LEGAL ALERT

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ŠIROKÝ ZRZAVECKÝ
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Can a contract be concluded merely by a reference to general terms and conditions?

The Supreme Court examined whether a contract can be concluded solely by a reference to general terms and conditions. The Court's answer is clear and serves as a warning for legal practice: general terms and conditions cannot replace the contract itself; they may only supplement it.

The dispute arose in a situation typical of the sale of bundled services. A consumer entered a travel contract with a tour operator. This contract also included an inconspicuous consent to a product called "Smart Advance Payment," which, however, was not provided by the tour operator but by a third party (a commercial intermediary). The terms of this "smart advance payment" (which in substance constituted a loan) were contained exclusively in the general terms and conditions of that third party. The lower courts initially concluded that, by giving consent in the travel contract and referring to those terms and conditions, a loan agreement had been validly concluded. The Supreme Court, however, firmly rejected this approach.

The Court held that general terms and conditions, in themselves, do not constitute a contract and cannot fully replace one. It is impermissible for all essential elements of a contract (such as the identity of the contracting parties or the subject matter of performance) to be set out solely in terms and conditions that are merely referenced in another contract concluded with a different entity. **For a contract to be formed, there must be a clear and specific manifestation of intent (offer and acceptance) between identifiable parties.** A person cannot become a debtor merely because they agreed, within a travel contract, to the terms and conditions of someone else.

❖ For businesses:

If you offer ancillary services provided by third parties (such as insurance or loans), you cannot rely solely on a reference in the main contract. **Each contractual relationship must be concluded separately and in a transparent manner.**

❖ For consumers:

The ruling **strengthens your protection**. If someone is demanding performance from you based on a contract that you have never actually seen and was only included in the "terms and conditions," you have a strong argument for your defense.

(Supreme Court ruling, file no. 33 Cdo 2550/2024)

New risk for managers: Cartels may result in personal fines in the millions and bans on business activities

The Office for the Protection of Competition (ÚOHS) is changing its approach to punishing anti-competitive behavior and is now focusing on the direct liability of individuals. Whereas in the past, the consequences of cartel agreements were borne almost exclusively by companies, now managers and employees face direct penalties. For participation in so-called hard cartels, such as price agreements, market sharing, or bid rigging, the office may impose a fine of up to CZK 10,000,000 on a natural person. In addition to this financial penalty, there is also the threat of a ban on holding office in the statutory bodies of legal entities for up to five years, which can have fatal

consequences for a manager's career.

This change brings a whole new dynamic to the investigation process, especially during unannounced local investigations (so-called dawn raids). Managers can easily find themselves in a sharp conflict of interest with their employer. In a crisis situation, corporate lawyers will primarily defend the interests of the company with the aim of minimizing the corporate fine, which may not be in line with the defense of a specific individual. It is important to note that fines imposed on individuals for intentional misconduct are generally not covered by directors' and officers' liability insurance (D&O) and will be enforced directly against the individual.

The risk for managers is also increased by the leniency program, which allows them to avoid punishment in exchange for reporting the cartel and providing evidence. In this way, the Office for the Protection of Competition encourages the disclosure of agreements "from within," increasing the likelihood that a colleague or subordinate will report unfair conduct in exchange for immunity from prosecution. It is therefore crucial for managers to review compliance procedures and, in the event of an investigation, not to automatically rely on the company's legal services, but to consider securing their own independent legal representation.

How to define the place of work in a contract?

The Supreme Court dealt with a frequent dispute between employees and companies: how to interpret the agreement on the place of work.

The dispute arose after the employer moved its offices to another address within Prague. An employee who had agreed in his employment contract that his place of work would be "Prague" refused to move to the new premises. He argued that he had been going to the original address for a long time (several years) and that, in his opinion, this constituted a de facto (implied) change to his employment contract, which narrowed the place of work to only that specific original building. The employer disagreed and terminated the employee's employment for unexcused absence. The Supreme Court ruled in favor of the employer. It stated that the mere fact that the employee had worked in one place for a long time did not change the written agreement in the contract. If "Prague" is agreed upon, the employer may assign work anywhere in Prague.

The decision provides employers with greater legal certainty when relocating offices. It is essential to define the place of work in employment contracts broadly enough (typically by the name of the municipality). In such a case, you do not need the employee's consent or an amendment to the contract to move within the city. Conversely, if you specify the place too narrowly (specific street and house number), each move would require a change to the contract, which the employee could refuse.

(Supreme Court ruling ref. no. 21 Cdo 1030/2023)

Labor law implications of the accompanying law to the employer's unified monthly report

With the forthcoming effectiveness of the Act on the Single Monthly Employer Report (JMHZ), which from 2026 is intended to consolidate employers' reporting obligations towards the state into a single form, an accompanying act has also been adopted. This accompanying legislation amends a number of related statutes (including the Labour Code and the Employment Act) and introduces significant changes that companies must take into account even before the new reporting regime is launched. The objective is not only the technical preparation of data, but also a tightening of enforcement against illegal employment.

In particular, the accompanying act introduces a new concept of so-called unreported work. In order to avoid this, employers will be required to comply with stricter recruitment obligations: employees (including individuals engaged under agreements outside standard employment relationships) must be reported to the Czech Social Security Administration before they commence work (at the latest on the day of commencement, prior to the start of activities), rather than retrospectively within an eight-day period, as was previously common practice.

The act also amends the rules governing seasonal work in agriculture (fruit and vegetable harvesting), increasing the annual cap on working hours under agreements to perform work (DPP) to up to 1,280 hours and introducing a reduction in social insurance contributions.

At the same time, the legislation corrects a previous legislative error concerning initial medical examinations for individuals engaged under such agreements, which should no longer be required across the board for non-hazardous work.

Practical impact: For HR departments, this means the need to significantly accelerate onboarding processes. It will no longer be possible for an employee to start work in the morning and have the administrative formalities completed "during the week." If the commencement of work is not reported in advance in the system, the company risks sanctions for illegal (unreported) work during inspections. Employers in the agricultural sector will benefit from greater flexibility when recruiting seasonal workers. All employers should review their payroll systems to ensure compatibility with the new single reporting framework, which may reduce the number of forms but does not tolerate data inaccuracies.

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