

Bird & Bird

# The Civil Collective Proceedings Act

Legal news

*July 2024*



# The Civil Collective Proceedings Act

- As of **1 July 2024**, a new Act No. 179/2024 Coll., on Collective Civil Proceedings ("**Collective Proceedings Act**") **came into force**.
- The Act applies to **disputes arising after 24 November 2020**.
- The purpose of the Act is to comprehensively regulate **collective claims of consumers and micro enterprises** arising from a single unlawful activity of an entrepreneur so that they can be decided as a single court case.
- It thus contributes to strengthening consumer protection in the Czech Republic.
- It implements **Directive (EU) 2020/1828 of the European Parliament and of the Council** of 25 November 2020 on representative actions for the protection of consumers' collective interests.



# Who is eligible to bring the claim?

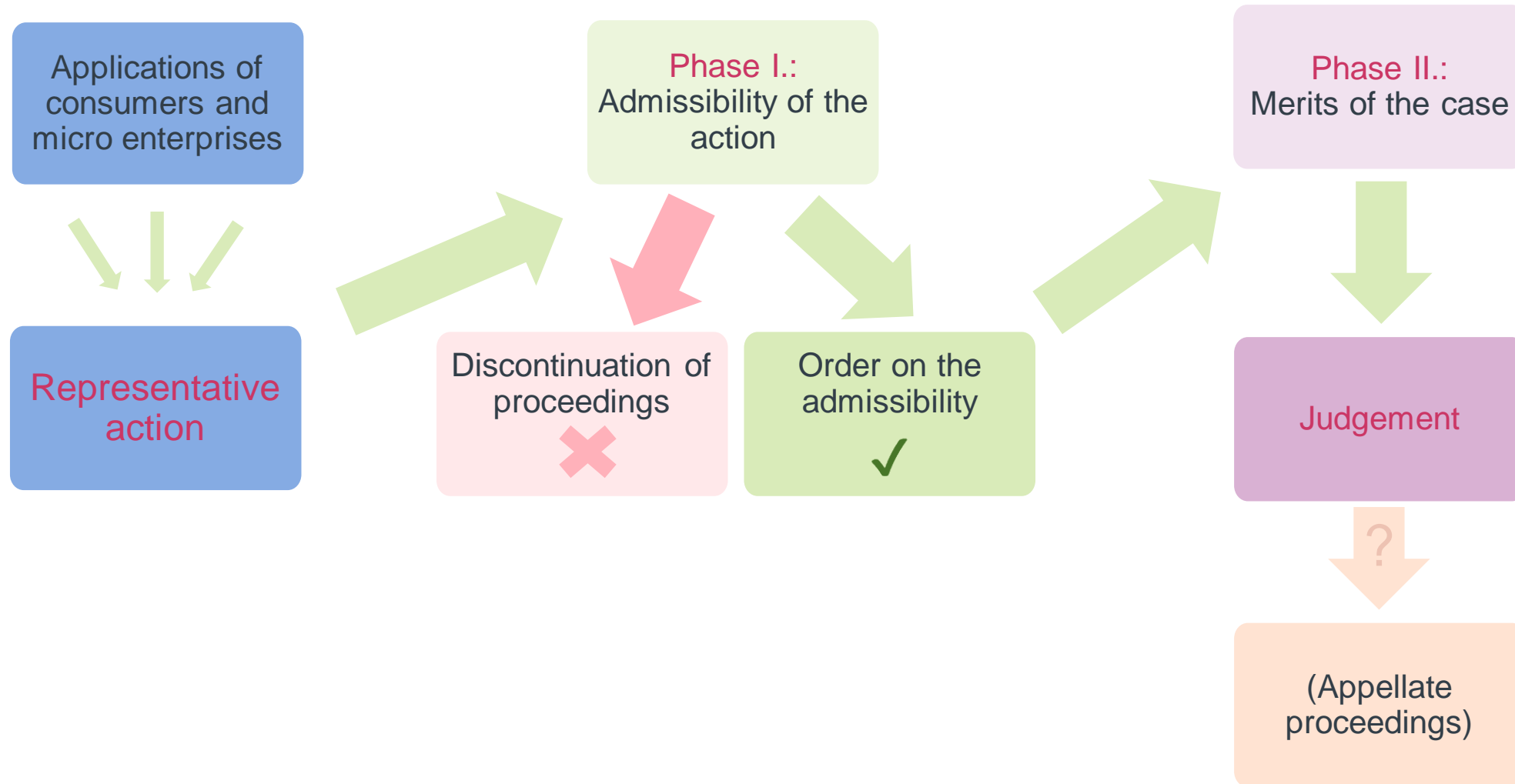
- The Collective Proceedings Act introduces an **opt-in form** of collective proceedings.
- This means that the consumer or micro enterprise must **actively apply** with a qualified entity.
- In the proceedings, the individual members of the group do not act as claimants. The claimant is the **qualified person** – an independent non-profit organisation that is active in the field of consumer protection and meets other conditions under the Consumer Protection Act.
- The claimant acts on its own behalf in the proceedings in the interests of the participating group members.
- The members of the group themselves are not parties to the proceedings and have only limited procedural rights in the proceedings (e.g. to withdraw their application, to comment on the subject matter or conduct of the proceedings, right to information, to oppose a proposal for settlement or to comment on an appeal).

