CIVIL LIABILITY OF ROBOADVISORS AND TECHNOLOGICAL NEUTRALITY OF SECTORAL REGULATION

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Abstract: *This paper examines civil liability frameworks for roboadvisors within Czech law through systematic interpretation of Civil Code (CC) provisions and their interaction with MiFID II requirements. Using legal-dogmatic methodology supplemented by comparative analysis of foreign AI liability debates, this research identifies five distinct roboadvisor business models and evaluates their liability implications. The analysis reveals that contractual liability under § 2913 CC emerges as the primary framework, with professional standards of care (§ 5 CC) being objectified through sectoral financial regulation. Key findings demonstrate that existing tort law principles provide adequate coverage for AI-driven financial services without requiring fundamental legislative reform. The study identifies specific challenges in determining liability for machine learning algorithms exhibiting unforeseeable behaviour patterns and establishes criteria for distinguishing between natural market risks and legally compensable damage. Different business models create varying liability distributions, with white-label solutions and client-uploaded algorithms presenting the most complex attribution problems. While traditional liability frameworks prove adaptable to roboadvisor operations, the research identifies procedural law adjustments – particularly regarding burden of proof and evidentiary standards -as necessary refinements. The principle of technological neutrality in sectoral regulation effectively prevents regulatory arbitrage while maintaining innovation incentives. Lost profits claims face limitations under current Supreme Court jurisprudence, requiring a case-by-case evaluation of contractual appreciation obligations versus hypothetical profit calculations. The study concludes that civil liability for roboadvisors can be effectively managed within existing legal structures through enhanced algorithmic governance, robust documentation practices, and appropriate professional standards of care rather than novel legislative constructs.*

Keywords: *roboadvisor, civil liability, artificial intelligence, investment services, MiFID II, professional standard of care*

INTRODUCTION[1]

The rapid development of artificial intelligence (AI) and automation has brought a revolution to financial services, particularly in the field of investment advisory. Roboadvisors, which provide financial advice with minimal human intervention, have gained popularity among investors due to their accessibility, efficiency, and low costs. As of 2024, roboadvisors globally manage approximately $ 1.8 billion USD in assets under management (AuM).[2] By 2029, assets managed by roboadvisors are predicted to reach $ 2.4 billion USD,[3] illustrating society's growing confidence in automated financial

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[2] STATISTA. Robo-Advisors – Worldwide. In: *Statista* [online]. 2023 [2025-01-02]. Available at: <https://www.statista.com/outlook/fmo/wealth-management/digital-investment/robo-advisors/worldwide>.

[3] STATISTA. Robo-Advisors – Worldwide, 2023.

advisory. However, with the growing share of roboadvisors in the financial services market, questions regarding their legal liability and civil liability towards clients are becoming more pressing.

There is a recognised need for more detailed legal regulations and academic discussion that would address the unique challenges posed by AI-based financial advisory services in the Czech context. The aim of this article is to present the legal and regulatory framework governing roboadvisors, their business models, and to outline possible starting points for their civil liability. The aim of this paper is to analyse existing challenges and propose possible starting points for compensation for damage caused during (semi) automated provision of financial services. To present possible starting points regarding damage compensation, it was necessary to define relevant regulatory approaches with consideration of technological neutrality in sectoral regulation.

This article is based on the legal-dogmatic method, which consists of systematic interpretation of applicable law, its analysis considering regulatory practice, and selected EU documents. Additionally, comparative inspiration is utilised regarding foreign debates on liability for artificial intelligence. Regarding technological aspects, insights from literature on algorithmic decision-making are also included in the interpretation. The aim is primarily the identification of a possible application framework from the perspective of roboadvisor liability.

This paper is deliberately limited to civil liability aspects under Czech law and financial law, leaving public law enforcement, criminal liability, and insurance implications for separate research. Given space constraints, the comparative dimension focuses on selective insights rather than comprehensive jurisdictional analysis.

I. KEY TERMS AND THEIR INTERPRETATION

The aim of this section is to outline key concepts from public and financial law that are necessary for the subsequent analysis of civil liability of robotic advisors. Establishing these basic regulatory definitions will allow us to assess the duty of professional care with regard to public law requirements while simultaneously identifying various business models in the robo-advisory industry later. The concepts examined below, as they appear in academic literature and regulatory frameworks, include the terms "robo-advisor", "investment service", and "technological neutrality of sectoral regulation" – all are essential for understanding the legal framework within which civil liability issues must be situated.

Several sources exist that offer different definitions of robo-advisors, but there is no single, universally accepted definition.[4] Generally, robo-advisors are understood as digital platforms that offer online investment services (most commonly advisory) based on algorithms or manage client investment portfolios (AuM). These platforms collect user data, such as investment goals and risk tolerance, in order to generate tailored invest-

[4] CAUFFMAN, C. Civil liability for artificial intelligence and robotics: Fault-based and strict liability regimes. *European Review of Private Law*. 2020, Vol. 28, Issue 5, pp. 765–796.

ment recommendations.[5] According to the European Securities and Markets Authority (ESMA), robo-advisors fall under the regulatory framework of MiFID II, which imposes obligations on them to comply with transparency and investor protection standards.[6] According to regulatory guidelines,[7] ESMA defines robo-advisory as *'the provision of investment advisory or portfolio management services (wholly or partly) through an automated or semi-automated system used as a tool for client interaction'*.

It is necessary to distinguish between regulated and unregulated investment services and activities.[8] Regulated investment services and activities are defined in Article 4(2) of MiFID II as *'[t]he services and activities listed in Section A of Annex I that relate to any of the instruments listed in Section C of Annex I.'* In the context of robo-advisory, the most relevant regulated services typically include investment advisory and portfolio management.[9] At the national level in the Czech Republic, the provision of investment services is governed by Act No. 256/2004 Sb., on Capital Market Business (ZPKT), with investment services defined in § 4(2) ZPKT. Investment services listed in the article of MiFID II and in ZPKT cannot be provided without authorisation from the competent authority.[10]

MiFID II imposes strict requirements on entities providing regulated investment services. Investment services referred to in this directive article may be provided within the framework of free trade activities.

