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A PROPOSED UNIFORM PARTNERSHIP LAW FOR THE PHILIPPINE ISLANDS: REASONS FOR ITS ADOPTION

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INTRODUCTION

Cicero, seeing the chaotic state of the Roman law after its thousand years or more of evolution, had dreamed of a system of a universal and permanent law by saying, "*Non erit alia lex Rome, alia Athena, alia nunc, et alia posthac sed apud omnes gentes at omni tempore una lex et sempiterna et immortalis, continebit.*"[1] The idea of a system of law that can exist without any change for all time to come and among the different peoples of the world is, of course, an impossibility. It directly disregards the truth that law, in its widest sense, is a progressive science. And as such, it should be designated to meet the needs of the people to which it is made applicable and to suit new conditions that may arise from time to time in the locality of its application.

A useful and progressive system of law is one which the people among whom it is made enforceable can properly understand and the wisdom of which is appreciated, for the law should be made to suit the people and not the people to suit the law. One of the most striking illustrations of the effect of a scientific system of law enforced among a people who were not ready to appreciate its wisdom and usefulness was that of the Siete Partidas of Spain which though considered as "by far the most valuable monument of legislation not merely of Spain but of Europe since the Roman (Justinian) Code," and "unequaled by any mediaeval code, for its spirit of justice, and for natural arrangement and for knowledge,"[2] still it took over two hundred years before the Spanish people could understand its provisions and thus was finally given its full operation throughout the country.

Three defects of the law are generally assigned among well-known writers on jurisprudence; namely, rigidity, conservatism and formalism.[3] The law is rigid because every general principle of law is the product of a process of abstraction. It is the

[1] De República.
[2] Dunham, History of Spain and Portugal, Vol. IV, pp. 109, 131-132.
[3] Salmond, Jurisprudence, pp. 23-25;
Holland, Jurisprudence;
Lee, Historical Jurisprudence.

result of elimination by disregarding the less material circumstances in particular cases falling within the scope and putting more attention upon those essential elements which are common among these cases. A principle of law, therefore, is not a mere guide to exercise rational discretion, but it is rather a substitute of it. In its application generally no allowance for special circumstances is made. The result of this inflexibility is that even a carefully framed rule will always work hardship and injustice in some special circumstances. This must be accounted for by the complicated and numerous affairs of men, so that it is impossible to lay down general principles which will be true and just in every case.

Conservatism is the general element existing in every system of law. It is considered one of its defects because it fails to conform itself to those changes and circumstances in men's views of truth and justice, which are inevitably brought about by the lapse of time; that which is true today may become false tomorrow by reason of those changes of circumstances. This being so, some method is found necessary through which the law, which is by its very nature stationery, may be changed to meet the circumstances and opinions of the time. The law being a living organism it requires constant changes in its provisions, and consequently it is necessary to adopt and use some effective means to facilitate legal development in order to counterbalance this fatal conservatism. Today, legislation is the instrument generally approved by all civilized and progressive races by means of which the substitution of new principles for old ones can be made effective.

The formalism of the law is the result of the tendency of some legal system to attribute too much importance to form as opposed to substance. It is necessary for every progressive legal system to exercise careful discrimination as to the relative importance of the matters which come within its cognizance and any system which fails to meet these requirements is full of formalism. This is a defect of ancient origin which was shown remarkably in the early Roman legislation until the rigid rules gradually relaxed into a more liberal system of recognizing the intention of the parties as the more important criterion. But even today, this defect is not entirely absent from the most modern legal system.

The Philippine Islands has been and is still under the influence of the Civil law as is embodied in the Spanish Codes, as far as her substantive law is concerned. While there have always been some efforts to introduce new legislations based entirely on the progressive Anglo-American ideas, still there seems to be a prevalent desire among the members of the bench and of the bar who know and can appreciate the wisdom of our laws to keep the major part of the present substantive law of these Islands derived from the Civil law unchanged. This idea is plausible, not only because this system has been in force in this Archipelago for over thirty years, and consequently the people of these Islands have already learned to identify themselves and their institutions with its precepts and provisions, but also because it had had a close relation with the historical development of this country and her people.

That the provisions of our present substantive law are better known among the majority of the members of the bar and the bench, nobody can deny. The introduction of new laws based entirely on American legislation, no matter how wise and progressive these laws may be, is always a source of hardship and confusion among our Spanish speaking lawyers and judges who cannot study for themselves the history, interpretation, construction and application for the proper mastery of every new law. The consequence of this is, of course, obvious. Instead of quick and inexpensive administration of justice in these Islands, we shall have endless litigations, misunderstanding, and misinterpretation of the law. That the people will understand the law later, nobody can deny, but look at what it costs them to learn its provisions.

While the above may be true, it does not however mean that no new changes should be introduced in our laws. On the contrary, the progress of the people demands new legislation providing for better, clearer, and more liberal laws. To this extent, therefore, our existing laws must be modified, not abruptly, but slowly and cautiously. The existing laws should not be wiped out at a stroke of the pen and new and strange laws introduced in their places, but rather let our reform be gradual and limited only to those parts found to be defective or insufficient in their scope.