# How and where to bring the claims?

- Only a **claimant** representing a group of at least 10 persons whose legitimate interests are based on a similar factual and legal basis **can bring a representative action**.
- The representative action can seek **both performance and declaratory reliefs**.
- But the action must not be brought with abusive intent and must not be financed by a third party who is a competitor of the defendant, dependent on the defendant or whose influence on the claimant is prejudicial to the interests of the group.
- The claimant must be **represented by a registered attorney** in the collective proceedings.
- **The Municipal Court in Prague** is competent to hear the action at first instance.

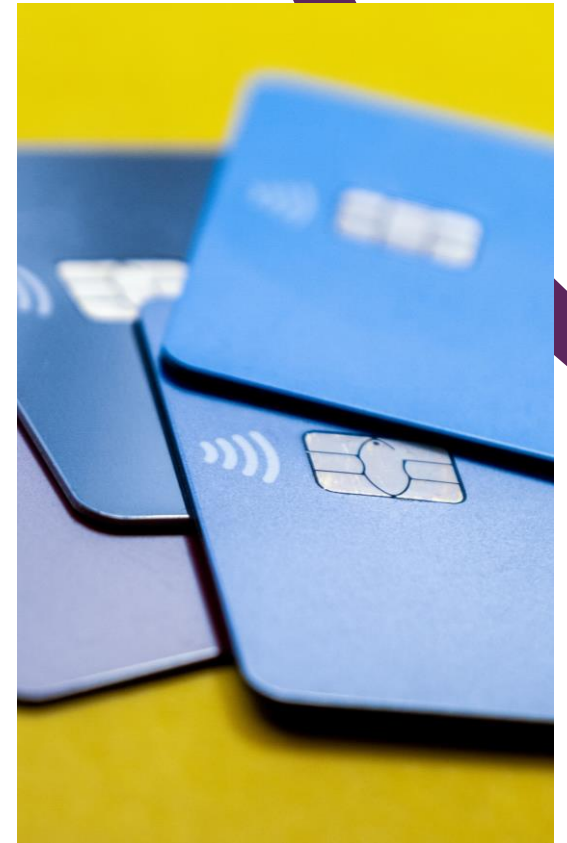


# How does the collective procedure work?



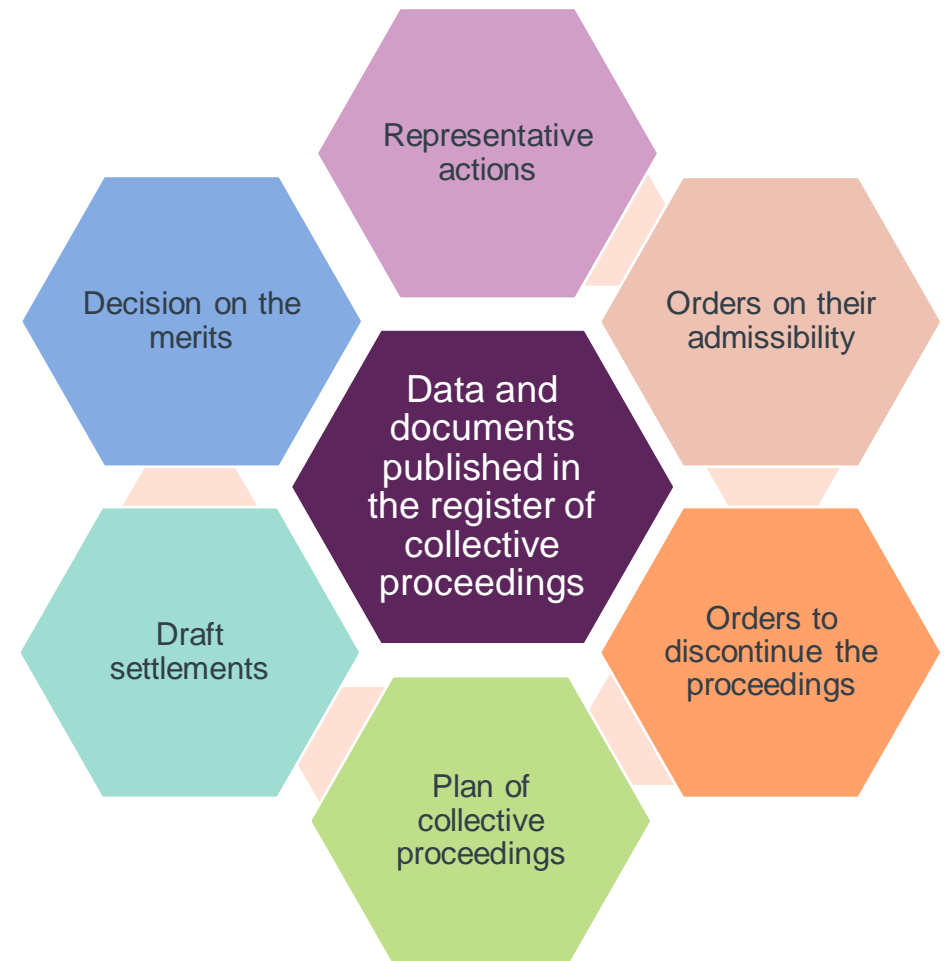
# Financing of the representative action and the claimant's remuneration

