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Legal Update

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The information contained in this bulletin is presented to the best of our knowledge and belief and is based on the information available at the time this text was sent to print. However, specific information relating to the topics covered in this bulletin should be consulted before any decision is made based on it.

News in legislation

Draft amendment to the Consumer Protection Act and the Civil Code

The Chamber of Deputies is debating a government bill amending the Consumer Protection Act and, at the same time, the Civil Code, as Chamber of Deputies Print No. 53. Among other things, the amendment transposes the requirements of Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024, amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information. This amendment has a proposed split effective date, mostly as early as 31 July 2026, and for selected parts on 27 September 2026.

In general, this amendment introduces greater consumer protection in the area of information about the environmental burden associated with the production of goods and the provision of services, and expands the scope of unfair commercial practices by sellers to include the making of unsubstantiated claims in this area. It therefore prohibits so-called greenwashing, i.e. labelling goods and services as environmentally friendly without such claims being substantiated in any way. The amendment also introduces, for example, an obligation for sellers to provide additional information about the products sold, such as their lifespan, and expands consumers' rights related to sellers' guarantees.

The amendment introduces the concept of an "environmental claim", which it defines very broadly. This means any statement by a seller that a given product and its production have no impact on the environment, or even that their impact on the environment is positive, or that it is lower than the impact of another product or service in the same category, or that this impact has improved over time. In practice, this therefore includes labelling products as, for example, a "sustainable product" or an "environmentally friendly product", but it may also include, for example, a green leaf symbol on packaging or the information that "80% of the packaging comes from recycled plastics". Sellers and service providers will have to be able to reliably substantiate all such environmental claims. If these are general claims, such as the first three examples mentioned above, they will fall into the category of a "generic environmental claim", for which the requirement that the seller be able to substantiate the information will be stricter than for specific claims, such as claims concerning the percentage of recycled materials used.

In the area of environmental claims, the amendment further introduces stricter variants of labelling products and services as environmentally friendly or sustainable, although these are not direct subcategories of environmental claims.

This includes, for example, a "certification scheme", which will impose a requirement for a transparent and publicly available system of verification by an independent third party, the purpose of which is to confirm that a particular product, service, process or business activity meets the requirements for the use of the relevant sustainability label. Such a scheme must be open to all sellers and providers on fair and non-discriminatory terms and must include rules for addressing any non-compliance, including the possibility of withdrawing or suspending the use of the label in question. Compliance with the requirements of the scheme must be checked through an objective procedure by an independent and competent third party.

Another stricter variant is a "recognised excellent environmental performance", a qualified and legally recognised standard of environmental performance of a product, service or activity.

Such performance must correspond in particular to the requirements under Regulation (EC) No. 66/2010 of the European Parliament and of the Council on the EU Ecolabel, national or regional Type I ecolabelling schemes under ČSN EN ISO 14024, or the highest level of environmental performance established by other European Union legislation. In practice, this performance serves as a strong evidentiary basis for the use of generic environmental claims, for example that a product is "ecological" or "environmentally friendly".

If sellers of goods and providers of services fail to comply with the requirements for labelling their products and services in accordance with the requirements specified above, they may be engaging in unfair commercial practices and may face related sanctions. Supervision over compliance with these obligations will primarily be carried out by the Czech Trade Inspection Authority.

This amendment is also related to other planned legislative changes described in our Legal Alert, which you can find here.

Case law updates

Impossibility of invoking the invalidity of a general meeting resolution after the expiry of the limitation period, even where a shareholder has lodged a protest

(Resolution of the Supreme Court of 12 February 2026, Case No. 27 Cdo 3205/2024)

On 20 April 2022, the general meeting of a limited liability company resolved to approve the financial statements for 2020, to approve the financial statements for 2021, and to transfer the business enterprise constituting part of the company's assets. Before the general meeting began, a member of the company holding a 48% share lodged a protest on the grounds that the invitation had not been duly and timely delivered to him. At the general meeting, he then lodged further protests on the grounds that he had not been provided with information concerning the financial statements being approved and the transfer of the company's business enterprise.

