FROM THE IUSTORIA BLOG

Litigation as an Investment: When to Stop Suing Even Though You Are Right

Being right at a cost of hundreds of thousands and three years of your life is a worse business than it looks. How to run the numbers on a dispute as an investment — with an outcome tree, full costs and a break-even point for settling.

MGR. JAN VYTŘÍSAL

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Being right is pleasant. Being right at a cost of hundreds of thousands in fees and three years of your life is a worse deal than it looks. Here is how to run the numbers on a dispute as an investment, because that is exactly what a dispute is. Nobody tells you so until you are already paying retainers.

The question I ask first

When a client comes to me with a grievance, and often it is a genuine one, I do not start by asking whether they are right. I start with the question an investor would ask: **how much will you put in, what can you get out, how likely is it, and when?** A dispute has everything an investment has: start-up capital, running costs, an expected return, a risk profile and a time horizon before the money comes back. What sets it apart is that people go into it on emotion and without a balance sheet, which they would never do when buying a bond.

If your lawyer does not draw up that balance sheet for you at the outset, nobody else will. The other side is quite happy to see you win at a loss, and the court takes no interest in the economics of your case. So let us draw it up now, item by item.

The input side: what a dispute actually costs

Item	Order of magnitude	When it is paid
Court fee	5% of the amount claimed above CZK 20,000	On the day the claim is filed
Your own legal representation	tens to hundreds of hours	Continuously, regardless of outcome
Expert evidence	tens to hundreds of thousands	Advance borne by the party proposing it
Risk of the other side's costs	at CZK 2m, roughly CZK 15–20k per step	Only on losing — and there are ten or fifteen steps
Your time	tens of hours a year	Continuously; nobody invoices it

The court fee. For monetary claims above CZK 20,000 it is 5% of the amount claimed (above a certain threshold the rate drops for very large claims). Claiming two million? You hand a hundred thousand to the court on the day you file. You get the fee back only as part of an award of costs, which means only if you win and only if the other side has the money to pay.

Your own legal representation. Contentious work runs for years: the claim, the defence, replies, hearings, applications to take evidence, possibly an appeal. Depending on the complexity and how active the other side is, that means tens to hundreds of hours. Our rates are published in our fee schedule. What matters for the balance sheet is that these costs accrue continuously and are largely independent of the outcome.

Experts. As soon as a technical question comes up, whether construction defects, a business valuation or lost profit, you will need an expert. The party proposing the evidence usually pays the advance on the expert's fee, and for complex reports that means tens to hundreds of thousands. Experts are also the biggest cause of delay: waiting many months for a report is routine.

The risk of the other side's costs. This is the item people forget most often, and forgetting it is expensive. Czech civil procedure follows the loser-pays principle: the losing party reimburses the winner's costs, meaning the court fee and their lawyer's fees under the statutory attorney tariff.

> WHAT THAT MEANS IN NUMBERS
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> Whoever loses a two-million dispute does not just lose two million. They also pay several hundred thousand more: the court fee, their own lawyer and the other side's lawyer.
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> And beware partial success: whoever wins half is awarded no costs at all, or only a proportion. That is one more reason to set the amount claimed soberly rather than "better to ask for more". Every inflated crown in the claim raises both the fee and the costs exposure.

Your time. Nobody puts a figure on this item, which is exactly why we should. A dispute means gathering documents, meetings, reading pleadings, preparing to give evidence and days in court, and above all a mental load that runs in the background for years. A business owner whose hour is worth several thousand crowns to the company will give a contested case tens of hours a year. Count them. Then count what cannot be invoiced: a dispute moves into your head, and it only looks as though it lives there rent-free.

Time to return. A first-instance decision in a commercial case takes anywhere from one year to several, depending on complexity and the court, and an appeal adds another year or more. Money awarded in a judgment three years from now is worth less than money today, and that assumes the other side will still be solvent when the judgment becomes enforceable. Whether you can collect at the end is a question you have to ask at the beginning: **a judgment against someone with no assets is expensive paper.** The one piece of good news on the time side is statutory default interest, which currently runs at a rate that, on larger sums, makes waiting at least partly pay for itself.

