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Effects of  
coronavirus  
on contracts.  
Force majeure?

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# How can Coronavirus affect businesses?

## Employees

An employee in my plant was tested positive, other employees are in mandatory quarantine. Is this a *force majeure* event?

## Suppliers

My supplier's plant in a third country was shut down due to measures adopted by local government to prevent further contamination. Is this a *force majeure* event?

## Tenants

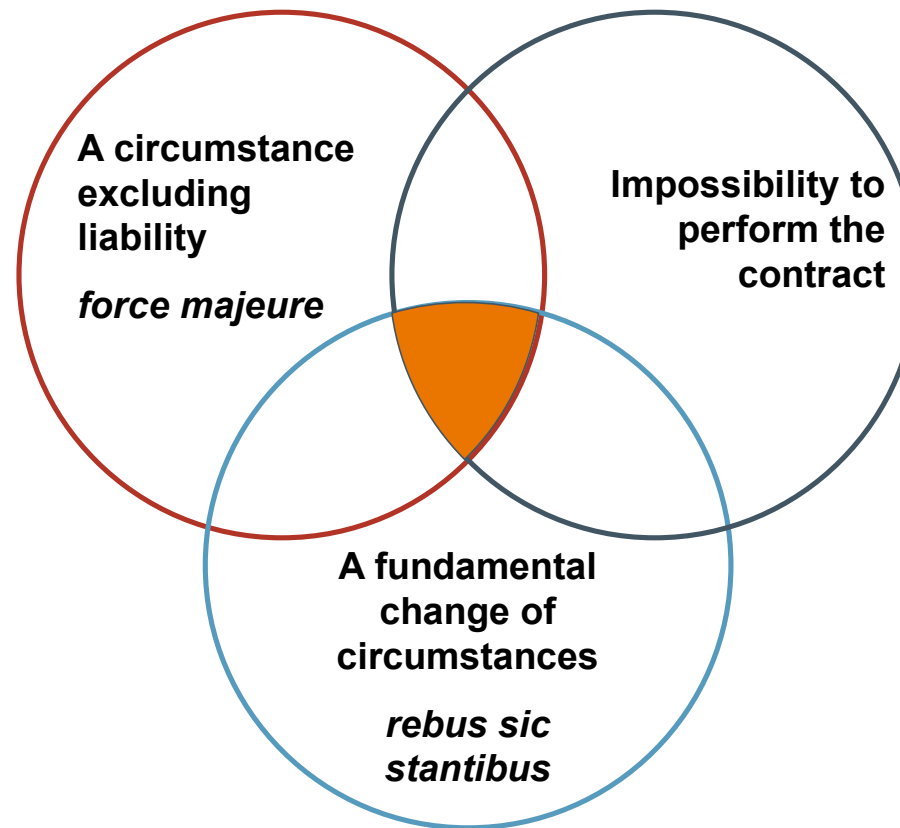
Tenants in a shopping mall were ordered to close their shops. Do they have to pay the rent or is this a *force majeure* event?

## Transport

Our company manufactured goods and they are ready for transport but no truck driver wants to drive them to the country of destination. Is this a *force majeure* event?

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## Coronavirus and contracts, what is the effect?



# When can a business claim *force majeure* relief due to Coronavirus?

Did Coronavirus related obstacle occur independently of the will of the obliged party?



Was it unforeseeable at the time when the obligation was established?



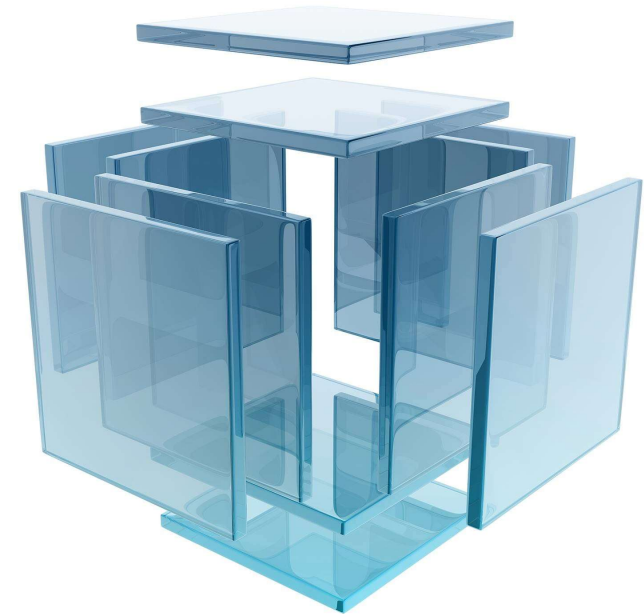
Could the affected party avert the obstacle?



Could the affected party overcome the obstacle?



Is there a causal link between the obstacle and non-performance?



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What if *force majeure* affects a supplier / subcontractor?

