

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. 199ff

- 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.

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**

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 **infirmary** 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**

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**