



General

From Ankara to Brno Why the Constitutional Court Intervened Before Deciding the NATO Dispute

by Marie Zámečníková

In our previous newsletter, we examined the constitutional dispute over who should represent the Czech Republic at the NATO summit in Ankara. President Petr Pavel maintained that his constitutional role entitled him to participate, while the Government decided that the Czech delegation would be led by the Prime Minister without the President. On 22 June 2026, the President brought the dispute before the Constitutional Court. He asked the Court to determine which constitutional authority may decide on the President's participation in NATO summits as part of the official Czech delegation. At the same time, he requested an interim measure securing his participation in the summit scheduled for 7 and 8 July 2026.

Two days later, the Constitutional Court granted that request. In its resolution Pl. ÚS 16/26 of 24 June 2026, it ordered the Government, the Minister of Foreign Affairs and the Ministry of Foreign Affairs to notify NATO that the President was also a member of the official Czech delegation, arrange the

necessary accreditation for him and his accompanying delegation, and refrain from obstructing or complicating their participation. The decision resolved the immediate practical problem. It did not resolve the underlying constitutional dispute.

AN URGENT DECISION WITHOUT A FINAL ANSWER

The President's petition pursued two objectives. The first was immediate: to secure his participation in the Ankara summit. The second was broader: to obtain a binding determination of the respective powers of the President and the Government concerning presidential participation in NATO summits.

Only the first issue required an urgent response. The deadline for notifying the organisers of the composition of the Czech delegation was 26 June 2026. A decision delivered after the summit would therefore have had no practical effect on the President's participation in that particular meeting. At the same time,

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the Court considered it irresponsible to decide such a significant, complex and exceptional constitutional question under severe time pressure. It therefore issued an interim measure while expressly reserving the substantive constitutional issues for its final decision.

The resolution cannot be understood as confirming that the President has an autonomous constitutional right to attend NATO summits. Nor did the Court determine that the Government had acted unconstitutionally. It decided only how relations between the constitutional institutions should temporarily be arranged until the underlying competence dispute could be examined properly.

PRESERVING ESTABLISHED CONSTITUTIONAL PRACTICE

The central element of the Court's reasoning was the established practice of presidential participation in NATO summits. The Court noted that, since the Czech Republic joined NATO, the Government had generally not prevented the President from attending NATO summits and had arranged his participation. Presidents had ordinarily formed part of the Czech delegations, with exceptions in 2022 resulting from the then President's health complications. According to the Court, this constituted an established and long-term practice. Since that practice did not appear *prima facie* unconstitutional, the Court considered its temporary preservation to be the more appropriate course until the respective competences of the President and the Government could be authoritatively determined. It also concluded that maintaining the existing arrangement for the Ankara summit would not disproportionately interfere with the Government's constitutional position under Article 67(1) of the Constitution. Until the competence dispute was finally decided, continuity should therefore prevail.

This does not mean that past practice automatically becomes binding constitutional law. It does, however, demonstrate that established institutional arrangements may have a stabilising function where the constitutional text does not provide an immediate answer and political coordination has failed.

The case therefore illustrates the practical importance of constitutional conventions. Such conventions often remain unnoticed for as long as the relevant institutions respect them. Their significance becomes apparent only when one constitutional actor decides to depart from the previous arrangement.



A CONTESTED JUDICIAL INTERVENTION

The decision was not unanimous. Judges Jan Wintr and Dita Řepková opposed both its operative part and its reasoning. Their dissent accepted that interim measures are not necessarily excluded in competence disputes. However, such intervention should remain exceptional, particularly where the Constitutional Court enters an ongoing political conflict without having first determined the scope of the contested constitutional powers. The dissenting judges also stressed that a competence dispute concerns objective constitutional law rather than the protection of the interests of an individual office-holder. Even if the President had not attended one particular summit, the Court could still have clarified the relevant powers for future cases. In their view, the purpose of the proceedings would therefore not have been defeated. They further questioned whether preserving an established practice was sufficient grounds for interim relief. The existence of a long-term practice does not by itself establish which institution possesses the relevant constitutional competence.

The disagreement within the Court thus reflects two different approaches to constitutional adjudication. The

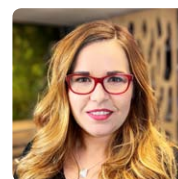
majority prioritised continuity and the prevention of an irreversible practical outcome. The dissent placed greater emphasis on judicial restraint and warned against treating established practice as a legally protected competence before deciding the merits.

