

## **Abstract**

The Abuse of Majority and Minority Shareholder Power in a Limited Liability Company – A Comparative Study of Czech and English Law.

This thesis is concerned with the abuse of majority and minority shareholder power in limited liability companies. Its goal is to compare Czech and English law concerning this area. As enough literature exists examining this topic from the perspective of Czech law, this paper is focused primarily on English law in order to introduce its approach and legal concepts to the Czech reader.

The paper is composed of five chapters. Chapter One is introductory. It provides a brief introduction on English Legal System, as well as sources of Company Law both in Czech and English law. Definitions of legal concepts used in the thesis are explained, such as limited liability company, shareholder, shareholders' rights etc.

Chapter Two examines Czech law on shareholder power abuse by introducing the legal framework and sources of law. Basic legal principles used by Czech courts to interpret the limits of shareholder rights exercise are examined, as well as the relevant statutory provisions of the Czech Commercial Code, Act no. 5013/1991 Coll. and key court decisions.

Chapter Three seeks to outline the basic legal framework of English law. It examines the key principles of English Company Law that are used to define the boundary between acceptable and unacceptable use of shareholder power.

Chapter Four concentrates on one substantive area of shareholder power abuse – majority voting. This particular problem has been chosen because English law is concerned with two questions of law that are unknown to Czech law – ratification of breach of duty by Board of Directors and the possibility to amend company's articles of association in order to include provisions on expropriation of minorities. We believe that

these problems may in the future become relevant in Czech law too, especially with regard to convergence of common law and continental legal systems that is particularly strong in commercial law.

Chapter Five deals with two main legal remedies available to English shareholders whose interests have been prejudiced – derivative action and remedy for unfair prejudice. We have attempted to form a more practical approach because we believe that English law on remedies may be inspiring to Czech law that is highly theoretical and, in our opinion, lacks practical side. While examining each of the remedies, the thesis seeks to compare the English approach with valid Czech law and compare the level of protection for shareholders, as well as level of legal certainty.

Key Words: abuse of shareholder power, limited liability company, English law

Klíčová slova: zneužití postavení akcionáře, akciová společnost, anglické právo