Legal update

August 2025

Weinhold Legal

Content

The information contained in this bulletin is presented to the best of our knowledge and belief at the time of going to press. However, more specific information related to the topics listed herein should be consulted on prior to any decisions being taken.

Banking, Finance & Insurance:
Daniel Weinhold, Václav Štraser, Ondřej Tejnský
Competition Law / EU Law:
Tomáš Čermák
Dispute Resolution: Milan Polák, Zbyšek Kordač, Michaela Koblasová
ESG – Environment, Social, (corporate) Governance:
Daniel Weinhold, Tereza Hošková
Family Office:
Milan Polák, Zbyšek Kordač, Michaela Koblasová
Insolvency and Restructuring:
Zbyšek Kordač, Jakub Nedoma
IT, Media & Telecommunication:
Martin Lukáš, Jakub Nedoma, Michal Przeczek
Labour Law: Eva Procházková, Ondřej Tejnský
Mergers and Acquisitions:
Daniel Weinhold, Václav Štraser
Personal Data Protection:
Martin Lukáš, Tereza Hošková, Nikola Faltová
Public Procurement & Public Sector:
Martin Lukáš, Tereza Hošková, Monika Švaříčková
Real Estate:
Pav Younis, Václav Štraser
Regulatory and Government Affairs:
Daniel Weinhold
Start-ups, Venture Capital and Cryptocurrency:
Pav Younis, Martin Lukáš, Jakub Nedoma, Ondřej Tejnský
Martin Lukáš, Tereza Hošková, Monika Švaříčková

Legislative news

New Act on Critical Infrastructure

On 4 August 2025, **a new Act on the resilience of critical infrastructure entities and on amendments to other laws (the Critical Infrastructure Act)** was published in the Collection of Laws under 266/2025 Coll. The Act transposes EU Directive 2022/2557, known as the CER Directive (Critical Entities Resilience), and establishes a standalone legal framework for ensuring the resilience of key services in the Czech Republic. Moreover, it brings about a fundamental and systemic change in the area of securing essential services of the state and society, and further replaces the previous regulation based on the Crisis Act; it will enter into force on **19 August 2025**.

The main objective of the new legislation is to ensure greater protection for strategic entities and their services, enhance state security and its crisis response capabilities, and, last but not least, increase the confidence of critical infrastructure providers in the state administration. The introduction of uniform rules for all critical infrastructure operators, regardless of whether they are state, public, or private entities, represents a fundamental change.

Another new feature is that protection is no longer focused solely on physical assets, but rather on the functionality of the services themselves – i.e. their continuity, resilience, and ability to recover swiftly in the event of an outage, cyberattack, or other incident.

The new Act defines what is considered an essential service — such as **energy supply, healthcare, transportation, water management, digital infrastructure, or public administration**. An essential service provider is deemed to be any entity that provides such a service in the Czech Republic and meets at least one of the criteria for materiality, such as the number of users, market share, or dependence of other sectors. If the provider is included in a non-public list maintained by the Ministry of the Interior of the Czech Republic, it is designated as a critical infrastructure entity and will be subject to specific obligations. Importantly, however, each provider must first identify the essential services it provides and notify the Ministry of the Interior or another competent administrative authority accordingly.

Inclusion on the list of critical infrastructure entities entails several obligations for essential service providers:

- First and foremost, the provider must comply with an ongoing reporting obligation — notifying the authorities of any changes affecting the provision of their essential services, organizational structure, critical personnel, or suppliers, and also providing necessary cooperation as required.
- Furthermore, within nine months of receiving the decision on inclusion, the provider is required to conduct a risk assessment — identifying threats, vulnerabilities, and potential impacts on the service being provided.
- This risk assessment is followed by a resilience plan, which must be completed within ten months. The plan contains specific technical, organisational, and security measures that are necessary to ensure the continuity of the service even in a crisis situation.
- Each provider must also appoint a so-called critical infrastructure manager, who must be professionally qualified, security-cleared, and responsible for fulfilling the entity's obligations and ensuring communication with the authorities.
- The system also includes a register of so-called critical personnel and suppliers, i.e. those whose activities are crucial

Legal update

August 2025

Weinhold Legal

for the functioning of the service. These persons are vetted for reliability, including integrity and access to sensitive information.

- Special emphasis is placed on incident reporting — any serious disruptions to the provision of the service must be reported to the Ministry of the Interior without undue delay, but no later than 24 hours after their detection. A final report must then be submitted within one month, or, if the incident is still ongoing, at the very least a progress report.
- All communications with the authorities, compliance with obligations, and the handover of documentation shall be carried out via the Critical Infrastructure Portal, which serves as a centralised digital tool for data management and digital agenda between entities and the state.

Failure to comply with statutory obligations may result in an imposed fine of up to CZK 50 million or 1.5% of the provider's annual turnover. The amount of the fine depends on the severity and duration of the breach, the threat posed to the provision of the essential service, and whether it was a repeated violation.

New Cybersecurity Act is Here!

On August 4, 2025, **Act No. 264/2025 Coll. on Cybersecurity** was published in the Collection of Laws, which will come into effect on **November 1, 2025**. Details can be found here.

