery issues. The claims considered at this interim hearing were based on the AWO and the Rules. These might not be applicable to all businesses and situations, but the issues will be pertinent to most: hourly rates, working hours, working conditions, recruitment fees and workplace injury.

In addition, the procedural orders in this case could serve to streamline the claims against the Houghton Defendants. First, the stay in relation to the similar proceedings may allow a small number of Claimants to proceed, potentially to establish findings of fact that could assist others to pursue or settle their own claims efficiently. Second, the Claimants will not need to incur costs pursuing the GLA in the first instance. In the long run, this might lead to increased costs to the Claimants (as they contended at the hearing), but in the short term, they will likely need to expend lower costs to pursue the claims against the Houghton Defendants all the way to trial.

Many companies may feel confident that they are not directly involved in any conduct similar to the Houghton Defendants. However, the reporting obligations under the Modern Slavery Act, have broadened the scope of a company's responsibility. Those reporting obligations require certain companies to report on the steps they are taking to ensure that modern slavery is not taking place in any part of their business (including, for example, contract cleaners) or in their (potentially complex) supply chains.

This case serves as a reminder that slavery is a real issue affecting modern businesses and that there are increasingly robust obligations in the UK to protect against abuses that can, if appropriate, be enforced in the court.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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