- The representative actions are financed exclusively by the claimant.
- The costs of the collective proceedings are in principle borne by the parties to the proceedings – either the claimant non-profit organisation or the defendant entrepreneur.
- Group members (consumers or micro enterprises) therefore bear no risk of losing the case.
- The exception is where the group members have caused the costs through their own culpable conduct. In such a case, the court may also order the group member to pay the costs.
- If successful, the claimant is entitled to a remuneration.
- The remuneration must be set at a reasonable amount in view of the expected complexity and length of the collective proceedings.
- However, the remuneration may not exceed 16 % of the award or CZK 2,5 million if the award was fixed on a lump sum basis.



# Publication of information on collective proceedings

- The Collective Proceedings Act establishes a **register of collective proceedings**.
- **The data and documents** published in the register of collective proceedings are **publicly accessible** and everyone has the right to consult them. The aim is to:
  - ensure transparency and wider knowledge of collective proceedings,
  - strengthen the principle of uniformity of decision-making in similar cases, improving predictability of court decisions and legitimate expectations.
- **The claimant also has a duty to publish certain information.**
  - For example, notice of the commencement of collective proceedings on the merits, including a reference to the register of collective proceedings.
  - The claimant is always obliged to publish information about collective proceedings on its website.







# What will the new legislation bring?

- The Collective Proceedings Act introduces a previously unknown **concept of collective proceedings** to the Czech law.
- It thus brings not only consumers the possibility to enforce their similar claims in court jointly through a **single representative action**.
- The newly adopted regulation aims to ensure access to court also for those injured parties who would not pursue their small claims on their own because it would not be economically worthwhile.
- The concentration of these claims in a single representative action and the publication of the resulting judgment may have a tangible effect on entrepreneurs and should lead to the **creation of a prevention tool** to deter dishonest entrepreneurs from unfair practices.

Comparison of representative action  
legislation in different European countries

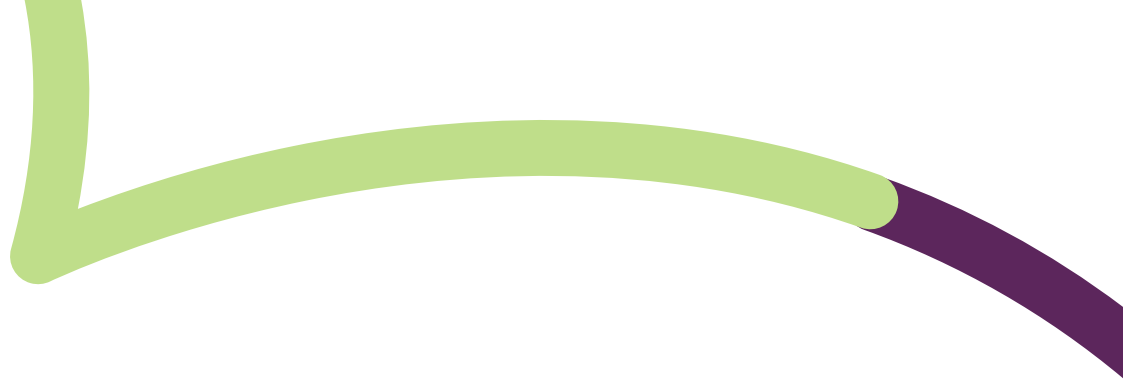




*"In Slovakia and Hungary, the law on representative actions has been in force for about a year. In neither case, however, has the concept of representative actions been used much. The Czech law is more favourable to consumers because it does not require them to be very active or to pay anything upfront. We will see whether this will lead to a wider use of representative actions in our country"*  
says Vojtěch Chloupek, partner at Bird & Bird Prague office.



# Any questions?



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