

PARTNERSHIP LAW

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PARTNERSHIP LAW

general partnerships
common law
unlimited liability
partnership
each general partner

limited partnerships
statutory
unlimited liability
limited partnership
each general partner
limited personal liability
each limited partner

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GENERAL PARTNERSHIPS

easy to form and dissolve
too easy
e.g., death, bankruptcy
common law
only need an agreement to enter
commerce
and
share profits and losses

Presumed equal division of
profit,
loses, and
management

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General Partnerships

Partners may agree
to divide other than equally,

but this does not bind 3rd parties
each partner always is primarily liable

each partner is simultaneously
a principal and an agent

unlimited personal liability for partnership debts

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LIMITED PARTNERSHIPS
statutory law formalities

similar to corporations
force resolution of control questions

allows "limited partners"
to limit personal liability
to the extent of their investment

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limited partners can lose limited liability protection

ULPA: easy to lose
participate in management
e.g., personal name in
partnership name

RULPA: hard to lose
3rd party detrimentally relies

limited partnerships must have
at least one general partner
most States allow a
corporation to be the general partner

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