Technological neutrality in the area of financial regulation means that rules apply to the services provided regardless of the manner of their provision, thereby ensuring equal treatment of traditional and innovative business models. MiFID II is an example of this principle, as it establishes uniform requirements for investment services without distinguishing between human and automated providers. Article 54(1) of MiFID II explicitly confirms that the use of automated systems does not reduce the liability of the investment firm for assessing suitability or appropriateness.[11] While this approach prevents regulatory arbitrage and creates a stable legal environment, it may create uncertainty when applying general rules to new technologies. Technological neutrality is a concept that is not foreign to civil law either. The model law in the area of civil law also leans towards technological neutrality and independence from business models.[12]

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[5] BAKER, M., DELLAERT, B. G. C. The role of robo-advisors in financial decision-making. *Journal of Financial Services Research*. 2018, Vol. 54, Issue 2, pp. 135–153.

[6] European Securities and Markets Authority. Guidelines on the regulatory framework for robo-advisors under MiFID II. In: *ESMA* [online]. 2021 [2025-01-02]. Available at: <https://www.esma.europa.eu>.

[7] Ibid.

[8] Non-regulated investment services and activities are specified in Article 2 of MiFID II Directive.

[9] MAUME, P. *Robo-Advisors: How do they fit in the existing EU regulatory framework, in particular with regard to investor protection?* Publication for the committee on Economic and Monetary Affairs, Policy Department for Economic, Scientific and Quality of Life Policies. Luxembourg: European Parliament, 2021, p. 12, or WANG, Y. T. Redefining Fiduciary Duty in the Era of Robo-Advisors. *Beijing Law Review*. 2024, Vol. 15, p. 2435.

[10] Article 5 of MiFID II and Section 4a ZPKT.

[11] For detailed discussion of suitability and appropriateness concepts, see below in this article.

[12] International Institute for the Unification of Private Law. *UNIDROIT Principles of International Commercial Contracts*. Rome: UNIDROIT, 2023, p. 11., or UNCITRAL Model Law on Electronic Transferable Records with Guide to Enactment. New York: United Nations, 2018, pp. 5, 17, 12, Article 1.

II. LEGAL FRAMEWORK FOR ROBOADVISOR LIABILITY AND STANDARD OF PROFESSIONAL CARE

From the perspective of Czech (and European) legislation, it is necessary to recall, in connection with innovative systems, the departure of European Union Member States from the concept of electronic person[13] or the abandonment of the draft directive on AI liability.[14] In the Czech Republic, there is no legislation that would regulate claims for damage compensation specifically in relation to AI, nor does there exist claims for damage compensation arising directly from ZPKT or MiFID II. When establishing a liability relationship, it is therefore necessary to proceed from Act No. 89/2012 Sb., the CC (CC). At the same time, it should be noted that the principle of competition of legal norms is recognised in Czech tort law.[15]

The framework for civil liability of roboadvisors is determined by the provisions of § 2913, § 2924, § 2936, § 2939 et seq. (within the meaning of Directive 2024/2853 of the European Parliament and Council) and also by the provision of § 2950 of the CC.[16] These provisions are crucial for the obligation to compensate for damage when providing investment services. For establishing the liability of a financial services provider (securities dealer) from the perspective of civil liability, the provision of § 5 of the CC is also significant, which establishes the duty to act with professional care. If one acts without this professional care, it is to their detriment.

II.1 Regarding the Standard of Professional Care

The standard of professional care is introduced by the provision of § 5 of the CC. The duty to act with this knowledge and diligence arises when someone declares themselves

[13] This concept has sparked considerable debate. Many academics have refuted the need to grant AI legal personality, arguing it would shift liability away from humans. However, other experts suggest that traditional liability approaches may prove insufficient, particularly when no human is liable for damages or when victims cannot identify the responsible person. The pace of technological development might require lawmakers to adopt new approaches, including granting AI systems legal personhood. A 2020 European Parliament study notes there may be cases were attributing some form of legal personality to machines could be sensible. See CAUFFMAN, C. Robo-liability: The European Union in search of the best way to deal with liability for damage caused by artificial intelligence. *Maastricht Journal of European and Comparative Law.* 2018, Vol. 25, No. 5, pp. 527–532 and MADIEGA, T. Artificial intelligence liability directive. Parliamentary Research Service, February 2023, PE 739.342. In: *EU Legislation in Progress* [online]. European [2025-06-04]. Available at: <https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)739342>.

[14] The proposal for a directive on adapting non-contractual civil liability rules to artificial intelligence (AI Liability Directive) of 28 September 2022 has been designated by the Commission as "No foreseeable agreement" in the Commission work programme 2025. The Commission work programme 2025. In: *European Commision* [online]. [2025-10-23]. Available at: <https://commission.europa.eu/strategy-and-policy/strategy-documents/commission-work-programme/commission-work-programme-2025_en>.

[15] On the issue of competing claims see TICHÝ, L. O kumulaci nároků na náhradu škody a konkurenci právních norem [On the Cumulation of Damage Claims and Competition of Legal Norms]. In: *Advokátní deník* [online]. 11. 5. 2022 [2025-05-12]. Available at: <https://advokatnidenik.cz/2022/05/11/o-kumulaci-naroku-na-nahradu-skody-a-konkurenci-pravnich-norem/#_ftn27>.

[16] HLUŠÁK, Milan at the XIII. session of the Private Law Collegium at the Institute of State and Law of the Czech Academy of Sciences (17 February 2025) in his contribution "Výzvy moderní doby a realita středoevropských jurisdikcí" [Challenges of Modern Times and Reality of Central European Jurisdictions], acknowledged the possibility of assistant's liability, which we reject.

for professional performance. This legal principle places on a person who has presented themselves as a professional a requirement for a higher degree of diligence with which it is obliged to provide services in the field in which it has declared professional competence. It is a set of specific knowledge, skills, and experience with which this professional should act. If they fail to maintain this standard of care, it is to their detriment. The standard of professional care according to the provision of § 5 of the CC regulates the subjective fault of the professional.[17] However, the degree of professional care to which this professional is obliged may be determined not only by private law regulations, but also by public law regulations, i.e., MiFID II and ZPKT.[18] In this context, reference can be made *mutatis mutandis* to conclusions regarding the liability of attorneys, as this issue has been extensively addressed in the Czech Republic both by professional literature[19] and jurisprudence.[20] The degree of professional care should be objectified, but the starting point should not be an absolute standard of care.[21] In the case of providing investment services, it should be the standard of care of a conscientious investment services provider who acts in accordance with MiFID II and ZPKT.