The member then filed a petition for a declaration of invalidity of this resolution of the general meeting, within the statutory three-month subjective period under Section 259 of the Civil Code and Section 191(1) of the Business Corporations Act, specifically on 24 June 2022. As the reason, however, he stated only that the invitation to the general meeting had allegedly not been duly delivered to him. He raised further grounds for declaring the general meeting invalid, namely the failure to provide information to the member under Section 155 of the Business Corporations Act, only subsequently in the course of the ongoing proceedings, on 1 March 2024. The company raised an objection of preclusion under the above-mentioned provisions of the Civil Code and the Business Corporations Act.

The Regional Court in Ostrava, as the court of first instance, nevertheless found in favour of the member when it declared the resolution of the company's general meeting invalid. Subsequently, the High Court in Olomouc, as the appellate court, decided on the company's appeal by upholding the decision of the court of first instance. Both courts based their decisions on the original settled case law of the Supreme Court arising from the application of the previous legislation, namely the Commercial Code and the old Civil Code, according to which it was possible to amend or supplement the grounds for invalidity of a general meeting even after the expiry of the preclusive period, despite the fact that, at the time these lower courts were deciding, there was already legal literature according to which the new legislation should be interpreted differently from the interpretation of the previous legislation in similar cases.

The Supreme Court then ruled on the company's appeal on points of law. It decided to quash the rulings of both the Regional Court in Ostrava and the High Court in Olomouc, and also made important conclusions regarding a deliberate change in the Supreme Court's case law. The primary reason is the new legislation, namely the Business Corporations Act, which, unlike the Commercial Code, regulates situations that are factually similar in a different manner. The Supreme Court interpreted a member's protest as an institute with a different purpose and effect from a member's petition for a declaration of invalidity of a general meeting resolution.

It also pointed to the entirely clear and legitimate requirement of legal certainty of the company arising from the preclusive periods specified above. According to the Supreme Court, however, this requirement applies not only to the company, but also to the members and also to third parties whose rights and obligations may be affected by the resolution of the company's general meeting. It also mentions the principle of minimising the role of the state in relation to the internal affairs of private-law business corporations.

The Supreme Court then weighed, on the one hand, the entirely legitimate rights of the member — in this case, the rights to information under Section 155 of the Business Corporations Act, for the enforcement of which the member has at his disposal the institute of a protest against a resolution of the general meeting and, if he does not exercise this right during the general meeting, also has the possibility of challenging the validity of such a resolution — and, on the other hand, the requirement of legal certainty of the company, third parties and the members themselves. For this purpose, it emphasised the statutory preclusive periods within which a member has the right to challenge the validity of a resolution of the general meeting. If these periods were not respected, this would lead to a situation in which a resolution of the general meeting could be reviewed by the courts at any time after its adoption.

The Supreme Court therefore concluded that, under the legal regime effective from 1 January 2014, i.e. from the date on which the new Civil Code and the Business Corporations Act entered into effect, the conclusions adopted in Supreme Court resolution Case No. 29 Odo 71/2001 of 29 August 2001 can no longer apply. According to those conclusions, even after the expiry of the statutory preclusive periods for filing a petition for a declaration of invalidity of a resolution of the general meeting, it was possible to expand or change the range of grounds on which the petitioner sought a declaration of invalidity of the resolution of the general meeting.

A shareholder's right to an explanation without formalism – a shareholder should not bear the defects of the supervisory board's internal decision-making

(Judgment of the Supreme Court of 28 January 2026, Case No. 27 Cdo 1782/2025)

The claimant, a shareholder of a joint-stock company, brought an action seeking an order requiring the company to provide him with an explanation regarding matters discussed at the company's general meeting held on 31 May 2019, or at the substitute general meeting held on 11 July 2019. These primarily concerned questions relating to the company's business activities and the state of its assets.

