Ch. 7 **JOINT VENTURE Art. 234-244**

- **Definition-** Art. 234
  - It is a business organization **established by an agreement among two or more persons**.
  - It has **no legal personality**
  - Its existence is **not unknown to third parties**.
  - **Registration** formalities required of other business organizations do

Joint Venture is anonymous or secret business organization

- Because of **the following reasons** Joint Venture is **secret business organization**.
  - 1. It is **not made known to third parties**.
  - 2. Its agreement **need not be in writing**
  - 3. It is **not subject to registration** and **publication requirement**.
  - 4. It **does not have legal personality**.
  - 5. Where is **made known** to third parties, deemed, insofar **as such' parties are concerned**, to be an **actual partnership**.
  - 6. It **doesn't have name**, and
  - 7. There is **anonymity** of the **place** of

Disclosure to Third Parties Art. 235

- If it is made **known to third parties** it shall be regarded, for such 3rd parties as a **general partnership**
- Art. 186 on **contributions** shall apply to a joint venture however, unless otherwise agreed, **every partner owns his contribution**. Art. 236
- Unless otherwise agreed, share in J.V. **transferred only with the agreement of all** the partners. Art. 237

Manager of JV Art. 238.

- JV. shall be managed by one or more managers **who need not be partners**.
- Where **no** manager is appointed, **all the partners shall have the powers of managers**
- Powers and duties such manager shall be **specified in the agreement** among the partners and the agreement may **not be invoked against third** parties. (Art. 239)
- Appointment of a manager who is a partner may be revoked for good cause

Relation with third Parties and Liabilities in JV Art. 241

- Only the manager of JV. is known to third parties.
- So, **he alone shall be liable** for the debts and liabilities of the joint venture.
- A partner who is not a manager of a JV. shall meet liabilities towards the manager of such joint venture **only to the extent fixed in the agreement** between the partners.
- If a **partner who is not a manager** takes part in the **management** of a joint venture, he shall **be jointly and severally liable with the manager to third parties**.
- Every partner of a JV. shall deal with third parties **in his own name only**

Grounds of Dissolution for JV Art. 242

- Besides the general grounds for dissolution of business organizations, a joint venture shall be dissolved on the following grounds:-
  - a) **Unanimous decision** of the partners;
  - b) **Request for dissolution by one partner**, where no fixed term has been specified;
  - c) **Acquisition of all the shares** by one partner;
  - d) **Death, bankruptcy or incapacity** of a partner, in the **absence of an agreement to continue** the partnership;
  - e) **Decision of the manager**, if such power is conferred upon him in the agreement
- No contrary in the **memorandum??** of association

Expulsion of a Partner Art. 243

- Where dissolution is requested owing fault attributable to one partner, the **court** may, on the application of the other partners, order the **expulsion of the partner at fault** in lieu of dissolution
- Partners may specify grounds for the expulsion of a partner in their agreements.
- Expelled Partner is entitled to demand a share due to him
- Provisions relating to general partnership