THE CONSTITUTIONAL CONFLICT CONTINUES

The interim measure ensured the President's participation in Ankara, but the central questions remain open. The Constitutional Court must still determine whether the President's power under Article 63(1)(a) of the Constitution to represent the state externally includes the authority to decide independently on participation in NATO summits. It must also clarify how that power relates to the Government's position as the supreme body of executive power and its political responsibility for foreign and defence policy.

The President travelled to Ankara, but the constitutional conflict travelled on to Brno. What began as a dispute over one seat in the Czech delegation has become a test of how the Czech constitutional system responds when its two executive actors no longer cooperate and the text of the Constitution does not offer an immediate solution. The interim measure preserved continuity, but it also demonstrated that institutional practice can acquire real constitutional weight when political coordination breaks down.

The forthcoming judgment must now decide whether that practice reflects a legally protected presidential competence or merely an arrangement that the Government remained free to change. Its consequences will not be confined to a single summit. They will determine how power is divided, exercised and restrained at the highest level of the Czech state whenever political conflict replaces constitutional cooperation.



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Who Will Inherit Your Digital Life?

Digital Estate Part One

by Jana Kostěncová

When someone dies, their family usually knows where to look for the keys to their home, contracts or bank records. What sits behind a password is far harder to find: years of photographs stored in the cloud, work files, an online business, income from digital content, a domain name or cryptocurrency. Some items carry mainly sentimental value; others may represent a substantial part of the estate. And sometimes heirs know that an asset exists but still cannot reach it.

MORE THAN PHOTOGRAPHS AND SOCIAL MEDIA

A digital estate is not a separate legal concept governed by its own rules. It is merely a label for very different things that a person leaves behind in the digital world. These include stored data and communication, contractual relationships with service providers and assets with real economic value.

A single account may combine all three. A social media profile may contain family photographs and private messages while also serving as a business tool that generates regular income. With cloud storage, the account is only part of the picture; the documents, photographs and original work stored within it may matter far more.

WHAT IS PART OF THE ESTATE

The Czech Civil Code starts from a general rule: the estate comprises all of the deceased's assets and liabilities, apart from rights and obligations exclusively attached to that person. Digital form does not in itself prevent an asset from passing to heirs. The estate may therefore include cryptocurrency, claims arising from an online business, income from digital content or rights connected with a domain name. The nature of the particular right is always decisive.

The same applies to original photographs, texts, videos or software.

If they qualify as copyright works, the author's economic rights pass by inheritance. The heirs may therefore acquire the right to continue using the work and receiving income from its use.

Digital content bought only for personal use may be different. Paying for an e-book, game or film does not necessarily give the user an asset that can be transferred to someone else. The user often receives only a licence, whose scope is determined by the service provider's terms.



INHERITING A RIGHT DOES NOT GUARANTEE ACCESS

Two separate questions arise in every digital estate. First, does the right or asset pass to the heirs? Second, can they actually gain access to it? The answers may be different.

For an email account, social network or cloud storage service, the agreement with the provider, its terms and the applicable law are decisive. A provider may require a death certificate, a final probate decision or further evidence and will generally not disclose the username and password. Where a service is based on the user's personal activity, death may also affect the continued existence of particular rights and obligations. This means that not all

online accounts automatically pass to the heirs to the same extent.

THE FACEBOOK ACCOUNT CASE

A dispute involving the parents of a fifteen-year-old girl who died tragically in Germany, shows how difficult these questions can become. Facebook placed her account in memorialised status, and her parents, as heirs, sought access to its content.

In its judgment of 12 July 2018, case no. III ZR 183/17, the German Federal Court of Justice held that the contractual relationship governing a social media account generally passes to the heirs. They could therefore claim access both to the account and to the communication stored within it. The Court compared digital communications to letters and diaries, which may also pass as part of an estate.

The dispute did not end there. In 2020, the Court had to decide whether Facebook had complied by providing the parents with a data file. It held that a mere copy of the data was not an adequate substitute for access to the complete account in a form that allowed the heirs to view it. Their access was to be passive: they could inspect the content but could not continue communicating in the girl's name.

The decisions were made under German law and do not bind Czech courts. They nevertheless provide a useful comparative argument in the Czech context. Above all, they show that a digital account cannot automatically be separated from the rights and obligations attached to it.