The degree of professional care differs when providing specific investment services. It always applies that an investment service provider must act honestly, fairly, and professionally in accordance with the best interests of clients (Article 24(1) MiFID II), manage conflicts of interest (Article 23 MiFID II) and provide clients with necessary information. Other obligations, or their scope, differ when providing specific investment services. Companies providing investment advisory or portfolio management must conduct a thorough suitability assessment according to Article 25(2) MiFID II and collect information about client's knowledge, experience, financial situation, and investment objectives. MiFID II and ZPKT stipulate that when providing services consisting of investment advisory or AuM, when providing these services, the investment firm is obliged to conduct a so-called suitability test (i.e., evaluation of whether the recommended product corresponds to the client's knowledge, experience, financial situation and investment

[17] When assessing a claim for damages, the question of whether a person acted or failed to act with professional care is examined within the unlawfulness element.

[18] Compare HOBZA, Martin. Povinnost nahradit škodu způsobenou informací nebo radou při poskytování investičního poradenství [Obligation to Compensate Damage Caused by Information or Advice in Providing Investment Counselling]. *Obchodněprávní revue*. 2015, No. 11-12, pp. 313–319, or in the case of an expert see TELEC, Ivo. Posuzování obvyklé ceny u převodu nemovitostí znalce [Assessment of Market Price in Real Estate Transfer by an Expert]. In: *Bulletin advokacie* [online]. 2015 [2025-05-11]. Available at: <http://www.bulletin-advokacie.cz/posuzovani-obvykle-ceny-u-prevodu-nemovitosti>, or liability of a real estate broker see Regional Court in Hradec Králové 21 Co 338/2018.

[19] TICHÝ, Luboš. K rozlišování mezi tzv. subjektivní a objektivní odpovědností [On Distinguishing Between So-called Subjective and Objective Liability]. In: *Bulletin advokacie* [online]. 21. 2. 2013 [2025-01-01]. Available at: <http://www.bulletin-advokacie.cz/k-rozlisovani-mezi-tzv.-subjektivni-a-objektivni-odpovednosti#ftn13>, or MELZER, Filip. Civilní odpovědnost za poradenství advokátem [Civil Liability for Legal Counselling]. In: *Bulletin advokacie* [online]. 28. 11. 2018 [2025-05-12]. Available at: <http://www.bulletin-advokacie.cz/civilni-odpovednost-za-poradenstvi-advokatem>.

[20] See Supreme Court 25 Cdo 1862/2001, 23 August 2007; Supreme Court 25 Cdo 2507/2005, 29 September 2009; Supreme Court 25 Cdo 2533/2007, 30 April 2009; Supreme Court 25 Cdo 508/2009, 26 April 2012; Supreme Court 25 Cdo 1390/2010, 26 April 2012; Supreme Court 25 Cdo 1397/2024, 24 October 2024; Supreme Court 25 Cdo 3770/2023, 27 August 2024.

[21] These conclusions are also supported by Tichý, Melzer, and Telec (TICHÝ, 2013; MELZER, 2018; TELEC, 2015).

objectives). Conversely, when intermediating investment services, the investment firm conducts a so-called appropriateness test, i.e., evaluation of whether the intended transaction corresponds to the customer's knowledge and experience. In the case of AuM management (which is the most common type of service provided by roboadvisors, still the investment service requiring the highest regulatory competence of the investment firm), the obligations of the investment firms are even stricter, as in such cases the investment services provider is obliged to continuously monitor the suitability of investments made and has full fiduciary duties when managing the assets of another.[22]

II.2 Professional Care De Lege Ferenda

Determining the scope of professional care of an investment firm providing services through roboadvisors is complicated, as the scope of knowledge, expertise, and diligence of someone or something that has access to all information published on the internet, whose memory is limited by storage size, never sleeps, effectively depends only on the computational power of the roboadvisor and the hardware used. The limit of professional care is the fact that a computer program, not even AI, is incapable of inferring relationships between individual facts and events and essentially relies on a statistical model using neural networks. Although some studies indicate that there is not a high risk that a roboadvisor (if not poorly programmed) would miss an opportunity for rebalancing or adjusting investments in time,[23] some critics argue that roboadvisors cannot provide truly personalised investment advisory because they heavily rely on customer questionnaires and lack human judgement and the ability to capture subtle nuances from conversations that could influence a client's financial situation.[24]

As part of professional care *de lege ferenda*, new obligations could be added. The standard of professional care according to § 5 of the CC, which requires acting with knowledge and diligence associated with the profession, will need to be newly defined for AI systems with regard to specific obligations concerning transparency of AI usage.

As inspiration for future definition of the standard of care, requirements from the European Parliament's resolution on civil law rules for robotics can be used, which emphasises transparency and explainability – 'it should always be possible to provide justification for every decision made with the help of artificial intelligence' and maintaining a "black box" recording the logic of decision-making.[25] These principles could lead to a conception of the standard of care where a professional using AI would need to be able not only to achieve the correct result, but also explain and document the decision-making process.

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[22] MAUME, P. *Robo-Advisors*, p. 34.

[23] DUFFY, Sophia, PARRISH, Steve. You Say Fiduciary, I Say Binary: A Review and Recommendation of Robo-Advisors and the Fiduciary and Best Interest Standards. *Hastings Business Law Journal*. 2021, Vol. 17, No. 1, p. 3 or LIGHTBOURNE, John. Algorithms & Fiduciaries: Existing and Proposed Regulatory Approaches to Artificially Intelligent Financial Planners. *Duke Law Journal*. 2017, Vol. 67, No. 3, pp. 651–679.

[24] FEIN, Melanie L. Robo-Advisors: A Closer Look. In: *SSRN* [online]. 30. 6. 2015 [2025-01-01]. Available at: <https://ssrn.com/abstract=2658701>.

[25] Resolution of the European Parliament of 16 February 2017 with recommendations to the Commission on Civil Law Rules on Robotics (2015/2103(INL)), point 12. In: *EUR-Lex* [online]. [2025-10-23]. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52017IP0051>.

Alternative inspiration is offered by the UNCITRAL Model Law on Electronic Transferable Records, which *per analogiam* formulates a technically oriented approach based on the principle of "proven in fact" – if an AI system factually fulfils its function and meets objective reliability criteria including (i) operational rules relevant to the assessment of reliability; (ii) the assurance of data integrity; (iii) the ability to prevent unauthorized access to and use of the system; (iv) the security of hardware and software; and (v) the regularity and extent of audit by an independent body.[26] This approach could lead to objectification of the standard of care through measurable technical parameters.