The return side: a tree, not a conviction

Clients arrive seeing only two outcomes: we win or we lose. A dispute, though, is a probability tree, and an honest balance sheet has to show it as one. Here is a simplified example with illustrative figures:

Branch	Probability	Return	Weighted contribution
Full success	60%	CZK 2,000,000	CZK 1,200,000
Partial success (half)	25%	CZK 1,000,000	CZK 250,000
Failure	15%	CZK 0	CZK 0
Expected gross return			**CZK 1,450,000**

From that, subtract the court fee of 100,000 (recovered only on the success branch), your own legal costs for the whole proceedings, the other side's costs on the failure branch and your own time, priced honestly. Then discount the lot for two to four years of waiting and for the risk of not collecting. Suddenly you are not weighing "2,000,000 or nothing" but a realistic range of net expected return, and setting it against a settlement offer that is on the table today, certain and with no further costs.

> **THE BREAK-EVEN POINT**
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> A settlement beats a dispute the moment a certain sum today exceeds the expected net discounted return of the litigation.
>
> An offer of 1,100,000 against the tree above looks like "half justice", but it is very probably a better deal than a judgment. And conversely: an offer of 300,000 against the same tree is an insult, and the balance sheet lets you decline it calmly, because you know why.

Two remarks on estimating probabilities, because that is where most of the self-deception happens. First, there are bad estimates and good ones, and "we have a strong case" is not a probability. An honest estimate comes from the lawyer going through every legal and evidential element of the claim and saying, for each one, what supports it and what could bring it down. Second, the estimate changes over time: after the pleadings are exchanged, after the first hearing, after the expert report. So the balance sheet has to be recalculated at every turning point in the proceedings, and the question of settlement asked again each time. Starting a dispute does not commit you to seeing it through to the end. Sunk costs are sunk, and the only decision ever on the table is about the money you have not yet spent.

Emotion gets a price tag, not a veto

Now the most important part, because this is where balance sheets run aground: "I'm not giving him the satisfaction." I understand that, and I do not wave it away. Vindication, a sense of justice, refusing to be walked over are all legitimate values, and people are not machines for maximising expected value. But a legitimate value deserves proper accounting. With clients, I do not strike the emotion from the balance sheet. I give it a **price tag**. You tell me a victory on principle matters to you. Fine: does it matter at two hundred thousand? At five hundred? With three years of stress on top? Sometimes the answer is yes, and then the dispute is being run correctly, because its real return includes that too and the client knows it. More often, the client sees the price of "not giving him the satisfaction" written down as a number for the first time and realises the other side is not worth that much to them. Either decision is fine. What is not fine is paying for vindication without knowing you were buying it.

When to litigate even in the red

I am no apostle of settlement at any price. Some disputes are rational to pursue even when the balance sheet for that one case is negative, because more than one case is at stake:

Deterrence. A company known in the market for paying off anyone who stamps their foot gets invoices with a mark-up and claims nobody would otherwise bring. One dispute pursued visibly and firmly is an investment in all the future disputes that will never arise because of it. It is one of the few reasons that justify even an economically loss-making win, but it has to be a deliberate decision with a budget, not a cover for wounded pride.

A precedent for your own contracts. When the same disputed clause appears in twenty other relationships, you are deciding twenty disputes, not one.

Defending your survival. When the other side is not enforcing a claim but trying to put you out of business, the balance sheet of the individual case is irrelevant. What counts is whether the company survives.

Even then the rule holds: you make the decision at the outset, with the numbers in front of you, and revisit it from time to time. "We are fighting this on principle" is a legitimate sentence only if you know what the principle costs this year and what it cost last year.

What to take away

Before you file, and ideally before you tell the other side you will, ask your lawyer for one page: the outcome tree with probabilities, the full costs including the risk of paying the other side's costs and your own time, the time horizon, the prospects of collecting, and the break-even point for settling. If you get that page, you will make a good decision, for the dispute or for the deal, and either way you will know why. If you do not get it, ask why not. A balance sheet nobody wants to show you usually exists, and it usually does not look good.

The same subject from other angles: Not every battle is worth fighting on deciding before you enter a dispute, Attorney's fees in court on what a court actually awards, What you didn't know you could ask for in a civil lawsuit on the procedural toolkit, and A twenty-thousand contract, or a two-hundred-thousand dispute? on how to avoid all of it in the first place.

The financial balance sheet of a conflict (what the dispute costs, what the deal costs, and the point beyond which fighting stops paying) is part of the playbook we build in the War Room.

Weighing up a dispute that will run into six figures? A one-page balance sheet — outcome tree, full costs, break-even point — costs a fraction of what a dispute run blind costs. Get in touch, or read how we handle dispute resolution.

This text is a general commentary, not legal advice; every situation requires its own assessment. The figures given are illustrative; fee and cost rates are governed by legislation as currently in force. Law as at August 2026.

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