PRIVACY DOES NOT DISAPPEAR ENTIRELY AT DEATH

Even lawful access by heirs does not give them complete freedom to use the content they find. Recital 27 of the GDPR states that the Regulation does not apply to the personal data of deceased persons. Their emails and messages may, however, also contain the personal data of living individuals, to which data protection rules may still apply.

The Czech Civil Code also allows close relatives to seek protection of the deceased's personality and protects private correspondence. The right to read a message and the right to publish or otherwise use it are therefore separate questions.

CRYPTOCURRENCY WITHOUT A KEY MAY REMAIN OUT OF REACH

Cryptocurrency illustrates the problem particularly clearly. Its value may form part of the estate, but a probate decision cannot replace a private key or recovery credentials. With a wallet controlled directly by the user, there is usually no institution able simply to reset a password for the heirs. If no one knows where to find the necessary information, the asset may remain permanently inaccessible.

The process is different where cryptocurrency is held through an exchange or another custodial service. Here, it depends on the actual agreement with the provider. However, the basic distinction remains the same: the legal

entitlement to inherit an asset does not necessarily give the heirs practical control over it.

WHAT COMES NEXT

A digital estate therefore lies at the intersection of succession law, the contractual rules of individual services and technical security. This first part has shown what a person may leave behind in the digital world and why heirs may not gain automatic access to those assets or data.

Our next issue will focus on practical preparation. We will explain

- how to create an inventory of accounts and digital assets,
- how legacy contacts and similar tools offered by Google, Apple and Meta

work,

- how to prepare secure access to passwords or cryptocurrency, and
- which instructions should be linked to a will.

The quality and accuracy of estate planning often determines whether digital assets are preserved - or disappear permanently behind a locked account.

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Czech Legal News

Czech Cadastral Reform Faster Registration, Shorter Safety Net?

by Karolína Szturc

The Czech government is considering changes to the real estate registration process that could significantly shorten the time required to register certain property transfers. The proposal forms part of a broader effort to modernise public administration and make real estate transactions more efficient. At the same time, it raises an important question: how far can registration procedures be accelerated without affecting legal certainty?

WHAT IS PROPOSED?

The amendment would allow certain transfers documented by a notarial deed to be registered with the Real Estate Register under an accelerated procedure. As a result, ownership changes could become effective considerably sooner than under the current framework.

For businesses, developers, investors and lenders, faster registration may reduce transactional friction, improve deal execution and shorten the period between signing and full legal completion.

WHY IS IT CONTROVERSIAL?

The current system contains a built-in 20-day protection period during which affected parties can identify and challenge problematic filings before a registration becomes effective. The proposed reform would limit the practical importance of this safeguard in selected cases.

Supporters argue that transactions documented through a notarial deed already benefit from extensive verification and therefore justify a faster route to registration. Critics respond that even highly formalised procedures cannot entirely eliminate risks associated with identity misuse, documentation errors or disputed instructions.

PRACTICAL IMPLICATIONS

The reform is unlikely to change how parties negotiate real estate transactions, but it may influence how they document them. Transaction structures that allow access to the accelerated registration regime could become increasingly attractive where



timing is critical.

The proposal also serves as a reminder that transaction security depends primarily on thorough due diligence, proper identity verification and carefully prepared documentation, rather than on the speed of the registration procedure itself.

OUTLOOK

The amendment is currently progressing through the government legislative process. Although the proposal has already been discussed at expert and governmental level, its final wording and implementation timetable remain subject to further legislative approval. Nevertheless, the proposal signals a clear policy trend: a Czech cadastral system that places greater emphasis on efficiency and digitalisation.

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Supreme Court The Purchase Price in an M&A Transaction May Be Determined by an Expert

by Jan Durica

In M&A transactions, parties often agree on a preliminary purchase price before all relevant facts are known. Only after signing of the agreement, completion accounts, warranty claims, earn-out calculations and other post-closing adjustments become known and eventually determine the actual amount payable. Sophisticated transaction documents commonly provide that specific valuation disputes will be decided by an independent expert rather than a court.

A recent decision of the Czech Supreme Court confirmed that Czech law accommodates this widely used approach.

THE DISPUTE

A contractual arrangement had been agreed, under which a specific purchase price reduction was to be determined by an expert. The expert was to be selected by the parties according to predefined criteria.

The dispute arose from a claim relating to defective performance. One of the parties challenged the validity of the agreed mechanism, arguing that the determination of the amount by an expert was incompatible with Czech law.