At the first general meeting, the company's board of directors did not provide the shareholder with the requested explanation and subsequently, in its statement of 8 July 2019, refused to provide it, referring to the protection of business relationships, the preservation of the company's competitiveness, and other obligations towards the company's customers and suppliers. At the substitute general meeting,

the shareholder exercised the right to an explanation again. The board of directors and the chairman of the supervisory board, in the presence of the other members of the supervisory board, refused to provide the explanation. At the same time, the chairman of the supervisory board spoke at the general meeting in a manner from which, according to the Supreme Court, it followed that he supported the position of the board of directors and presented that position as the position of the supervisory board.

The court of first instance, the Regional Court in Hradec Králové, upheld the action. It concluded that the requested explanations were necessary for assessing the matters discussed at the general meeting. At the same time, it found no grounds for refusing to provide the explanation under Section 359 of the Business Corporations Act, nor did it find that the shareholder had exercised his right abusively.

The High Court in Prague, as the appellate court, however, changed the decision and dismissed the action. It concluded that the claimant could not exercise the right to an explanation through the courts because it had not been proven that the supervisory board, as a collective body, had actually reviewed the reasons for which the board of directors had refused to provide the explanation. According to the appellate court, the condition of prior review by the supervisory board under Section 360(2) and (3) of the Business Corporations Act had therefore not been met. In respect of one of the questions, the appellate court also dismissed the action on the grounds that this question had not been duly raised at the general meeting. This decision of the appellate court was already its second decision in the case; in its first decision, it concluded that the action had been filed late, which the Supreme Court disputed and quashed the first decision of the appellate court, returning the case to the appellate court for further proceedings. However, these decisions are not relevant to the key conclusions of the Supreme Court's second decision in this case, and we therefore do not address them in more detail.

The Supreme Court partially rejected the shareholder's appeal on points of law, specifically in relation to the question which, according to the appellate court, had not been raised at the general meeting and where the appellant did not challenge this separate ground for dismissal in his appeal on points of law. In the remaining scope, however, it admitted the appeal, because it concerned a question that had not yet been resolved, namely whether the condition of review of the refusal to provide an explanation by the supervisory board can be considered fulfilled where the chairman of the supervisory board agrees at the general meeting with the decision of the board of directors not to provide the explanation and presents this as the position of the supervisory board.

The Supreme Court proceeded on the assumption that the purpose of the requirement of prior review by the supervisory board is for the shareholder to exhaust internal means of protection within the company before bringing an action. This requirement is connected with the principle of minimising judicial interference in the internal affairs of business corporations, the same principle that the Supreme Court also mentioned in its resolution of 12 February 2026, Case No. 27 Cdo 3205/2024, which we describe above. However, the purpose of the legislation is not to impose formalistic or disproportionate evidentiary requirements on the shareholder concerning the supervisory board's internal decision-making. According to the Supreme Court, if the supervisory board, or its chairman, clearly indicates to the shareholder that it does not agree with providing the explanation, the meaning and purpose of the requirement of review by the supervisory board is fulfilled. If the supervisory board, on its own initiative, expresses its agreement at the general meeting with the refusal to provide the explanation, there is no reasonable reason to require the shareholder subsequently to formally request the supervisory board again to determine that the conditions for refusing to provide the explanation were not met.

The core of the decision is therefore the conclusion that any formal defect in the supervisory board's decision-making, or even the fact that the supervisory board as a collective body did not in fact make any decision at all, cannot be held against the shareholder if the chairman of the supervisory board, at the general meeting and in the presence of the other members, expressly supported the refusal to provide the explanation and described his position as the position of the supervisory board. In such a situation, the shareholder is not obliged to verify the supervisory board's internal decision-making process or to initiate its formal decision-making again.

The Supreme Court therefore concluded that the legal opinion of the appellate court, according to which the claimant could not bring the action due to the absence of a formal decision by the supervisory board as a whole, could not stand. It therefore quashed the judgment of the appellate court in the remaining scope and remitted the case to it for further proceedings.

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