III. SCOPE OF DAMAGE COMPENSATION AND LOST PROFITS

One of the key problems in determining civil liability of roboadvisors is the precise definition of the concept of damage in the investment context. According to the provision of § 2951(1) of the CC, damage is compensated by restoration to the original state. If this is not readily possible, or if the injured party requests it, the damage is compensated by traditional damages, i.e., money. According to § 2952 of the CC, actual damage and what the injured party has lost (lost profits) are compensated. However, in the case of investment services, this general definition encounters specificities of financial markets and algorithmic decision-making.

The basic question lies in when an investment loss can be qualified as damage in the legal sense and when it is merely natural market risk. In this context, it is necessary to emphasise that a loss on investment markets is not automatically damage in the legal sense. A client who invests through a roboadvisor exposes themselves to natural market risks, for which the service provider cannot be held responsible without further circumstances if they acted in accordance with professional standards of care.

The distinction between mere investment losses and legally relevant damage requires careful analysis of the roboadvisor's (investment firm's) conduct. Damage arises only when the investment loss is caused by a breach of the professional standard of care under § 5 of the CC[27] or other unlawful conduct by the investment service provider.

III.1 Damage in Roboadvisor Context

In our opinion, damage can be considered as direct costs associated with defective service, damage caused by incorrect investment decisions (transactions executed against an investment strategy or client instructions), inappropriate or inadequate investment service, service provided contrary to the client's best interest, and damage caused by choosing a defective execution venue.

Fees paid for defective service represent the clearest category of actual damage. If a roboadvisor provided a service in violation of professional standards or contractual

[26] UNCITRAL *Model Law*, 2018, Art. 12, para. 1(a).

[27] HOBZA, Martin. *Povinnost nahradit škodu způsobenou informací nebo radou při poskytování investičního poradenství [Obligation to Compensate Damage Caused by Information or Advice in Providing Investment Counselling]*, pp. 313–319.

conditions, the client has the right to refund of paid fees.[28] This category of damage is relatively easily provable and quantifiable. Transactions executed against an investment strategy or client instructions represent another type of actual damage.[29] A roboadvisor is obliged to respect the agreed investment strategy and client's risk profile. Violation of these parameters can lead to damage, especially if executed transactions do not correspond to the client's investment objectives or risk tolerance. Inappropriate or inadequate investment service arises from violation of obligations resulting from suitability tests according to Article 25(2) of MiFID II Directive or appropriateness tests. Services provided contrary to the client's best interest violate the basic obligation established in Article 24(1) of MiFID II and legally relevant damage can arise to the client from such conduct.[30] Choosing a defective execution venue (e.g., one with higher fees or less favourable execution conditions) represents a category of damage where the algorithm incorrectly evaluates the appropriate execution venue in violation of the best execution obligation according to Article 27 of MiFID II and as a result of choosing a defective execution venue, damage occurs to the client (higher paid fees, longer delays, and price changes in the market, etc.).

III.2 Lost Profits in Roboadvisor Context

Besides actual damage, lost profits may also arise. We believe that lost profits can occur particularly in two situations: when an investment services provider assumes a contractual obligation for certain appreciation (e.g., an obligation that the client's portfolio will be appreciated by at least 4% annually over a two-year investment horizon), or lost profits may occur when a roboadvisor executes transactions against an investment strategy or client instructions and simultaneously if this excess had not occurred, the client's assets would have been appreciated more than they were as a result of the transaction executed against an investment strategy or client instructions.

Determining the scope of lost profits compensation in the case of contractual obligation for appreciation in a specific amount (e.g., 4%) is determined by this contractual arrangement. The scope of lost profits compensation in the case where an investment firm executes a transaction contrary to an investment strategy or client instructions can be addressed through a calculation of hypothetical lost profits[31] or the method of comparative portfolio valuation.[32] However, current Supreme Court jurisprudence states that hypothetical lost profits *per se* cannot be claimed.

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[28] See Supreme Court judgment of 26 July 2017, case no. 29 Cdo 4137/2015.

[29] See Supreme Court resolution of 26 August 2020, case no. 27 Cdo 2479/2019.

[30] See Supreme Court judgment of 27 October 2015, case no. 23 Cdo 3695/2013.

[31] On the method of calculating hypothetical lost profit see e.g., NEDBÁLEK, Karel. Metodický návod výpočtu hypotetického ušlého zisku [Methodological Guide for Calculating Hypothetical Lost Profit]. *Trestní právo*. 2015, Vol. 19, No. 3, pp. 24–31.

[32] On the method of valuation through comparative portfolio and other methods see KOHOUTEK, Štefan, MAŘÍKOVÁ, Pavla. Metodický postup při ocenění podniku tržními násobiteli [Methodological approach to business valuation by market multiples]. In: *Oceňování*. 2022, Vol. 15, Issue1, pp. 3–16 [2025-05-23]. Available at: <https://ocenovani.vse.cz/pdfs/oce/2022/01/01.pdf>.

IV. BUSINESS MODELS OF ROBOADVISORS

The robotic advisor market has evolved significantly since its inception and is characterised by diverse business models designed for different investor segments. Understanding these differences is crucial for analysing impacts on civil liability, as different operational structures lead to different allocation of liability and potential contributory negligence of the injured party. We have categorised business models so that it would subsequently be possible to address questions of applicable liability frameworks, particularly with regard to possible liberation and contributory negligence of the injured party.[33]

We will briefly present individual business models. These include pure roboadvisor, hybrid model (human in the loop), white-label solution, API integration system, and client algorithm model. Their mutual differences are crucial for analysing impacts on civil liability, as different operational structures lead to different allocation of liability between investment service providers, software developers, database administrators, and potential contributory negligence of the injured party.

IV.1 Pure Roboadvisor

Pure roboadvisor represents a fully automated model where software provides comprehensive investment services without human intervention. The client completes an online questionnaire about their investment goals, risk tolerance, and financial situation, based on which an algorithm compiles an investment portfolio and subsequently manages it automatically.[34] The software autonomously performs portfolio rebalancing, purchase and sale of assets according to pre-established parameters, without requiring client consent for individual transactions.[35]

This model is characterised by minimal costs (typically 0.22-1.65% of AuM) and complete absence of human interaction after initial setup.[36] The client can monitor their portfolio's performance through an online platform but does not have direct influence on specific investment decisions. As the Maume notes, *'…in this scenario, the roboadvisor does not need client consent for investment decisions, provided the transaction is covered by the investment strategy chosen by the investor.'*[37] This therefore involves providing AuM services.