THE SUPREME COURT'S CONCLUSION

The Supreme Court rejected this argument and confirmed that such arrangements are generally permissible under Czech law.

According to the Court, a contractual provision under which an independent expert determines the amount of a purchase price reduction, is not invalid merely because the exact amount is determined by a third party. It is sufficient that the parties establish a sufficiently clear framework and criteria for the expert's determination.

The decision confirms that parties may validly delegate the resolution of technical valuation questions to a qualified expert rather than leaving them to judicial determination.

WHY THIS MATTERS FOR M&A TRANSACTIONS

Although the case concerned a purchase price reduction arising from defective performance, the Court's reasoning has broader relevance for M&A transactions.

Share purchase agreements commonly appoint independent accountants, valuation

experts or other specialists to determine technical pricing matters. This is particularly useful where the dispute turns on financial or accounting expertise rather than legal interpretation.

The decision therefore provides welcome judicial confirmation that such expert-determination mechanisms are compatible with Czech law and aligned with established international transaction practice.

A REMINDER FOR TRANSACTION DRAFTING

The judgment also highlights the need for clear drafting. The agreement must give the expert clear criteria for the determination.

The clause should define the expert's role, the method to be used and whether the decision is final and binding. Clear terms help avoid disputes and speed up post-closing adjustments.

CONFIRMATION OF MARKET PRACTICE

From a broader perspective, the decision is another example of the Czech Supreme Court adopting a commercially pragmatic approach to business transactions. By confirming the validity of expert determination mechanisms, the Court has endorsed a tool that is widely used in international M&A practice.

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When Software Causes Damage

by Radek Werich

EUROPE'S NEW PRODUCT LIABILITY REGIME

Software is becoming an integral part of almost every product, from cars and production machinery to household appliances and medical devices. Yet Europe's product liability rules were written in 1985, when products were predominantly physical and rarely changed after leaving the factory. A new EU directive now brings these rules into the digital age.

SOFTWARE BECOMES A PRODUCT

Under the new regime, software is expressly treated as a product. This includes operating systems, applications, firmware and artificial intelligence systems, whether installed in a physical device or supplied separately. Digital manufacturing files, such as files used by 3D printers, are also covered.

The consequences are significant. A software developer may be held liable if

defective software causes personal injury, property damage or the destruction or corruption of data used for private purposes. Liability does not depend on proving negligence. The injured person must generally establish that the product was defective, damage occurred and the defect caused that damage.

A product may also become defective after being placed on the market. This may occur where the manufacturer fails to provide necessary security updates, issues

a defective upgrade or continues to control an AI system that develops unsafe behaviour through machine learning. Cybersecurity vulnerabilities are therefore no longer only a regulatory concern. They may also create direct liability for resulting damage.

A WIDER CIRCLE OF POTENTIAL DEFENDANTS

The manufacturer remains the primary liable party, but the new rules reflect the realities of global supply chains. If a manufacturer is based outside the EU, claims may be brought against its EU importer or authorized representative. In certain cases, fulfilment service providers, distributors and online platforms may also face liability.

Businesses that substantially modify a product may themselves be treated as manufacturers. This is particularly relevant for companies refurbishing machinery, integrating new software into existing equipment or adapting third-party products for a new commercial purpose.

EASIER ACCESS TO EVIDENCE

Digital products are often technically complex, making it difficult for an injured person to identify exactly what went wrong. The new directive allows courts to order businesses to disclose relevant evidence. It also introduces presumptions that may make it easier to establish defectiveness or causation where technical complexity makes direct proof excessively difficult.

This increases the importance of reliable technical documentation. Product development records, testing results, cybersecurity reviews, software updates and incident-response decisions may become central evidence in future disputes.

WHAT BUSINESSES SHOULD DO NOW

EU Member States must transpose the directive into national law by 9 December 2026, but so far no Czech transposition measures have been published.

Manufacturers and software providers

should nevertheless start preparing. Product portfolios should be reviewed to identify software and connected services falling within the new regime. Contracts with developers, component suppliers, importers and distributors should allocate liability and provide effective rights of recourse. Product documentation, cybersecurity processes and insurance coverage should also be reassessed.

The central message is clear: software defects are becoming product defects. For businesses, product safety will increasingly extend beyond physical design to code, data, updates and cybersecurity throughout the product's lifecycle.