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*If breach of the obligation from the contractual relationship was caused by a third party to which the obliged party entrusted fulfilment of their obligation, liability shall be excluded on the part of the obliged party only in the event that their liability is excluded under Section 374 and the third party would likewise not be held liable under this provision if they had been directly liable to the entitled party in lieu of the obliged party.*

Section 375 of the Commercial Code

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## Position of Slovak/Czech courts towards *force majeure* defences

**Adverse climate conditions and poor harvest.** The defendant was obliged to deliver the goods and not to produce it. The defendant was therefore obliged to secure the supply by other means, for example by purchasing from another grower.

**Currency depreciation.** The defendant could have fulfilled its obligation if it had sent the consignment through Austria or Switzerland, which were not affected by the increase in transport rates.

**Act of man** The theft of the vehicle and the goods in this circumstance constituted a liberating reason and relieved the carrier of liability for damages.

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## Contract / *force majeure* clause check and drafting tips



**What questions to ask when looking at  
*force majeure* clauses in your contracts?**

**How should a *force majeure* clause look?**

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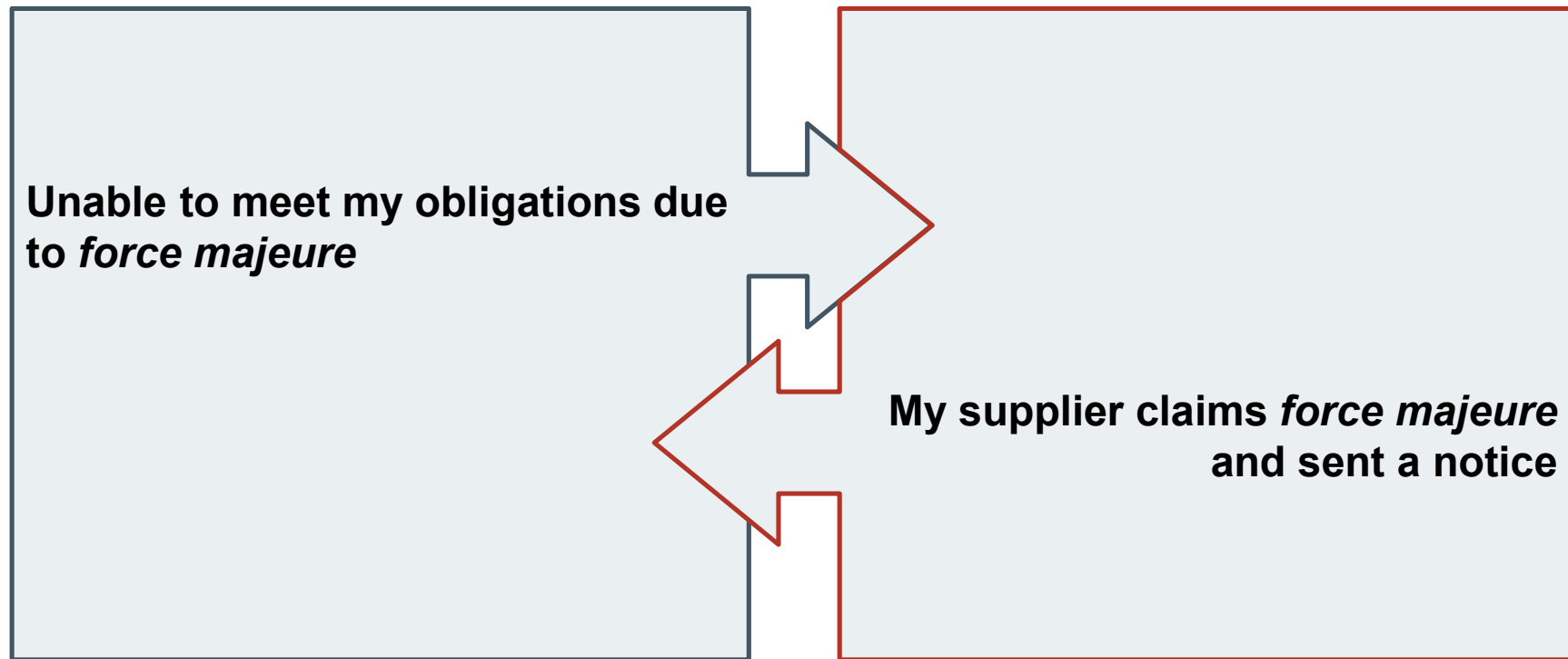
## Coronavirus has not affected my business, should I do something?

- Monitor the market, act diligently and take necessary precautions.
- Communicate regularly and openly with your suppliers and customers about possible risks.
- Identify alternative means of compliance with your contractual obligations in advance.
- What more would need to happen to trigger *force majeure*?
- Talk to your lawyers, insurers and banks.



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## Coronavirus affects my business, what can I do?



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# Questions?



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