IV.2 Hybrid Model (Human-in-the-Loop)

The hybrid model combines automated algorithms with the possibility of human consultation. As Maume confirms, *'[m]ost robo-advisory services are hybrid (or semi-automated) models with some level of human interaction.'*[38] In this arrangement, an algorithm

[33] The literature offers various classifications, but none can be considered settled. We therefore categorize robo-advisors with a view to subsequently establishing civil liability relationships.
[34] MAUME, P. *Robo-Advisors*, 2021, p. 12.
[35] Ibid., pp. 16–17.
[36] *Robo-Advice 5.0: Can Consumers Trust Robots?* In: *Better Finance* [online]. 2020 [2024-05-24]. Available at: <https://betterfinance.eu/wp-content/uploads/Robo-Advice-Report-2020-25012021.pdf>.
[37] MAUME, P. *Robo-Advisors*, 2021, p. 12.
[38] Ibid., p. 12.

primarily manages the investment process, but clients have human advisors available via telephone, email, or live chat for questions or more complex financial planning.[39]

Human interaction can occur at various stages of the process – during initial setup, when changing an investment strategy, or as additional customer service. An example is the service provided by companies like Betterment or Wealthfront, which offer basic automated services with the option of consultation with certified financial advisors for an additional fee.[40] However, the internal division of roles between algorithm and human advisor does not affect the service provider's liability towards the client.

IV.3 White-Label Solution

The white-label model involves cooperation between a roboadvisor technology provider and a licensed financial institution. The technology company develops and manages the algorithm, while the licensed institution provides the service to clients under its brand and licence.[41] An example is the partnership between BlackRock and FutureAdvisor or Allianz with Moneyfarm, where established financial institutions use external technology solutions to provide roboadvisor services.[42]

In this model, the technology provider is responsible for algorithm functionality and technical aspects of the service, while the licensed institution bears regulatory liability towards clients. As Maume states *'…smaller investment firms that provide robo-advisory services often do not have financial service licences but cooperate with an incumbent financial service, using the incumbent's license for their own service.'*[43] The client concludes a contract with the licensed institution, not directly with the technology provider. Therefore, the investment firm bears liability towards the client but may have recourse against the technology provider if liability arises because of a technical error by the roboadvisor.

IV.4 API Integration

API integration represents technical interconnection of roboadvisor functionalities with existing financial platforms through standardised programming interfaces. In this model, the roboadvisor functions as a module within broader financial infrastructure, with data and instructions being transmitted between systems in real time.[44]

Practically, this means that a client can utilise roboadvisor services integrated into their internet banking, investment platform, or mobile application of their primary financial services provider. The algorithm accesses data about the client's financial sit-

[39] MEZZANOTTE, Félix E. An examination into the investor protection properties of robo-advisory services in Switzerland. *Capital Markets Law Journal*. 2020, Vol. 15, Issue 4, p. 595

[40] Konish, Lorie. Firms like Morgan Stanley are using artificial intelligence to manage clients' money. In: *CNBC* [online]. 20. 10. 2018 [2025-05-24]. Available at: <https://www.cnbc.com/2018/10/19/-artificial-intelligence-is-changing-how-investors-money-is-managed.html?&qsearchterm=konish%20artificial>.

[41] MAUME, P. *Robo-Advisors*, 2021, p. 32.

[42] WILLIAMS-GRUT, Oscar. BlackRock doubles down on Scalable Capital as fintech raises € 50m. In: *Yahoo Finance* [online]. 2020 [2025-05-24]. Available at: <https://uk.finance.yahoo.com/news/scalable-capital-series-d-50-million-funding-blackrock-holtzbrinck-ventures-tengelmann-ventures-110349145.html>.

[43] MAUME, P. *Robo-Advisors*, 2021, p. 32.

[44] MAUME, Philipp. In Unchartered Territory – Banking Supervision meets Fintech. *Corporate Finance*. 2017, pp. 376–378.

uation across various accounts and products, thereby enabling more comprehensive investment strategies that consider the client's overall financial profile.[45] For example, a client may have a current account, savings account, and investment portfolio with different providers, but the roboadvisor obtains aggregated information through API and optimises overall asset allocation.

IV.5 Client Algorithm Model (Client-Uploaded Algorithm)

A specific model represents situations where a client uploads a third-party algorithm into the environment of a licensed securities dealer. In this arrangement, the client obtains an algorithm (often as open-source code or commercial product) from an external company and implements it through API or other technical interface into their investment platform with a regulated provider.[46]

This model is increasingly common with the development of algorithmic trading for retail investors. For example, a client purchases or downloads a trading algorithm from a company specialising in quantitative strategies and subsequently runs it on their broker's platform, which provides technical infrastructure and regulatory framework for executing trades.[47] The algorithm then autonomously generates trading instructions according to its programmed logic, which the broker executes on behalf of the client.

In this model, several liability relationships arise, but the investment firm bears primary civil liability as the entity holding the portfolio management license under MiFID II and ZPKT. The investment firm remains subject to full professional care obligations under § 5 CC and cannot delegate its regulatory responsibilities regardless of the algorithm's origin. The client bears contributory responsibility for algorithm selection and may face partial liability for knowingly choosing inappropriate or defective algorithms, though this operates as a mitigating factor rather than primary liability. The algorithm developer bears product liability for code quality and investment logic defects under § 2939 et seq. CC, but this secondary liability does not diminish the investment firm's primary regulatory and civil liability for portfolio management services. The investment firm's license to provide portfolio management services creates non-delegable duties that persist irrespective of whether the algorithm was developed internally or uploaded by the client, making the firm the primary respondent in civil liability claims under contractual liability (§ 2913 CC) and professional advisory standards (§ 2950 CC).

V. APPLICABLE LIABILITY FRAMEWORKS AND LIBERATION

The analysis of roboadvisor liability requires an examination of multiple liability frameworks within Czech civil law, each addressing different aspects of automated investment services and potential damage. The CC provides several distinct pathways

[45] Update to the Report on the IOSCO Automated Advice Tools Survey, pp. 8-9. In: *IOSCO* [online]. 2016 [2025-05-24]. Available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD552.pdf>.

[46] Report on Digital Investment Advice, pp. 12-14. In: *FINRA* [online]. 2016 [25-05-2025]. Available at: < https://www.finra.org/sites/default/files/digital-investment-advice-report.pdf>.