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Is Your Company Ready for Pay Transparency?

by Dagmar Junková



Many companies currently set wages on the basis of historical management decisions or long-established practices. However, the forthcoming amendment to the Labour Code will require employers to explain and justify why employees in comparable positions are paid differently.

This is not merely another administrative obligation. Many companies will, for the first time, need to systematically document the rules governing remuneration, benefits and the classification of employees into job categories.

MORE INFORMATION AT THE RECRUITMENT STAGE

One of the first changes will affect the recruitment process itself.

Under the proposed rules, employers may not seek information about an applicant's previous pay. The aim is to prevent historical pay disparities from carrying over from one employer to another.

Employers will also likely be required to inform applicants of the salary or salary range offered before contract negotiations begin. How much information must be provided

about bonus and benefit components of remuneration is also under discussion. The final form of this obligation has not yet been settled.

For employers, this means reviewing recruitment processes and the forms used.

MANDATORY REMUNERATION SYSTEM

The most significant change will likely be a new obligation to establish a transparent remuneration system covering not only employees in an employment relationship, but also individuals working under agreements for work performed outside an employment relationship.

Employers will have to classify individual types of work or job positions into groups according to their value, assessed primarily by the complexity, responsibility and demands of the work performed.

The aim is not identical pay for all employees in similar positions. However, employers must be able to explain and justify the differences between individual employees' pay and the criteria on which it is based.

For many employers, this will represent a fundamental change. At present, it is often enough to agree on pay in the employment contract or set it by a pay

statement. In future, however, employers will need to document remuneration rules systematically.

TRANSPARENCY WILL ALSO APPLY TO BENEFITS

The new rules will not apply to basic pay alone.

The same emphasis on transparency will also apply to bonuses, benefits and other monetary or non-monetary compensation. Employers should be able to substantiate which benefits they provide, who is entitled to them and the rules under which they are awarded.

This is precisely the area where many companies are finding that their rules developed gradually and were never formally documented.

NEW EMPLOYEE INFORMATION RIGHTS

New employee information rights will also be a significant development.

Employees will be able to request information concerning their own remuneration and data on the average remuneration of employees classified in the same job group.

In practice, employers will therefore need to establish in advance a methodology for creating individual employee groups while also protecting personal data.

WHAT EMPLOYERS SHOULD DO NOW

Although the legislative process has not

yet been completed and some questions remain open, most preparatory steps can already begin.

A sensible starting point is for employers to put their existing remuneration systems in order. We recommend taking an inventory of all components of remuneration and benefits, reviewing job descriptions and verifying who decides on pay, bonuses or exceptions, and under what rules.

At the same time, it is advisable to focus not only on pay differences between women and men, but also on differences between employees in genuinely comparable roles.

Conversely, purchasing specialised tools to calculate the gender pay gap may be premature at this stage, until the Czech methodology and the scope of the data to be monitored are known.

- Map the criteria currently used to determine pay, bonuses and benefits.
- Verify whether differences in remuneration can be objectively justified.
- Check whether the rules governing bonuses and benefits are clear and consistent.
- Review recruitment processes, job advertisements and related documentation.
- Begin preparing an internal policy governing the remuneration system and the provision of benefits.

CONCLUSION

The forthcoming amendment is not solely a matter of equal pay. For most employers, it will require adopting an internal policy

governing the remuneration system and the rules for providing benefits. A well-designed system helps managers make consistent decisions, strengthens employee trust and makes payroll costs more predictable.

As these changes are currently expected to take effect as early as 1 January 2027, we recommend beginning preparations as soon as possible. Establishing a transparent and workable remuneration system generally requires more than merely updating documentation. The labour inspectorate is also expected to check compliance with certain new obligations, including the obligation to adopt a respective internal policy. Non-compliance may result in penalties.

Taking practical preparatory steps now lets companies respond to the new requirements in a timely, systematic manner and without unnecessary pressure.

We would be pleased to assist you with a legal audit of your existing remuneration system, the preparation of internal policies and the practical implementation of the forthcoming changes.

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New EU Packaging Rules What Businesses Need to Know

by Michael Mack

WHY THE CHANGE

Packaging waste is one of the fastest-growing waste streams in Europe. The EU's answer was to replace a thirty-year-old directive, implemented differently in each Member State, with a single regulation applying identically in all 27 markets. For businesses selling across borders that means one set of core rules instead of twenty-seven, but also fewer national workarounds.

