LEGAL ALERT

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ŠIROKÝ ZRZAVECKÝ
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Company Liability in Case of Incorrect Information Provided by Artificial Intelligence

In Canada, a court dealt with the liability of a company when a chatbot (on behalf of an airline company) erroneously informed a customer about the possibility of purchasing a cheaper flight ticket. Contrary to corporate rules, the chatbot advised the customer on how to apply for a discount, after which the company itself refused to refund the customer with reference to the customer's incorrect procedure (the discounted ticket was supposed to be reserved before departure, whereas the chatbot advised the customer to book the ticket at the regular price and then contact the company within a certain period to request a refund).

The court stated that the airline company should have been aware that it is responsible for all information on its website, regardless of whether the information comes from a static page or from a chatbot. Thus, the argument of the company claiming that it cannot be held responsible for "information provided by any of its agents, employees, or representatives – including chatbots," which it regarded as a separate legal entity (responsible for its actions), also failed.

Amendment to the Decree on Publishing Forms for the Purposes of the Public Procurement Act and the Requirements of the Contracting Authority Profile

As of February 1, 2024, the aforementioned decree came into effect, which now regulates (in accordance with EU regulations) forms used for publishing information under the Public Procurement Act for which there is no directly applicable EU regulation.

Lost Profit Due to Termination of Contract Negotiations?

In its recent decision, the Supreme Court stated that the mere failure to conclude a contract cannot be considered unlawful within the meaning of Section 1729 of the Civil Code, and therefore cannot be regarded as the cause of damage. The liability of a party that terminates contract negotiations without a justifiable reason is construed as liability for inducing expectations in the damaged party, rather than liability for non-conclusion of the contract.

Furthermore, the Supreme Court stated that terminating negotiations without a justifiable reason constitutes wrongful conduct, i.e., behavior contrary to the principle of good faith. Only in such behavior should the cause of the damage be sought, not in the non-conclusion of the contract. Therefore, the provision in question cannot be understood as granting the right to compensation for "loss from a non-concluded contract," as there is no causal connection between the breach of obligation and this type of damage.

From the above, it follows that the lost profit from a non-concluded contract (from its non-performance) is not causally related to the termination of negotiations by a party to conclude this contract without a justifiable reason within the meaning of Section 1729 (1) of the Civil Code. Section 1729 (2) of the Civil Code sets a limit on the amount of compensation for such loss incurred, but does not establish a specific reason to claim compensation.

(according to the judgment of the Supreme Court of the Czech Republic, case no. 23 Cdo 3191/2022)

When is the Assertion of a Claim Due to the Violation of Statutory Pre-emption Rights Considered an Abuse of Rights?

The Supreme Court in this matter referred to both expert literature and its previous decisions, stating that a longer period of time between the moment when a co-owner learns of the violation of statutory pre-emption rights and the moment when the co-owner asserts their claim based on statutory pre-emption rights does not, in itself, render the assertion of statutory pre-emption rights inconsistent with good morals, or obvious abuse of rights. The Supreme Court emphasized that the general legal corrective in this regard is the general three-year statute of limitations period, during which the neglected co-owner may demand from the acquirer an offer to purchase the common property.

A longer period of time in asserting pre-emption rights may, in the circumstances of the specific case together with other significant factors, lead to the conclusion that the assertion of a claim due to the violation of statutory pre-emption rights constitutes an abuse of rights within the meaning of Section 8 of the Civil Code.

(according to the judgment of the Supreme Court of the Czech Republic, case no. 22 Cdo 1228/2022)

The Right of the Injured Party Regarding the Method of Compensating for Damages Under Section 2951 of the Civil Code

Section 2951 (1) of the Civil Code, which has returned to the principle favoring natural restitution, establishes the obligation of the tortfeasor to primarily compensate the injured party by restoring them to the previous state. If this is not possible or if requested by the injured party, the damage shall be compensated in money.

In its decision, the Supreme Court further added that for a "request" (which is a legal act), no form or requirements are prescribed. However, it should be a clear expression of the demand for monetary compensation, for example, in a lawsuit.

The Supreme Court also stated that mere disagreement with the repair of the damaged property cannot be equated without further ado with the choice of the injured party for monetary compensation within the meaning of Section 2951 of the Civil Code. For instance, the injured party may intend for the tortfeasor to simply postpone natural restitution until the injured party obtains further relevant information to make a choice regarding the method of compensation for damages, or such disagreement may express the injured party's request for the tortfeasor not to carry out the repair themselves but only to ensure its execution by a third party, or to provide the injured party with a substitute item instead of repair.

However, if the tortfeasor carries out the repair of the damaged property against the will of the injured party, who demanded compensation in money and subsequently did not accept the performance of the repair by the tortfeasor, it does not cause the extinguishment of the obligation to compensate for damages, nor does it reduce the specified amount of compensation for damages in money. It should be added that the above does not mean that in such a case, the performance provided by the tortfeasor through the repair of the property against the will of the injured party would not be taken into account in any way.

(according to the judgment of the Supreme Court of the Czech Republic, case no. 23 Cdo 1820/2022)

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