

LEGAL ALERT

SELECTION OF LEGAL UPDATES

May 2023



New EU Regulation on Protected Designations of Origin and Geographical Indications for Craft and Industrial Products

Based on this regulation (applicable with certain exceptions from December 1, 2025), a unified system of legal protection for geographical indications and designations of origin has been established within the EU. Under this system, any product whose geographical origin imparts its quality or other unique characteristics can be afforded the aforementioned legal protection.

This new regulation joins the already established specific regulations for the protection of designations of origin and geographical indications for food and agricultural products, wines, aromatized wine products, and spirits.

This year, an amendment to the relevant regulations is also expected, which will cover the entire market area to ensure that the legal protection applies to all required foods and products. For example, under the new amendment, mineral salts and mineral waters would be classified as agricultural products.

Amendment to the Civil Code: Simplification of Divorce Proceedings

The government has approved a proposal to amend the Civil Code, with the primary aim of simplifying and expediting divorce proceedings and the arrangement of matters concerning minor children post-divorce.

The proposed changes include, for example: (i) abolishing the general requirement to ascertain the causes of the marital breakdown, (ii) combining divorce and guardianship proceedings (if

the spouses agree, the marriage can be dissolved more quickly within a single proceeding), and (iii) waiving the mandatory hearing of the spouses (if the spouses agree).

Protection of Attorney-Client Privilege (Not Only) in the Tax Domain in Light of a Recent Case Before the Court of Justice of the EU

At the end of May, the Court of Justice of the EU published the opinion of the Advocate General in a case where the public interest in maintaining attorney-client privilege clashes with the interest in the effective tax collection by member states. This opinion reaffirms the case law of the Court of Justice of the EU in this area.

In her opinion, the Advocate General emphasizes that the protection of communication between attorneys and their clients is a fundamental right. Article 7 of the Charter safeguards attorney-client privilege concerning any legal consultations, both regarding their content and their existence, regardless of the area of law. Any interference with this confidentiality must be proportionate and necessary. Relevant tax authorities are required to verify that all other options have been exhausted before obtaining information from an attorney.

According to the Advocate General's statement, the case involved an infringement on the right to respect communication between an attorney and their client when the tax authority decided to impose an obligation as part of an exchange of information request, demanding all documents related to the legal advice provided to the client. The requirement of proportionality is likely not

met in situations where tax authorities request all available documentation.

Unilateral Change of the Place of Performance Agreed Upon in a Contract: Possibility of Applying Legal Provisions on the Change of the Creditor's Domicile Also in Situations Where the Place of Performance is a Payment Account

The Supreme Court, in its recent judgment, addressed the unilateral change of the place of performance by the creditor, its aspects, and consequences for both the creditor and particularly the debtor. The Supreme Court stated that the legal provisions of Section 1956 of the Civil Code, which govern the consequences of a change in the creditor's domicile, can also be applied in cases where the creditor's account is agreed upon as the place of performance.

The Supreme Court further added that “although the general assessment of changes in obligations is based on the principle that contracts cannot be altered unilaterally, a certain minimal functional degree of (unilateral) changes in obligations can be implicitly derived based on the principle of good faith, balancing the legitimate interests of both parties.”

However, it remains important to consider the debtor's right to alternative performance, which cannot be entirely excluded. The Court noted that the debtor might still resort to this option, for example, if, given the specific circumstances of the case, the debtor is reasonably uncertain whether fulfilling the obligation to the newly designated account would indeed discharge the obligation to the creditor, or if the creditor's conduct was dishonest (e.g., intended to make it more difficult for the debtor to fulfill the obligation).

(according to the judgment of the Supreme Court of the Czech Republic, case no. 27 Cdo 544/2023)

Right to Wage Compensation Under Section 69(1) of the Labor Code When an Employee Cares for a Close Relative

The Supreme Court addressed the right of an employee to wage compensation in cases where the employer unlawfully terminates the employment relationship by notice, immediate termination, or termination during the probationary period, and subsequently ceases to assign work to the employee despite the employee notifying the employer of their insistence on continued employment.

In its reasoning, the Supreme Court stated that such an employee is entitled to wage compensation even when they are caring for a person considered dependent on the assistance of another individual under the Social Services Act, and as a result, requested the labor office to terminate their registration as a job seeker.

According to the Supreme Court, the fact that an employee is caring for a close relative—similarly to engaging in work for another employer under an employment relationship or other labor law relationship, or conducting self-employed (entrepreneurial) activities—does not constitute a violation of obligations arising from legal regulations related to the work performed by the employee. The care for a close relative, in itself, does not indicate that the employee is not ready, willing, and able to perform work according to the employment contract.

(according to the judgment of the Supreme Court of the Czech Republic, case no. 21 Cdo 3147/2023)

Equal Treatment of Employees in Connection with the Granting of an Extraordinary One-Time Bonus

The Supreme Court dealt with a case in which the plaintiff (a former employee) demanded payment from the defendant (her former employer) of a monetary amount that the defendant decided to pay to its employees following good results achieved in the previous year. The plaintiff's employment lasted from mid-2020 to the end of 2021. One of the conditions for entitlement to the bonus was that the employment relationship must continue until May 31, 2022, which the plaintiff did not meet.

The decision to pay the bonus was made by the defendant after the employment relationship with the plaintiff had already ended. However, the bonus was intended for the period during which the plaintiff was employed by the defendant.

In its reasoning, the Supreme Court stated that to assess whether the employer ensured equal treatment of all employees when awarding bonuses, it is necessary to consider employees in the same or comparable positions. In this case, however, the Court found that the employer's failure to grant the extraordinary one-time bonus to the plaintiff did not violate the principle of equal treatment and that the plaintiff was not entitled to compensation. As a former employee, the plaintiff was not in the same or comparable position as those employees who were still employed by the defendant on the specified date.

The Supreme Court further added that "although the decision to grant an extraordinary one-time bonus and to whom it will be awarded depends solely on the employer's discretion, this does not mean that the employer can act arbitrarily in making this decision."

(according to the judgment of the Supreme Court of the Czech Republic, case no. 21 Cdo 2392/2023)

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