Case law updates

Annulment of the termination of a leasing contract in insolvency

(Judgment of the Constitutional Court, Case No. I. ÚS 3325/24, dated 11 June 2025)

In its ruling, the Constitutional Court dealt with the question of what requirements for justification are imposed by the constitutional system in proceedings concerning a petition to annul the termination of a leasing agreement under Section 256(2) of Act No. 182/2006 Coll., on insolvency and methods of its resolution (hereinafter the 'Insolvency Act').

Prior to the initiation of the insolvency proceedings, a company operating in the field of services, agriculture, and domestic transport (hereinafter the 'complainant') had entered into several leasing agreements for the rental of machinery with another company (hereinafter the 'debtor'). Following the declaration of bankruptcy over the debtor's assets, the insolvency administrator terminated these agreements pursuant to Section 256(1) of the Insolvency Act. Subsequently, the complainant challenged the termination by filing a petition for annulment under Section 256(2) of the Insolvency Act, which allows for the preservation of a contract in cases where the termination whereof would cause significant damage or interfere with legitimate interests. The complainant argued, among other things, that it had made substantial investments in the leased items in the form of down payments, regular instalments, as well as maintenance and operational costs, and that it had acquired them with a legitimate expectation of repurchase, as had been the case in previous business practice.

Nevertheless, the insolvency court dismissed the petition without providing any substantive justification. Whereas the court merely stated in the most general of terms that the termination of contract was in line with the efficient running of the insolvency proceedings and that it had been approved by the creditors' committee. The court made no mention whatsoever of the complainant's claims regarding the specific economic impact (loss of contracts, irreversible damage, or the inability to continue business operations).

The complainant filed a constitutional complaint, arguing that it had been denied the right to judicial protection, and that the court failed to examine any of its substantive arguments put forth, thereby violating its right to a fair trial under Article 36(1) of the Charter of Fundamental Rights and Freedoms.

Subsequently, the Constitutional Court ruled in favour of the complainant and overturned the decision of the insolvency court, emphasizing that even when exercising supervisory powers, the courts must respect procedural safeguards, including the obligation to substantively respond to the objections of the parties to the proceedings. In the view of the Constitutional Court, it is therefore insufficient to merely refer to the general principles of the insolvency proceedings or the will of the creditors' committee where the law explicitly requires an assessment of specific circumstances (e.g., the threat of significant harm or the prejudice of the lessee's legitimate interests). The complainant's argument that the machinery had been acquired with the expectation of repurchasing it and that the loss whereof would jeopardise its business should have been thoroughly assessed.

The Constitutional Court also emphasized the distinction between the interests of creditors and lessees. Creditors' interests lie in maximising the proceeds from the insolvency estate, which is logically at odds with the lessee's expectation of acquiring ownership of the leased asset. This makes it even more necessary for the court to provide sufficiently individualized reasoning when making its decision.

In the further proceedings, the court will be required to reassess the complainant's petition and specifically address all of its substantive arguments in its reasoning. The Constitutional Court expressly stated that it was not thereby prejudging the outcome of the substantive review, but merely requiring that the proceedings be conducted in accordance with constitutional procedural safeguards.

Scope of utility easements and tenants' rights in cases of buildings without certificates of occupancy

(Judgment of the Supreme Court, Case No. 22 Cdo 985/2025, dated May 21, 2025)

In this judgment, the Supreme Court examined whether tenants may lawfully use land that is encumbered by a personal utility easement for walking and driving that has been established in favour of the owner of a building that has not yet received a certificate of occupancy, and of what significance is the fact that the building cannot be legally used under building regulations for the establishment and performance of a lease.

The plaintiff, who was the owner of the land encumbered by the easement, sought to prohibit the defendant from allowing third parties to traverse and pass through its land. It argued that these individuals had no right to do so under the easement, which had been established exclusively for the benefit of the defendant and its close relatives. The court of first instance dismissed the claim, stating that the use of the land arose from legal relationships with the entitled person and that, in the case of an easement *in personam*, the right of persons other than those in whose favour the easement had been established to traverse the path also applied to the lessee of the property. But the Court of Appeal reversed this finding, by arguing that a building without a certificate of occupancy cannot be leased, and therefore the defendant could not have lawfully permitted third parties to access the land.

Subsequently, the Supreme Court overturned the decision of the Court of Appeal, whereby emphasising that a breach of public law regulations (lack of a certificate of occupancy) does not automatically affect the validity of private law relationships. From a civil law perspective, a lease relationship may arise even in relation to a unit that has not been officially approved for occupancy. Moreover, if the use of the property has been agreed under a different legal title – such as a loan for use or gratuitous

lease – the same principles regarding the use of the easement may still apply.

Furthermore, the Supreme Court upheld that a personal utility easement for walking and driving that has been established in favour of a specific individual who owns a neighbouring property may also include access by persons who have a contractual relationship with the authorised owner (e.g., tenants), provided that the agreed or customary scope of use is not exceeded. The owner of the encumbered land may only object if the easement is being used in an unreasonably expanded manner. In such a case, however, any legal action should not be directed against third parties, but rather against the owner of the dominant property.

The Supreme Court thus made it clear that the mere lack of a certificate of occupancy neither implies the non-existence of a lease nor unauthorized use of the easement. As such, the Court of Appeal will need to re-examine the matter.