[47] EDWARDS, Benjamin P. The Rise of Automated Investment Advice: Can Robo-Advisors Rescue the Retail Market? *Chicago-Kent Law Review*. 2018, Vol. 93, No. 1, pp. 103–105.

for establishing liability, reflecting the complex nature of roboadvisor operations that may simultaneously involve contractual relationships, operational activities, technical systems, and professional advisory services.

This section systematically examines five primary liability frameworks applicable to roboadvisor operations. First, contractual liability under § 2913 of the CC addresses breaches of investment service agreements and professional obligations, representing the most frequently applicable framework given the inherent contractual nature of investment services. Second, liability for business operation under § 2924 of the CC captures the technological risks associated with automated systems serving gainful activity. Third, liability caused by an object under § 2936 CC addresses software malfunctions and algorithmic errors in the performance of contractual obligations. Fourth, product liability under § 2939 et seq. of the CC, as expanded by Directive 2024/2853, covers software defects with specific provisions for artificial intelligence systems. Finally, liability for information and advice under § 2950 of the CC specifically addresses the advisory nature of roboadvisor recommendations and algorithmic investment guidance.

V.1 Contractual Liability According to § 2913 of the CC

The provision of § 2913 of the CC defines the legal basis for the creation of an obligation to compensate for damage based on the breach of contractual agreements. In the context of roboadvisors, this institute represents the primary liability framework, particularly about the objective nature of liability, where the tortfeasor's fault is not required. The obligation to compensate for damage arises for one who, through unlawful conduct, breaches an obligation arising from a contract.[48]

Contractual obligation in the case of roboadvisors is derived from the standard of professional care according to § 5 of the CC, which is specified by MiFID II and ZPKT requirements. A breach of this obligation may consist of a failure to comply with the agreed investment strategy, exceeding risk limits, violating the client's best interest, or failure to conduct appropriate suitability or appropriateness tests. When providing investment advice, the algorithm must evaluate the client's knowledge, experience, financial situation, and investment objectives, while when intermediating investment services, evaluation of knowledge and experience is sufficient. The highest degree of liability is associated with AuM, where the provider bears full fiduciary duty and must continuously monitor the suitability of investments made.

The scope of damage compensation includes actual damage and lost profits according to § 2952 of the CC. In the context of contractual liability, compensation is derived from the benefit that the creditor would have had if the contract were properly fulfilled, i.e., from positive interest.[49] With roboadvisors, lost profits can arise particularly in two situations. The first case is a situation where an investment services provider assumes a contractual obligation for certain appreciation of the portfolio, for example an obligation of minimum annual appreciation of 4%. The second case is a situation where a roboadvisor

[48] HULMÁK, Milan. *Občanský zákoník VI. Závazkové právo. Zvláštní část [Civil Code VI. Law of Obligations. Special Part] (§§ 2055–3014)*. Prague: C. H. Beck, 2014, p. 1565.
[49] HULMÁK, M. *Občanský zákoník VI*, p. 1575.

executes transactions against the investment strategy or client instructions and simultaneously the client's assets would have appreciated more if proper procedures were followed. Determining the scope of lost profits compensation in the case of contractual obligation for specific appreciation is determined by the relevant contractual arrangement, while in the case of transactions executed contrary to an investment strategy, the scope can be addressed through a calculation of hypothetical lost profits or the method of comparative portfolio valuation.[50]

Business models create specific problems for application of contractual liability. The pure roboadvisor model presents the clearest situation, as the investment service provider bears full responsibility for all algorithmic decision-making without the possibility of transferring responsibility to third parties. The hybrid model with human supervisor creates a complicated situation regarding allocation of responsibility between algorithmic and human elements. Although internal division of roles between an algorithm and human supervisor does not affect the service provider's liability towards the client, it may have crucial significance for application of liberation reasons. If damage arises as a result of algorithmic component failure while the human supervisor acted in accordance with professional standards of care, the service provider may argue unforeseeable and insurmountable obstacle. White-label solutions present the most significant challenge, as the client concludes a contract with a licensed institution, which may assert liability against the technology provider of the algorithm within a recourse claim. The client algorithm model creates an entirely specific situation where partial transfer of co-responsibility to the client may occur, who actively chose and uploaded the algorithm into the provider's system.

The liberation reason according to § 2913(2) of the CC is characterised as an extraordinary, unforeseeable, and insurmountable obstacle that arose independently of the wrongdoer's will, with all these legal characteristics needing to be fulfilled cumulatively.[51] Unforeseeability is assessed objectively in relation to a properly informed person in the position of the obligated party, with the decisive moment being the moment of contract conclusion. With machine learning algorithms, a paradox arises – the system may learn unexpected behaviour patterns that were not foreseeable at the time of deployment but are simultaneously the result of its programming and architecture. Insurmountably is objectified according to § 4 and § 5 of the CC, and with roboadvisors it is problematic to determine what technical means can be "reasonably required" for overcoming algorithmic anomaly or system failure.

V.2 Damage from Liability from Business Operation According to § 2924 of the CC

The provision of § 2924 of the CC establishes objective liability for damage caused by business operation, with roboadvisor operation being subsumable under 'operation of another facility serving gainful activity'.[52] A business operation is a systematically conducted activity organised by a legal or natural person in a specific undertaking and is part

[50] NEDBÁLEK, K. *ibid.*, pp. 24-31, or KOHOUTEK, Š., MAŘÍKOVÁ, P. *ibid.*, pp. 3–16.
[51] HULMÁK, M. *Občanský zákoník VI*, p. 1577.
[52] HULMÁK, M. *Občanský zákoník VI*, p. 1600.

of factual activity performed typically using technical means or technological procedures that, due to their dangerousness, are a possible source of risks to legally protected values. A roboadvisor algorithm represents precisely such a technological procedure that autonomously performs investment decisions and can cause damage through its own operational activity. The procedure according to the provision of § 2924 of the CC therefore comes into consideration only if damage to property arose in connection with roboadvisor operation, i.e., when operating an automated or semi-automated system used as a tool for client interaction.

