GENERAL PARTNERSHIP Art 183- 211

- All partners are each **jointly** and **severally** (and **fully**) liable with the partnership itself for the obligations of the partnership.
- Any **agreement** to the contrary may **not** be invoked against **third** parties.

Formation of GENERAL PARTNERSHIP

- See **Art 185** for details of **Memorandum of Association** required for formation of GENERAL PARTNERSHIP

Name of the Partnership Art. 184

- shall consist of the names of the names of **all** or at **least two** of the partners.
- The names of the partners shall be followed by the words “General partnership”.
- The name of the partnership may not contain names of persons who are not partners.
- Where a person who is not a partner knowingly fails to object when his name is used in the partnership name, he shall be liable for the obligations of the partnership as a full partner.

Nature and Extent of Contributions Art. 186

- Each partner shall make a contribution in the form of
  - money,
  - movable or immovable property,
  - use of property
  - skill,
  - trademark,
  - goodwill,
  - patent,
  - copyright,
  - lease right,
  - usufruct or
  - other contributions

Liability for Failure to Make Contribution in Due Time Art.189

- Paying **interest** or **penalty** to the partnership from the date he should have made the contribution

RIGHTS AND **DUTIES** OF PARTNERS
Art. 190ff

- **Rights of Partners Art. 190**
- Each partner shall have the right to:-
  - Participate and **vote** in meetings of the partnership;
  - **Share** the **profits** of the partnership;
  - **Inquire** about the state of the partnership`s business;
  - **Require** a report on the management;
  - **Share** the **assets** of the partnership when the firm is dissolved; and
  - **Enjoy** others **rights** and **benefits** which emanate from firm membership or the **memorandum** of association of the partnership

Obligations of the Partners Art.191

- Each partner shall:-
  - Pay **contribution** in due time;
  - Work **diligently** and with due care;
  - **Refrain** from any business act which would be **prejudicial** to the partnership;
  - Be **jointly** and **severally liable** for the debts of the partnership; and
  - **Discharge other** obligations arising out of the **memorandum** of association and **membership**.

Allocation of Profits and Losses Art. 192

- **Unless** otherwise agreed, every partner shall **have an equal share** in the profits and losses, **irrespective** of the **nature** and **amount** of contribution he made to the partnership.
- If the agreement specifies **only** either the share in the **profits** or **losses**, such agreement shall apply equally to the share of **profits** and losses

Admission& **Transfer** of Shares Art. 193 and 194

- In the **absence of a contrary provision** in the memorandum of association:-
  - **Unanimous consent** of the partners is required to admit an outsider into the partnership.
  - A partner is **entitled to transfer** his share to another partner
- See Art 193 & 194

Transfer of **Beneficial** Interests and **Rights** in a Share to Third Party Art 197

- A partner may transfer beneficial interests and rights in his share to a third party **without the consent of the other** partners.
- Such transfer does **not bind the partnership**.
- The third party does **not become a member** and acquire full rights of a partner.

MANAGEMENT OF GENERAL PARTNERSHIP
Art. **199**ff

- Managed by one or more **managers** who may or may not be partners with the **power** to carry out, in the name of the partnership, **all lawful acts in order to achieve the business purpose** of the firm
- Any agreements restricting such powers may be invoked against third parties where it have been **entered in the commercial** register or it is shown that the **third parties knew the scope** of the powers of the manager

Manager`s **Improper Exercise** of Power **Art. 200**

- Where a manager acts improperly, the **partnership shall be liable** to third parties who are in **good faith**.
- Where the third parties were **aware** of the improper, the **manager alone shall be liable**.
- Where a manager deals with a third party **without using the partnership's name**, he shall be deemed to have **acted on his own behalf**.
- A manager who **acts outside the scope** of his powers shall **alone be liable**.

Restrictions on Manager of General Partnership

- Except with the unanimous consent of all the partners, a manager may **not have dealings with the partnership** Art. 201
- Restriction on Private Trade-that are **similar** to those carried out by the partnership
- **Not be a partner** with joint and several liabilities in another firm that engages in a **similar** business.
- See Art. 202

Dismissal of Manager Art. 203

- Manager **appointed in the memorandum** of association may be **dismissed** by the **partners** in **accordance with the rules that apply to the approval or amendment of the memorandum**
- A manager who is **not a partner** or a partner **not appointed in the memorandum** may be **dismissed** by a **majority vote of the partners**
- A manager may be **dismissed** **by court for good cause** at the request of a partner

Decision Making in General Partnership

- Partners may agree to take decisions by **a majority vote of all the partners**.
- In the absence of such agreement, the **consent of all the partners shall be required** to:-
- Vary the memorandum of association,
- Appoint an attorney
- Carry out any act which goes **beyond normal** partnership practice
- In the **absence** of a **contrary** agreement, each partner shall have **equal vote**

—See art **204**

Grounds for Dissolution of General Partnership Art. 205

- Besides the grounds provided under Art 181 General partnership may be dissolved on one of the following grounds:-
  - Dissolution by Notice -by giving in good faith **six months advance notice**;
  - A partner is **incapable of carrying out his duties** in the partnership due to **infirmity** or **illness** or any **other** reason;
  - Disagreement precluding from acting together;
  - Death, Bankruptcy or loses legal capacity to be a partner,
  - Entire share being disposed by creditor

Save clause to **Grounds for Dissolution Art 205 (2)**

- General partnership may ***continue to exist*** where:-
  - Remaining partners **pay out his share to a partner giving notice** for dissolution and **agree to continue** the partnership as between them; or
  - Remaining partners agree to continue by **paying out the share** of the **deceased** to his **heirs** or tutor of the **incapable** partner or **trustee of the bankrupt** partner

Winding up and Liquidation procedure for General Partnership Art 206ff

- **Managers** shall retain their **powers** until the appointment of a liquidator but **not commence new business**.
- **Appointment of Liquidators** **Art 207**
  - Appointed in memorandum of association or
  - By the unanimous agreement of the partners.
  - Failing the agreement, the court shall appoint
- **Revocation-** ***Art 209***
  - by the **agreement of all** the partners, or
  - by the **court** at the **request** of one partner

Powers and Duties of Liquidators Art. 208

- They shall take **all steps necessary to complete the winding-up** of the partnership
- Read the details of their power ***Art 208 a-f***