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Litigation newsletter

Czech Republic



Case law

A real estate agency cannot force a buyer to conclude a purchase contract by threatening a contractual fine

If a reservation contract concluded between a buyer, seller and real estate agency stipulates the obligation of the buyer to conclude a follow-up purchase contract under the threat of a contractual penalty, it is a void provision, as the Real Estate Mediation Act expressly prohibits this (Supreme Court judgment, Case No. 33 Cdo 1507/2022 of 20 June 2023).

A change in the employee's circumstances must be proved by the employer

When an employer seeks an adjustment or waiver of the obligation to pay an employee compensation for loss of earnings after incapacity for work, it is the employer who must prove a change in the employee's circumstances relevant to the determination of the amount of the compensation. If the courts shift the burden of proof to the employee, they violate, in particular, the employee's right to judicial protection (Constitutional Court ruling No. I.ÚS 463/23 of 27 June 2023).

Additional verification may be required for a qualified electronic signature


When using qualified electronic signatures, the signature in question must also be registered in the basic population registers with the relevant signatory, otherwise it is legally flawed and in such a case the same verification as for handwritten signatures is required (Resolution of the High Court in Prague No. 3 VSPH 610/2023-A-122 of 28 June 2023).

The court may moderate contractual penalties even in the case of certain public contracts

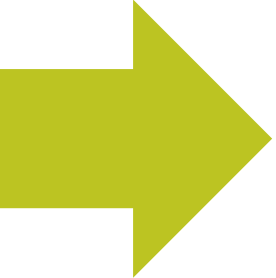
The conclusion of a contract in the context of public procurement does not automatically exclude the possibility of moderation (reduction) of the contractual penalty by the court. Previous court decisions were based on a specific situation where the contractor itself determined the parameters of the contractual penalty in a public tender and its subsequent modification would violate the rules of public competition. However, this rule cannot be applied across the board to all contractual relations within the framework of a public tender on a blanket basis and moderation of the contractual penalty is therefore admissible depending on the specific case (Supreme Court Judgment Case No. 23 Cdo 2921/2022 of 28 June 2023).

Legislation

Act on class action



The bill on class action has passed its first reading in the Chamber of Deputies. The scope of the law is limited to relations between consumers and businessmen. Other claims will not be possible in class action proceedings. Consumers will have to actively opt-in to the collective proceedings, so an opt-in option has been chosen.



As of today, when a single illegal activity affects a large group of consumers, the courts must hear individual cases in separate proceedings. The new class action act will allow these cases to be consolidated into one, making such court proceedings more efficient, relieving the courts, saving costs for consumers and defendants, and ensuring that the same cases are decided in the same way.

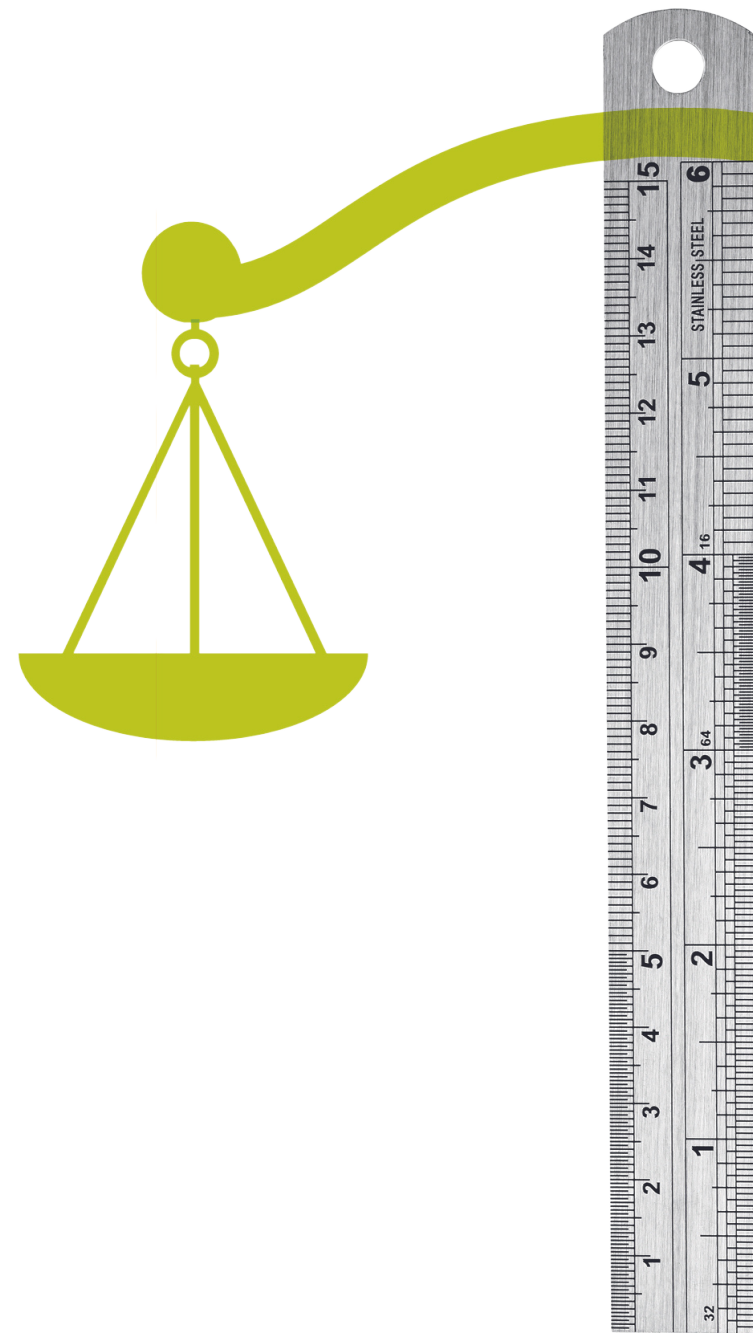
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