Applicability of § 2924 of the CC to roboadvisors is justified by several factors. First, a roboadvisor represents organised technological activity serving gainful activity, which fulfils basic criteria of operational activity. Second, algorithmic investment decision-making carries inherent risks associated with automated processing of financial data and transaction execution. Third, Article 17 of MiFID II Directive explicitly regulates obligations for algorithmic trading (which can also be applied to roboadvisors), including requirements for effective systems, risk control and business continuity measures, which confirms recognition of increased risks associated with automated systems.[53]

The wrongdoers may exculpate themselves if they prove that they expended all care that can reasonably be required to prevent damage. The expression "reasonably require" conveys that this does not only mean obligations agreed in the contract or established by legal regulations, but everything that appears rational considered the undertaking's nature.[54] With roboadvisors, this means, among other things, implementation of appropriate technical and organisational measures, regular algorithm testing, monitoring their performance and ensuring service continuity. Connection with Article 17 of MiFID II provides specific guidance for determining the standard of care, as it requires investment companies using automated systems to have established effective systems and risk controls.

Business models create different application problems for § 2924 of the CC. In the pure roboadvisor model, where the service provider autonomously sets the investment strategy and manages portfolios, this clearly constitutes portfolio management services, and the provider bears full operational liability. The hybrid model with human supervision creates the question of whether human oversight can be considered a sufficient measure for fulfilling the standard of reasonably required care, with this question depending on case-by-case decision and proven facts.

The integration model through programming interfaces presents a particularly problematic situation, as the roboadvisor functions as a module within broader financial infrastructure, thereby creating the question of who is the actual "operator" within the meaning of this provision. If the algorithm accesses data across various systems and products, liability may be divided among multiple entities providing different infrastructure components.

The client algorithm model creates a fundamental question regarding § 2924 CC application. Where the client uploads their own algorithm but the investment firm retains

[53] Article 17 of MiFID II.
[54] HULMÁK, M. *Občanský zákoník VI*, p. 1603.

portfolio management authorization, this still constitutes portfolio management services where the investment firm bears operational liability for: (i) technical infrastructure failures (server outages, system crashes), (ii) execution platform malfunctions (order processing errors, settlement failures), and (iii) algorithmic implementation defects (API integration errors, data feed disruptions), though the client may bear contributory liability for algorithmic strategy logic defects. However, where the client merely uses the platform for execution of their own trading decisions without delegating portfolio management authority, the investment firm bears operational liability only for: (i) execution infrastructure failures (order routing system malfunctions), (ii) settlement system errors, and (iii) platform availability issues, but not for investment decision-making algorithms or advisory logic defects. The distinction depends on whether the arrangement involves delegation of investment decision-making authority (portfolio management) or merely technical execution services (brokerage), with regulatory classification under MiFID II/ZPKT providing guidance for this civil law determination.

V.3 Defect of Item Used in Performance According to § 2936 of the CC

Roboadvisor software can be qualified as an "item" within the meaning of § 496 of the CC, with § 2936 of the CC establishing liability for damage caused by a defect in an item used in fulfilling an obligation. An item is defective if it does not provide sufficient safety with regard to its purpose, with evaluation of item defectiveness relating to the item's nature, its purpose, and being assessed according to the risk that the rule is intended to protect against. In the context of roboadvisors, higher safety requirements are associated with algorithms used in activities where there is increased risk of property damage to clients.

A fundamental problem is defining "defect" in artificial intelligence algorithms. With machine learning systems, the question arises whether an algorithm is "defective" if it learns behaviour patterns that, while corresponding to its programming and training data, lead to unexpected or suboptimal investment decisions. The debtor is responsible for the item's defect-free nature and for it not failing during the performance of the activity for which it is used, with item defectiveness needing to be assessed objectively, not in relation to the obligated person. With roboadvisors, this means that the service provider cannot argue that they do not consider a certain anomaly in algorithm behaviour as a defect if it objectively causes risk to the client's investment objectives.

The debtor is required to conduct regular inspection of the item's condition, with obligations imposed by other legal regulations serving as guidance. In the area of investment services, this includes MiFID II requirements for testing and monitoring automated systems. The rule does not apply to cases where damage causation does not lie directly in the item's defect, but in its incorrect use – in human factor. This has significance particularly in hybrid models, where damage may be caused by erroneous human intervention in the automated process, not by defect in the algorithm itself.

Business models create different distributional liability problems. With white-label solutions, the question arises of who is the actual "user" of the defective item – the technology provider who developed the algorithm, or the licensed institution that uses it to provide services to clients. The pure roboadvisor model represents the most straightforward application, where the service provider uses its own software and bears full

responsibility for its defect-free nature. The client algorithm model may lead to a situation where responsibility for a software defect lies primarily with its developer, while the infrastructure provider is responsible only for proper functioning of the technical environment.

V.4 Liability for Product Defect According to § 2939 et seq. of the CC

Directive 2024/2853 represents a fundamental change in the area of product liability by explicitly including software in the product definition and introducing specific arrangements for artificial intelligence systems.[55] The new directive expands the concept of "product" to include "digital content or digital service", with roboadvisor software potentially falling under this definition. The directive simultaneously introduces a presumption of defectiveness in cases where the manufacturer does not provide sufficient information about AI system functioning.

In our opinion, the personal scope of the new directive is limited to natural persons outside their business, while legal persons are excluded from protection. This limitation flows from Article 9 of Directive 85/374/EEC, which defines a product as an item 'of a type normally intended for personal use or consumption' and used 'by the injured person mainly for their own personal use or consumption'. Besides this regulation, the CC establishes a limitation in § 2943 of the CC, which excludes damage to items used for business purposes. In the context of roboadvisors, this means that legal persons using these services for their business will not be able to assert claims under this provision.

The problem of "development risks" presents the most serious interpretive challenge for self-learning algorithms. The liberation reason according to § 2942(e) of the CC allows liability exemption if the manufacturer proves that the state of scientific and technical knowledge at the time of product market introduction did not allow defect detection. However, with machine learning algorithms, a paradox arises – the algorithm may "learn" behaviour that was not foreseeable at the time of its market introduction but is a direct consequence of its architecture and training data. The question is whether such behaviour can be considered "development risk" within the directive's meaning, or whether the manufacturer should be responsible for all consequences of their product's self-learning capabilities. Application of this factual basis may also be problematic in cases of so-called self-replication, where AI itself programs or improves other AI, which can lead to rapid and potentially uncontrolled growth of AI capabilities.

Liability chaining with roboadvisors potentially includes multiple entities: the algorithm developer as the software manufacturer, the investment service provider as a user or distributor, and potential white-label partner as a quasi-manufacturer. The law establishes joint and several liability of all these entities towards the injured party, which means clients can choose against whom to seek compensation. Business models influence liability distribution within this chain – with white-label solutions, the technology provider may argue that they only supplied a tool, while the licensed institution is responsible for its specific use.