WHAT MATTERS IS WHEN PACKAGING IS PLACED ON THE MARKET

A common misunderstanding concerns timing. The relevant question is not when packaging was manufactured, but when it was first placed on the EU market. Goods already in the distribution chain before August 2026 can remain there. Anything first supplied after that date must generally comply, however long it has been sitting in



a warehouse.

The precise position varies between individual requirements, and some have

Timeline	
12 August 2026	The Regulation applies. Conformity documentation is required for packaging placed on the market. Limits on PFAS in food-contact packaging take effect. Producer registration and extended producer responsibility obligations apply in each market.
From 2028	Harmonised labelling of packaging to guide consumer sorting, phased in as the relevant implementing acts are adopted.
From 2030	Packaging that does not meet design-for-recycling requirements may no longer be placed on the market. Minimum recycled content applies to plastic packaging, and certain single-use formats are prohibited outright.
From 2035	Packaging must be recyclable at scale through established collection and sorting infrastructure.
From 2038	Packaging must generally reach at least recyclability performance grade B to remain marketable.

their own phase-in arrangements. It is worth checking stock against the specific obligation in question rather than assuming a general grace period.

THIS PROBABLY CONCERNS YOU
EVEN IF YOU DO NOT MAKE
PACKAGING

The Regulation distinguishes between several roles: manufacturer, importer, distributor, and producer for extended producer responsibility purposes. They carry different obligations. Broadly, manufacturers must be able to demonstrate that packaging complies and hold the supporting documentation, importers and distributors have verification duties, and producers carry registration, reporting and financing obligations for packaging waste. A single company frequently occupies more than one of these roles at the same time.

If you order boxes bearing your own logo from a third-party supplier, it may well be you, rather than the supplier, who has to stand behind that packaging. Which side of the line you fall on depends on how the packaging is designed, supplied and placed on the market. That question is worth answering before someone asks you for the documentation.

WHAT ALREADY APPLIES TODAY

Documentation. If you manufacture packaging, you must be able to show that it complies, supported by technical documentation and a declaration of conformity. If you import or distribute it, you must check that someone else has done so. Either way, the question is now on your desk, and it concerns goods shipping right now.

Substances. Food-contact packaging containing PFAS, the so-called forever chemicals, at or above the prescribed limits may not be placed on the market from 12 August 2026. Separate restrictions on heavy metals apply to packaging generally. These are not new, but they are worth revisiting in the same exercise.

Producer responsibility. Registration, reporting and financial obligations arise in each market where you place packaging on the market. Selling into a Member State where you have no establishment may require you to appoint a representative there. Obligations can be triggered at relatively modest volumes, although simplified reporting is available in some cases.

THE CZECH DIMENSION

The PPWR applies directly, but Czech rules remain relevant for administration, extended producer responsibility and enforcement. The Czech Packaging Act continues to apply alongside the Regulation and the adaptation amendment aligning the two has not yet been passed. Supervision is expected to be divided between the Czech Trade Inspection Authority and the Czech Environmental Inspectorate depending on the type of packaging and product, and the division of their powers is still under discussion.

The Czech Republic was also among the Member States that pushed at EU level for a consolidated timetable for the delegated and implementing acts still to come. The outcome was clearer sequencing and further guidance rather than any postponement. The direction of travel is settled; details will keep moving.

For businesses operating here, the

practical consequence is an interim period in which the substantive obligations already bind while the national enforcement framework is still being settled. That is not a reason to wait. It is a reason to be able to show that the obligations were taken seriously from the outset.

WHERE TO BEGIN

- Map the packaging your business actually uses, including transport and e-commerce packaging.
- Establish, for each type, which role you occupy. This determines everything that follows.
- Ask your suppliers for the data you need. Most supply contracts say nothing about who provides it.
- Review your registrations and reporting in every market you sell into.

LOOKING AHEAD

Much of the details will still be filled in by the Commission over the coming years, so this is not a compliance exercise that can be closed off once and forgotten.

The underlying shift is simpler than the timeline suggests. Packaging is no longer merely a container for a product. Under the new EU framework it has become a regulated component of the product itself, with documentation and market access attached.

