PARTNERSHIP CONTRACTS

CHAPTER 60

Partnership Contracts

Article 1426. Definition of partnership contracts
A partnership contract refers to a contract whereby two or more persons agree to make contributions in common for operation of a collective business, and collectively share the benefits and bear the risks.

Article 1427. Partner’s contribution
1. The contribution may consist of money or other property, as well as skills or services.
2. The partners shall make equal contributions unless otherwise agreed upon.
3. A partner is not obliged to increase the agreed contribution or to supply the capital of the partnership unless otherwise agreed by the parties or provided by custom.

Article 1428. Partnership assets
1. The contributions of the partners and all the items acquired for the partnership as a result of management shall be the joint assets of the partners.
2. The contributions of the partners and all other properties of the partnership shall be held in common by all the partners. Partners may not demand the division before the dissolution of the partnership.

Article 1429. Management of partnership affairs
1. The partners shall jointly manage the business of the partnership. If the contract specifies that the partnership affairs are managed by one or several partners, the other partner shall not participate in the management.
2. The partner who deals with the affairs of the partnership shall exercise due care of a manager acting in good faith.
3. A partner who deals with the affairs of the partnership represents the other partners to third parties. The limitation of the managing authority among the partners shall not be a valid defense against any third party acting in good faith.

Article 1430. *Resignation of managing partner*

1. The managing partner who resigns based on a legitimate reason shall inform other partners in advance, and shall not leave his position until the affairs of the partnership are able to be dealt with normally.

2. The revocation of the managing authority shall be agreed to by more than two-thirds of the partners.

Article 1431. *Partner’s right of examination*

All the partners shall have the right to enquire into the affairs of the partnership, the condition of the partnership assets and to examine the financial books and information. The partnership contract agreed upon contrary to the preceding article shall be void.

Article 1432. *Partner’s right of recourse*

1. A partner shall have the right to claim the expenses and the unavoidable damages against the partnership for dealing with the affairs of the partnership.

2. Unless otherwise provided by the contract, a partner shall not demand remuneration for dealing with the affairs of the partnership.

Article 1433. *Partner’s liability to the partnership*

The partners shall be jointly liable for the indebtedness of the partnership. If a partner’s reimbursement of the liability exceeds the portion that he is responsible for, he shall have the right to claim against other partners who have not fully performed their portions of the liabilities.

Article 1434. *Transfer of the share in the partnership*

1. A partner shall not transfer his share in the partnership to a third party without consent from all of other partners.

2. If a partner transfers his shares to other partners and all the other partners do not accept the shares, the partner may transfer his shares to a third party who has been agreed to by all of the other partners.