[55] See directive (EU) 2024/2853 of 16 October 2024 amending Council Directive 85/374/EEC on liability for defective products as regards digital technologies and artificial intelligence services.

V.5 Damage Caused by Information or Advice According to § 2950 of the CC

The provision of § 2950 of the CC represents a crucial liability institute for roboadvisors, as algorithmic investment recommendations can be qualified as "advice" within the meaning of this provision.

Algorithmic investment recommendations fulfil all characteristics of "advice" according to this provision. It involves special information whose purpose is to facilitate client decision-making about investment matters for achieving a specific investment objective. Advice harmfulness is not assessed based on consequences but is its characteristic – it involves advice that is capable of causing damage if followed. With roboadvisors, this may involve recommendations of inappropriate or inadequate investments, breach of the agreed investment strategy, provision of incomplete risk information, or inappropriate investment advisory. In this context, it should be noted that any consideration is regarded as remuneration (the situation is simpler, for example, with subscription to a specific service; more complex situations may arise where consideration consists of personal data provided by the user to the roboadvisor). Currently, some freely available AI provides investment advisory (if you ask how you should handle €100 you have in your wallet), this is undoubtedly investment advisory provided for remuneration if AI client subscription is involved, in a situation where the providing entity does not have the necessary public law authorisations.

The standard of professional care according to § 2950 of the CC requires that a professional provide correct advice 'in matters of their knowledge or skill'. With roboadvisors, this means that the program must provide recommendations corresponding to the standard of a conscientious investment services provider who acts in accordance with MiFID II and ZPKT.[56] The degree of professional care differs according to the type of investment service provided – highest for asset management with full fiduciary duty, medium for investment advisory with suitability test, and basic for intermediation with appropriateness test.

Transparency as a new element of the professional standard of care represents a future challenge for roboadvisors. The European Parliament in its resolution on civil law rules for robotics emphasises that 'it should always be possible to provide justification for every decision made with the help of artificial intelligence.'[57] This requirement for explainability may lead to an expansion of the standard of care to include the obligation to provide the client with an understandable explanation of algorithmic recommendations.

Business models create specific interpretive problems for § 2950 of the CC application. The hybrid model with human supervisor creates the question of whether each part of the process – algorithmic output and human assessment – is a separate "advice", or whether it involves one integrated advice for which the service provider is responsible. The integration model through programming interfaces raises the question of who is the "professional" providing advice – the algorithm technology provider, the platform presenting recommendations to the client, or both jointly. White-label solutions create

[56] HOBZA, 2015, pp. 313–319.
[57] See European Parliament resolution on Civil Law Rules on Robotics, 2017, point 12.

a similar situation where the client perceives advice as coming from a licensed institution, although it is generated by a third-party algorithm. The client algorithm model may lead to the transfer of a portion of responsibility to the client who actively chose the algorithm, but the infrastructure provider still bears responsibility for enabling use of inappropriate or defective advisory tools.

CONCLUSION

This paper has examined the complex landscape of civil liability for roboadvisors within the Czech legal framework, revealing that existing tort law principles demonstrate sufficient adaptability when applied to artificial intelligence-driven financial services. The paper demonstrates that traditional civil liability frameworks, while facing interpretive challenges, provide adequate coverage for roboadvisor operations through technologically neutral regulation that treats services equally regardless of their delivery method.

The contractual liability regime under § 2913 of the CC emerges as the primary framework, with professional standards of care being effectively objectified through MiFID II and ZPKT requirements. The objective nature of this liability provides strong consumer protection while maintaining reasonable predictability for service providers. The standard of professional care under § 5 of the CC, when interpreted considering regulatory requirements, establishes a clear benchmark for roboadvisor conduct that can accommodate technological developments without requiring fundamental legislative revision.

The categorisation of roboadvisor business models reveals that liability allocation varies significantly across different operational structures, yet existing legal principles prove capable of addressing these variations. Pure roboadvisor models present straightforward liability frameworks, while hybrid models and white-label solutions create more complex but manageable allocation challenges through established principles of joint and several liability. Client uploaded algorithm models introduce elements of contributory negligence that can be addressed within current doctrinal frameworks.

The distinction between natural market risks and legally compensable damage represents a well-established principle in investment law that requires further jurisprudential development in the roboadvisor context. While the basic framework exists, courts will need to develop specific criteria for determining when algorithmic investment decisions constitute professional care breaches versus acceptable market risk exposure. Damage should be limited to losses arising from demonstrable professional standard violations rather than extending to general investment underperformance, though the precise boundaries of this distinction require case-by-case judicial refinement.

Rather than requiring wholesale legislative reform, the primary challenges identified in this paper relate to procedural rather than substantive law issues. The burden of proving algorithmic defects or professional care breaches may require adjustment through lowered standards of proof or strategic burden shifting, particularly given the technical complexity of AI systems and information asymmetries between providers and consumers. Courts may need to develop evidentiary presumptions like those already established in medical malpractice cases, where proof of causation faces similar technical challenges.

The principle of technological neutrality, while creating some interpretive uncertainty, ultimately serves the important function of preventing regulatory arbitrage and

ensuring equal treatment of functionally equivalent services. This approach avoids the creation of separate liability regimes that could either stifle innovation or create unfair competitive advantages. The MiFID II framework demonstrates how technology-specific requirements can be incorporated within general service regulation without abandoning technological neutrality.

Drawing from established liability frameworks for professional services, the roboadvisor industry can benefit from adopting a "reasonable AI professional" standard analogous to medical and legal professional liability. This approach requires roboadvisor operators to maintain current best practices, demonstrate ongoing competence in AI governance, and implement appropriate technical and organisational measures, all of which can be achieved within existing legal structures.

For practitioners and roboadvisor operators, this analysis suggests that liability risks can be effectively managed through comprehensive algorithmic testing and monitoring protocols, detailed documentation of decision-making processes, robust client communication regarding AI limitations and market risks. These measures align with existing professional standards rather than requiring novel legal constructs.

The intersection of artificial intelligence and civil liability, while presenting novel technical challenges, demonstrates the resilience and adaptability of established tort law principles. The Czech legal system's emphasis on objective liability principles, combined with robust professional standards of care, provides a strong foundation for AI accountability that can evolve through judicial interpretation rather than legislative intervention. The path forward requires continued dialogue between legal practitioners, technology developers, and regulatory authorities to ensure that civil liability principles develop alongside technological capabilities while maintaining their essential protective function.