DEVELOPMENT OF PARTNERSHIP LAW

The idea of forming partnerships was undoubtedly practiced from the earliest time among those individuals, who, not having sufficient capitals and not being in position to conduct business or to undertake certain enterprises singly, made use of this legal relationship. By means of contributions put by the several members in the capital of the enterprise or business which consisted either of money, property or labor, they were able to carry out their preconceived plans. It is said that of all commercial institutions none had acquired a development and progress so fast, varied and powerful as those that had arisen from the contract of partnership.[4]

Tracing the historical evolution of the partnership law, Professor Scott Rowley[5] says: "From a historical view point, it is probably a safe assertion that no other branch of the law has so interesting a development as has the law of partnership relations, nor has any other legal relation been handed down from generation, through varied nations, conditions, and periods, with such uniformity in principle and in practice. Nearly a thousand years before the Mosaic law was given to the Jews, the Babylonians in the celebrated Code of Khammurabi, had developed a system of partnership law which, in its basic elements, differed but little from our modern law, emphasizing the principle of division of profit and loss. It is perhaps safe to assume that the Babylonian partnership, modified as it passed through Jewish, civil and common law to meet changing conditions, is really the forerunner and the model of our present-day partnership."

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[4] Supino, Derecho Mercantil, p. 168.

[5] Rowley, The Development of Partnership Law, XXIV Case and Comment, p. 367.

Compared with many other branches of the law, the partnership relation is most simple and uncomplicated. It is the natural relation of two or more individuals, associating themselves in a common enterprise, orginally, perhaps, without law or lawyers, and based only upon necessity and the partner's idea of common sense and justice, and, as a rule, the statute law has to a great extent simply adopted the rules so laid down by custom, usage, and court decision. Society existed for a long time without corporations, without negotiable instruments, without many of those relations and instruments which now constitutes so large a part of our law, and inconvenient as it might prove to be, could continue to exist without them, but it is difficult to see how the partnership relation could be abolished, how any nation, civilized or savage, could long exist without partnerships.

At first the idea of partnership had as its basis the personal element only, that is, the faith of the members in their respective financial solvency, and the trust given by those who were dealing with the partnership that each and every one of its members were solvent. However, from the time that definite rules or laws began to be recognized as governing this particular relationship, the idea of the collective partnership was the first to be practised. But as this form of association was later found hazardous on account of the fact that a partner could be made liable for the whole debt of the association, a new form was introduced and that was what is now known as limited partnership. But this new form did not last long before a new kind of an association was conceived which protected the members from further liability outside their original contribution to the firm capital. This was what is now known as private corporation.

SOME NOTABLE SIMILARITIES AND DIFFERENCES IN THE PROVISIONS OF THE CIVIL AND COMMERCIAL CODES

Partnerships are at present classified in accordance with the laws in force in the Philippines into civil and commercial. The former classification deals and concerns itself with those relations entered into in accordance with the provisions of the Civil Code. They have for their objects non-commercial transactions, strictly speaking, such as associations formed by professional men as lawyers, architects, engineers, to carry out their particular profession; or those formed purely for some agricultural pursuit, etc. Whereas the latter classification has reference strictly to those commercial associations whose principal business is buying, selling and manufacturing commodities with the intention and principal purpose of disposing them for profits.

Concerning the general nature of these two classes of partnerships it may be said that they are both defined as associations consisting of two or more persons who agree to place money, property, and labor into a common fund to be used for the purpose of carrying out the object of their organization. Both of them have as their ultimate

aim and purpose the acquiring or obtaining of profits. It will be observed therefore, that civil and commercial partnerships have the same aim in view, and that is the earning or obtaining of profits.[6]

As to the modes of their formation or organization, as far as the relationship existing among the members of the firm is concerned, be their organization a civil or commercial one, no particular form is necessary or required to be followed in their agreement to create the rights and liabilities of partners as among themselves. The only requirements provided for by law are, that the agreement is the result of the voluntary act of the partners, and that the object or purpose of their organization is not one prohibited by law.[7] But when the question that may arise has to do with the relation existing between the firm and third parties, we then find a marked difference in the requirements of the law concerning the legal existence of these two classes of partnerships. According to the Civil Code, a partnership may be formed orally or in writing by the members of the same, and from the time of their agreement a partnership is created. It then exists as a legal entity distinct from individual members.[8] There is, however, one exception to this rule applicable to the civil partnership. It refers to the requirement of a written memorandum when some real property has been contributed to form a part of the firm's capital.[9]

The Code of Commerce clearly provides that in order a firm can acquire a legal or juristic personality, distinct and separate from its individual members, its articles of copartnership must be registered in accordance with the provision of that code.[10] The reason given for the principal difference in the modes of constituting commercial and civil partnerships is said to be on account of the special nature of the commercial law, which must correspond to the modern ideas of requiring sufficient publicity and credit to inspire confidence among merchants, and of giving better securities to those who are engaged in commercial pursuits.[11]

The effect of failure to register the articles of a commercial partnership has to do only with third persons, for, as already stated, in so far as the partners are themselves concerned no special requisite is necessary to create their partnership rights and liabilities save only their voluntary agreements. What is then the effect of failure to register partnership articles as to third persons? The law denies to give such an association its juridical personality. It can, therefore, neither sue nor be sued in its firm name.[12] But the law, at the same time, expressly provides that the managing partners shall be personally liable to those third persons who might have dealt with such

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6 Civil Code, Book IV, Title VII, Chaps. 1-3
Code of Commerce, Book II, Title I, Secs. 1-6.