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When One Contract Falls, Others May Follow

by Radek Werich

CZECH SUPREME COURT CLARIFIES THE RISKS OF INTERDEPENDENT AGREEMENTS

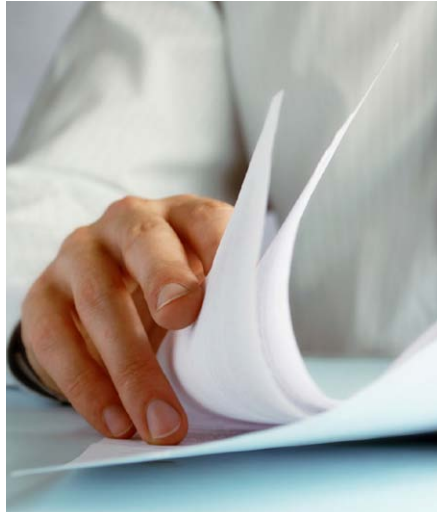
Complex transactions rarely rely on a single contract. Share acquisitions, joint ventures and financing arrangements commonly involve several documents signed as one package, such as a share purchase agreement, shareholders' agreement, and security documents. A recent decision of the Czech Supreme Court shows that terminating one agreement may also affect the others, even where some of them have already been performed.

A DISPUTE OVER A TRANSACTION PACKAGE

The case concerned a transaction involving a share purchase agreement, a shareholders' agreement and an option agreement. The buyer acquired shares for more than CZK 73 million and paid the purchase price. The option agreement was intended to allow the buyer, subject to agreed conditions, to sell the shares back for the same amount.

A dispute later arose over the exercise of the option and the required corporate approvals. The buyer also withdrew from the shareholders' agreement and argued that the share purchase agreement was dependent on it. According to the buyer, withdrawal from the shareholders' agreement therefore also terminated the share purchase agreement, creating a claim for repayment of the original purchase price.

The appellate court rejected this argument. It considered the share purchase agreement to have been fully "consumed" once the shares had been transferred and the purchase price paid. In its view, an agreement that had already been performed could no longer be affected by a later withdrawal from another agreement.



THE SUPREME COURT'S APPROACH

The Supreme Court disagreed with this reasoning. Under Section 1727 of the Czech Civil Code, contracts concluded during the same transaction may be legally interdependent where their nature or purpose indicates that the parties intended them to operate together. If one such contract terminates without the relevant creditor being satisfied, the termination may produce comparable effects in relation to the other dependent contracts.

The fact that the principal obligations under one agreement have already been fulfilled does not, by itself, prevent this result. The Supreme Court emphasized that Czech law recognizes situations in which withdrawal remains possible even after the main contractual performance has taken place. Treating performance as an automatic barrier would therefore be inconsistent with both the wording and purpose of the statutory rule.

However, the Supreme Court did not conclude that the agreements in this particular case were necessarily interdependent or that the purchase price had to be returned. Instead, it overturned the appellate judgment

and instructed the appellate court to examine the transaction properly. This includes interpreting the agreements, considering their commercial purpose and determining whether the parties would have entered into each agreement independently of the others.

WHAT THIS MEANS FOR TRANSACTIONS

The decision is particularly relevant for transactions documented by several interconnected agreements. Merely placing contracts in separate documents does not ensure that each will survive independently.

To avoid unpleasant surprises, parties to a transaction have to consider these aspects beforehand. Transaction documents should therefore state clearly:

- whether individual agreements are legally independent or form one interconnected package;
- which agreements are affected if another agreement is terminated;
- whether completed transfers and payments may be unwound;
- which provisions survive termination; and
- whether the statutory rules on dependent contracts are modified or excluded.

The judgment is not a general rule that every failed transaction document brings down the entire contractual structure. Economic connection alone is insufficient. Nevertheless, where agreements serve a common purpose and would not make commercial sense in isolation, termination risk may extend across the entire transaction package. Careful drafting can prevent that result from being determined only after years of litigation.

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Important Changes for Digital Platforms Ahead

by Jaroslava Novotná

The Czech government has approved a draft act implementing the EU Platform Work Directive into Czech law.

The proposal may make it easier for platform workers to be treated as employees and may increase compliance requirements for automated workforce decisions.

A platform worker may be presumed to be an employee if the way the work is organised points to dependent work

under the Czech Labour Code. The platform would then have to prove that at least one requirement for dependent work is not met. The Labour Code definition of dependent work is also expected to change.

Platforms will further need to explain how automated work-management systems operate and ensure effective human oversight and review. A human - not an algorithm alone - will have to make decisions that restrict or terminate a

worker's contract or user account.

The draft will now be submitted to Parliament and may still change during the legislative process. Its expected effective date is 1 January 2027.

Businesses using platform workers in the Czech Republic should not wait for the final law: they should review worker classification, automated decision-making etc. now, while monitoring the draft for changes during the legislative process.

