

LEGAL ALERT

SELECTION FROM LEGAL NEWS

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Can a Future Purchase Agreement Be Concluded Orally?

Given that a valid agreement establishing or transferring real property rights requires compliance with the **written form requirement**, one might assume that the same requirement must also apply to a preliminary (future) purchase agreement, which precedes the actual transfer agreement. This reasoning, based on the binding nature of such legal acts, has led much of the legal community and some courts to **believe that requiring written form is justified**.

Supreme Court does not share this view, as confirmed in its judgment of May 6, 2025, File No. 33 Cdo 340/2024. The decision relies primarily on section 560 of the Civil Code, which requires written form **only for the transfer of real property rights**, not for a preliminary agreement. The Court also referred to the principle of in dubio pro libertate, which instructs that where multiple interpretations are possible, the one least restrictive of fundamental rights and freedoms should be chosen.

The Supreme Court's decision and its consistently held legal opinion can be viewed from two angles. On the positive side, contracting parties are not burdened with a formal bureaucratic obstacle when negotiating a future sale or purchase of real estate and can therefore agree quickly and flexibly. On the other hand, there is a significant risk that a party may not be warned in advance about the binding nature of its commitment by the written form requirement, which would otherwise prompt it to reconsider the potential consequences of such a serious step.

Senate Approved Law on the Next Phases of the Single European Access Point

On July 23, the Senate approved without amendment a government bill that, in response to a European regulation, amends Czech laws for the second and third phases of establishing the European Single Access Point (ESAP), in response to an EU regulation. ESAP will centralize **information about business corporations** and now awaits the President's signature.

These are information items corporations are already required to disclose, but the change is that they will now be available in one place. In the Czech Republic, the Czech National Bank will collect this data.

The goal of the measure is to facilitate **access to financing for European companies**, enable individuals to invest long-term, and integrate national capital markets into the single market.

Can Your Employer Transfer You to a Different Job at Will?

Under the Labour Code, an employer may transfer an employee to a different job in certain cases. The intuitive understanding of the phrase "transfer to a different job" suggests a transfer to a different position, i.e., a unilateral change in the type of work agreed in the employment contract, even against the employee's will.

However, relying solely on the literal wording of the law and ignoring the more nuanced judicial interpretation can lead to significant problems, especially if the **employee refuses to perform the new work**.

Recent case law of the Supreme Court and the Constitutional Court urges employers to exercise greater caution.

The key issue is whether an arbitrary transfer against the employee's will constitutes forced labor, which is unconstitutional. Requiring an employee to perform work to which they were transferred against their will likely meets **all the elements of forced labor** — particularly involuntariness and threat of sanction.

When assessing the employee's right to severance pay, the Supreme Court inferred from the purpose and meaning of the legislation that a forced transfer may only be **provisional and temporary** and cannot result in a definitive change of the type of work. Thus, if a statutory ground for transfer arises and a mere change in job duties within the existing employment contract is insufficient, the employer should offer the employee a **suitable alternative job** within its organizational structure. If the employee does not agree, the employer should not force them to perform the different job, and certainly should not penalize them for refusing to fulfill new tasks (e.g., via termination notice or immediate dismissal).

The Constitutional Court will further address this issue.

Default Interest Only Up to the Principal Amount: What Does This Mean for Your Debt?

The Supreme Court, in Decision No. 26 Cdo 2716/2023, confirmed that the

ultra duplum rule (Section 1805(2) of the Civil Code) applies not only to regular contractual interest but also to default interest.

Therefore, if a creditor unreasonably **delays enforcement of a debt** until the accrued unpaid interest equals the principal, the creditor **loses the right to claim additional interest**. This limitation applies until the creditor files a claim in court. From the moment of filing the lawsuit, interest may again accrue without this limitation.

In practice, this means that creditors must **actively and promptly enforce their claims**, because if they delay enforcement, they risk losing default interest exceeding the principal amount.

If you have any questions or need consultation, please do not hesitate to contact us at info@sirokyzrzavecky.cz.

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