Weinhold Legal

Legal Update

FEBRUARY 2026

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Legislative news

Amendment to the Act on Criminal Liability of Legal Entities

On 1 January 2026, the majority of an extensive amendment to criminal regulations implemented by Act No. 270/2025 Coll. came into force, which also affected Act No. 418/2011 Coll., on Criminal Liability of Legal Entities and Proceedings Against Them, as amended (the "zTOPO"). The amendment in relation to certain new provisions of the zTOPO will subsequently become effective as of 1 July 2026.

The first of the changes in the criminal liability of legal entities is a modified scope of circumstances to which the court will take into account when determining the type and extent of the penalty. In addition to the nature and seriousness of the committed criminal offense, the circumstances of the legal entity and its previous activities, the court will newly also take into account the number of employees of the legal entity and the subject of its activities. This is intended to prevent the imposition of disproportionate penalties which, due to a deterioration in the economic situation of the legal entity, could ultimately lead to negative effects such as mass layoffs of employees. The court will further consider whether the legal entity has implemented an effective set of preventive measures ensuring compliance with legal regulations and aimed at preventing criminal activity (compliance program), or whether it implemented such measures after the commission of the criminal offense.

As the Criminal Code newly allows the imposition of a financial penalty for the commission of any criminal offense, this procedure will also be possible when imposing penalties on legal entities under the zTOPO. When determining the amount of the daily rate (which ranges from CZK 1,000 to CZK 2,000,000), the court will take into account the amount of the net turnover of the legal entity achieved in the last completed accounting period.

In the event that a legal entity is unable to carry out its activities for a period longer than one-year, criminal prosecution would be purposeless and a procedure under other legal regulations allowing for the dissolution of the legal entity may be considered sufficient, the public prosecutor may, even before the commencement of criminal prosecution, postpone the matter by a resolution. If the legal entity does not successfully challenge the postponement by filing a complaint, the public prosecutor's office will subsequently submit a motion to the court for the dissolution of the legal entity with liquidation.

As of 1 July 2026, the zTOPO will include regulation of a new diversion, namely the conditional discontinuation of criminal prosecution of a legal entity. The court, and in preparatory proceedings the public prosecutor, may proceed in this manner if the conditions set out cumulatively in the new provision of Section 37b of the zTOPO are met (the legal entity agrees to the procedure, compensates for the damage caused, etc.). The decision will set a probation period ranging from 6 months to 2 years.

In the case of conditional discontinuation of criminal prosecution, it will also be possible to impose on the legal entity the obligation to prepare and implement an effective set of preventive and remedial measures (compliance program) and at the same time to stipulate that the legal entity undergo supervision of their implementation. The supervising persons will be specialized attorneys or auditors who will submit a report on the performance of the supervision to the court or the public prosecutor once a year.

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Case law updates

On the review of a general meeting decision on filing a proposal under Section 204 of the Business Corporations Act

(Resolution of the Supreme Court of 19 November 2025, File No. 27 Cdo 1963/2025)

The petitioner sought, before the Regional Court in Brno, a declaration of invalidity of a resolution of the general meeting of a limited liability company, by which it was decided to file a motion to exclude the petitioner as a shareholder from the company pursuant to Section 204 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Business Corporations Act, the "ZOK").

By its resolution, the Regional Court in Brno declared the general meeting resolution invalid, having concluded that it had not been established that the petitioner had seriously breached the duties of a shareholder; therefore, the general meeting of the company could not validly decide to file a motion for the petitioner's exclusion from the company by the court.

Upon appeals filed by a shareholder and the company, the High Court in Olomouc dismissed the shareholder's appeal and amended the decision of the court of first instance by rejecting the petition for a declaration of invalidity of the general meeting resolution. According to the appellate court, at this stage of the process of excluding a shareholder (i.e., when the general meeting decides on granting consent to file a motion for the exclusion of a shareholder from the company), the fulfillment of the prerequisites set out in Section 204 of the ZOK is, in principle, not assessed, as this assessment is reserved for the proceedings on the exclusion of the shareholder itself. According to the appellate court, an exception could arise in a situation where a motion filed under Section 204 of the ZOK would clearly constitute an abusive exercise of rights, from which it would be apparent at first glance that the reason for which the exclusion of the shareholder from the company is proposed cannot stand – in such a case, the decision of the general meeting could be contrary to good morals.

The petitioner filed an appeal on a point of law against this appellate court resolution, arguing that the contested decision depended on the resolution of a substantive legal issue that had not yet been resolved in the decision-making practice of the Supreme Court, namely "whether, in proceedings on declaring a general meeting resolution invalid, it is possible to assess the substantive legal fulfillment of the conditions for the exclusion of a shareholder from a business corporation within the meaning of Section 204 of the ZOK.".

The Supreme Court summarized the relevant conclusions from established case law. When deciding on the invalidity of a general meeting resolution, the court generally does not assess whether the measure decided upon by the general meeting is substantively justified, whether it corresponds to the interests of the company, or whether it is materially justified in a broader sense. As a rule, the contested resolution may be assessed at most from the perspective of whether its content or the circumstances of its adoption are contrary to law or the articles of association. If the law requires that a certain legal act be approved by the general meeting, a conflict between the content of such a legal act and the law may – under certain circumstances – constitute grounds for declaring the (approving) general meeting resolution invalid. However, such a conclusion may be reached only in cases where the conflict with the law concerns those essential elements of the approved legal act for which the law (or its purpose and intent) establishes the requirement of the general meeting's consent.