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Slovak Legal News

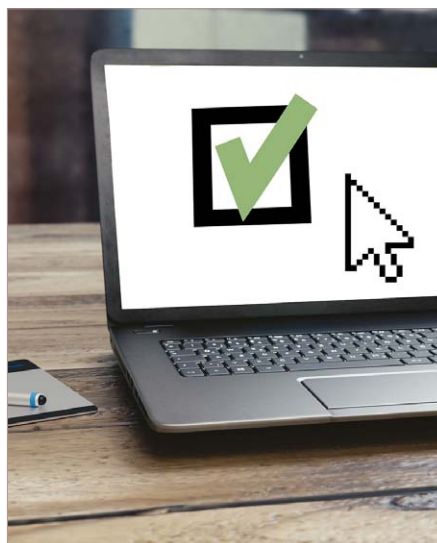
AML Compliance Alert Have You Registered Yet?

by Renáta Konštiaková

Anti-Money Laundering (AML) regulation is a fast-evolving area of law, constantly adapting to new risks, technologies, and compliance challenges. The latest AML amendment is a clear example of this ongoing development, introducing an important new obligation for so called "**Obligated Entities**" such as banks, financial advisers, auditors, accountants or attorneys.

Under the new rules, every Obligated Entity must register in the *goAML* system, an information platform operated by the Financial Intelligence Unit for the receipt, processing and analysis of suspicious transaction reports.

While *goAML* is not entirely new, it has until now served as one of several available channels for reporting suspicious transactions. With the recent legislative changes, however, it has become the primary, and in practice



the only platform through which such reports can be submitted.

As a result, registration in the *goAML* system is no longer merely a procedural

option. It has become a mandatory compliance requirement that all Obligated Entities must fulfil in order to ensure effective communication with the competent authorities.

The obligation to register in the *goAML* system became effective on 1 June 2026, giving existing Obligated Entities a transitional period until 30 November 2026 to register. For newly established Obligated Entities, the timeline is much tighter. Registration must be completed within 30 days of the date on which the entity becomes subject to AML obligations.

To make compliance as straightforward as possible, a detailed guidance manual has been prepared, providing a clear, step-by-step guide to the registration process. So don't wait until the last minute. Make sure to register in time to avoid the risk of severe financial penalties.

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Faster Filings, Fewer Secrets

Slovakia's New Commercial Register Tests the Limits of Transparency

by Valter Pieger

Slovakia has launched its most extensive overhaul of the Commercial Register in more than two decades. The New Act on Commercial Register transformed the register from a largely administrative database into a legally reliable digital source of corporate information.



A REGISTER BUILT FOR SPEED AND TRUST

For companies, the reform promises a more streamlined journey through the system. Applications are filed electronically and, if the statutory conditions are met, the general registration deadline is two working days.

Simplification is accompanied by professionalisation. Key corporate documents, including founding documents, share transfer agreements and certain major shareholder decisions, must generally take the form of a notarial deed

or a document authorised by an attorney. If a company chooses representation in the registration procedure, only an attorney, a notary or an employee of such company may represent it. The aim is to exclude unaccountable intermediaries, improve the quality of filings and reduce incomplete or defective applications.

The reform also offers greater flexibility. Slovakia has abolished long-standing restrictions on chains of single-member limited liability companies. That change is particularly relevant to holding structures and international investment groups. Previously; they struggled to work with these rules, which were rather uncommon in most European jurisdictions.

WHEN TRANSPARENCY BECOMES A PROBLEM

The controversy began almost immediately after the new system went live. Slovakia's Data Protection Authority confirmed that documents accessible through the register contained national identification numbers, complete home addresses, handwritten signatures and identity-document numbers. Their combination can create obvious privacy and impersonation risks.

The documents themselves are not new. The collection of corporate documents has long been public, and copies could previously be obtained by inspecting the court file or using the state's electronic register services. Since 17 August, the Ministry itself acknowledges that online access has become simpler; documents

can now be viewed free of charge through the specialised portal without demonstrating a legal interest and without the necessity to go through a special court procedure.

That distinction matters. A document available after a deliberate request, possible payment or recorded court visit is legally public - but not practically exposed in the same way as a document retrievable online within seconds. This is the key point of the dispute: the reform may not have published new personal data, but it has made access to existing personal data much easier. This way it also facilitates the collection and combination of such data for man purposes, including those of rather shady businesses.

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