With respect to a motion to exclude a shareholder by the court, the Supreme Court recalled that this institute represents a serious interference with the legal position of a shareholder and is an ultimate solution (ultima ratio). The company may file an action to exclude a shareholder only if the general meeting has decided so, and only for the reasons for which the general meeting so decided.

According to the Supreme Court, the court is, in principle, authorized to review the validity of a general meeting resolution of a company – both its content and the manner of its adoption – solely with regard to its conflict with legal regulations, the memorandum of association, or good morals.

The Supreme Court concluded that the fact that, when adopting a general meeting decision to file a motion under Section 204 of the ZOK, it is not assessed whether the shareholder committed a serious breach of his duty, and thus whether grounds for the shareholder's exclusion from the company by a court are met, does not constitute a conflict of the general meeting resolution with the law that would allow for declaring it invalid. This is because such assessment is not in any way significant for determining the validity of the general meeting resolution. This is due to the fact that the general meeting decides only on initiating the exclusion process, and the question of whether the grounds for exclusion are met will, in principle, be examined only in the proceedings on the exclusion of the shareholder. An exception could arise in a situation where, having regard to the specific circumstances of the case, the general meeting's decision to file a motion under Section 204 of the ZOK could itself be regarded as an abusive (misusing) exercise of rights and assessed as contrary to good morals.

On the use of real estate in conflict with the purpose specified in the occupancy approval decision

(Resolution of the Supreme Court of 10 December 2025, File No. 25 Cdo 548/2025)

The claimant sought from the defendant the performance of specified repairs to the building in which he owns a non-residential unit, as well as repairs to that unit itself, and further compensation for lost profit for a period of almost ten years, all in connection with moisture that, as a result of defects in the building, was damaging the said unit.

By its judgment, the District Court for Prague 6 dismissed the claim by which the claimant sought compensation for lost profit – this judgment was already the third judgment of the court of first instance in the matter, while in a previous judgment the court of first instance had ordered the defendant to carry out the repairs specified in the action and had dismissed the claim for payment of the requested amounts. By a decision of the appellate court, the judgment of the court of first instance was quashed in the part by which the claimant's claim for compensation for lost profit had been dismissed, and the rulings concerning the performance of the repairs thus became final separately.

According to the established facts, the claimant purchased the non-residential unit in 2011 in good condition, and in 2012 the lease agreement concluded for it was terminated due to the unsatisfactory condition of the premises. An inspection carried out by the construction department revealed that the unit was affected by water penetration; however, it continued to fulfill its basic function arising from the manner of use permitted by the building authority, namely as a civil defense shelter. On 19 May 2016, a decision was issued changing the purpose of use of the non-residential unit from a decommissioned civil defense shelter to a storage facility for office supplies and marketing support materials.

The court of first instance stated that if an injured party asserts a claim for compensation for lost profit, he must prove that he had ensured the necessary prerequisites for the so-called regular course of events, i.e., that he was willing and able to carry out gainful activity. Lost profit cannot

be derived merely from the alleged frustration of an intended business or other gainful plan. For part of the period for which lost profit was claimed, the premises in question did not at all meet the conditions for an economically gainful project. In the subsequent period, the claimant, according to the court, essentially resigned from any potential economic use of the property; he did not offer the unit for lease, although he could have, and it is therefore not possible for the defendant to compensate him for his potential profit.

The appellate court upheld the judgment of the court of first instance in this part. It concluded that in a situation where the claimant had not concluded a lease agreement with anyone, nor conducted any negotiations aimed at leasing the unit, it cannot be said that the regular course of events existed, as mere probability of an increase in assets is not sufficient to conclude that the claim is well-founded.

The claimant challenged the appellate court's judgment by filing an appeal on a point of law, in which he stated that the unit could not have been leased due to moisture caused by the defendant and further emphasized that it is not possible to negotiate the lease of an item that is manifestly unfit for leasing.

The Supreme Court assessed the appeal on a point of law as inadmissible. It stated that during the period when the unit was approved for use as a civil defense shelter, it could not, in accordance with building regulations, be used for another purpose or leased as a storage facility. As regards the second period for which the claimant sought compensation for lost profit, the Supreme Court concluded that in the given case it was not possible, according to the regular course of events, to expect an increase in the claimant's assets but for the breach of obligations on the part of the defendant. According to the established case law of the Supreme Court, lost profit constitutes damage consisting of the fact that, as a result of the damaging event, the injured party's assets do not increase, although such an increase could have been expected with regard to the regular course of events; that is, the damaging event interfered with the course of events leading to a certain profit. The mere alleged frustration of an intended business plan is not sufficient.

The Supreme Court further recalled that when assessing a claim for compensation for lost profit, it is not decisive what hypothetical benefit the injured party lost, but what benefit was realistically attainable in the specific case. Mere probability of an increase in assets in the future is not sufficient, as it must be established with certainty that, but for the unlawful conduct of the tortfeasor, the injured party's assets would have increased. In the circumstances of the present case, it was therefore not possible to conclude that the claimant had in fact lost a specific profit.

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Please send your comments to: **Simon.Kroupa@weinholdlegal.com**, or contact the person you are usually in touch with.

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