7 Civil Code, Arts. 1665, 1666; Code of Commerce, Arts. 116, 117.

8 Civil Code, Art. 1667.

9 Civil Code, Art. 1668.

10 Code of Commerce, Arts. 116, 119, 17, 25.

11 Del Viso, Derecho Mercantil, p.64.

12 Code of Commerce, Art. 116 (2); Prautch v. Hernandez, 1 Phil. Rep. 707; Compañía Agrícola v. Reyes, 4 Phil. Rep. 2.

an association not knowing that it has failed to register its articles of association.[13] The Code of Commerce further provides in this case that third parties cannot be prejudiced, but can make use thereof in so far as the articles are advantageous to them.[14] In the case of limited members of a non-registered association the Supreme Court of these Islands has held that their liabilities can not go beyond their contributions to the capital of the association, but that the managing partners shall bear all the rest of the liabilities.[15]

Another important difference between civil and commercial partnerships is in the liabilities of the members. In the case of the civil partners, their liabilities, outside of what they have already contributed to the partnership's capital, is proportionate only to their respective interest in the partnership business; in other words, a civil partner can not be held liable for the entire debt of the firm, but only to the extent of his share in the business.[16] But as regards commercial partnerships, the debts contracted by the firm makes the members of the association jointly and severally liable for the payment of any unpaid amount after the entire assets of the association has been exhausted.[17] Simultaneous actions may even be brought against the firm and against any of the individual partners, but the execution of a judgment that might be obtained against the latter will be suspended until the assets of the firm have been all used up and found insufficient to pay all the claims.[17a]

As regard the other portions of the law of partnership under the Civil and Commercial Codes, the rules are similar in many respects. This is specially true with regards to the rights and duties of partners toward each other.[18] There are, however, a few provisions found in the Civil Code that do not have corresponding articles in the Commercial Code.[19] In such cases the rules provided for in the Civil Code supplement the lacking provisions of the latter.[20] Concerning the termination and dissolution of partnership, no notable differences in the rule laid down by the two codes may be observed.[21] The Commercial Code, however, has some provisions for partial recissions of the partnership contract under the circumstances therein enumerated. Concerning such rules the Civil Code is silent. Both Codes have salutary provisions to the effect that in order that a member of a partnership constituted for an indefinite period of time can ask for a voluntary dissolution of the firm, such partner must act in good faith and must make his request at the most propitious time so as not to cause any loss or injury to his copartners.[22]

[13] Code of Commerce, Art. 120.
[14] Code of Commerce, Art. 24.
[15] Hung-Man-Yoc v. Keng-Chiong-Seng, 6 Phil. Rep. 498; Ang Queng Seng v. Te Chico, 12 Phil Rep. 551.
[16] Civil Code, Art. 1698.
[17] Code of Commerce, Arts. 127, 237; Opinions of Supreme Court of Spain of December 17, 1873 and January 8, 1881.
[17-a] Sunico v.Chuidian, 9 Phil. Rep. 625.
[18] Civil Code, Arts. 1679-1696; Code of Commerce, Arts. 128-144; 148-150; 155, 156, 158, 170-174.
[19] Civil Code, Arts. 1684-1687.
[20] Code of Commerce, Arts. 2 and 50.
[21] Civil Code, Arts. 1700-1708; Code of Commerce, Arts. 221-223.
[22] Civil Code, Arts. 1705, 1706; Code of Commerce, Arts. 224, 225.

CRITICISMS ON THE PRESENT PHILIPPINE PARTNERSHIP LAW

One of the principal sources of confusion in the present partnership law of the Philippine Islands is based on the distinction between civil and commercial partnerships. There might have been a time when such special rules were necessary to determine and to differentiate civil and commercial partnership transactions. Today, no practical reasons can be assigned for this classification. The fact is, both classes of partnership relations have only one definite aim or purpose in view, and that is, the obtaining of profits. The mere fact that in the case of commercial partnerships the business to be carried on consists principally of buying, selling, and manufacturing commodities or the embarking in any other undertakings having commercial nature, whereas, in the case of civil relation, the principal objects are professional and agricultural undertakings are not grounds sufficient to justify the drawing of hard and fast rules differentiating them into commercial and civil classes. Since the partners are not generally precluded from embarking into all sorts of business and from undertaking every possible kind of enterprise, the distinction found in our present law serves only as a source of confusion. After all, in the final analysis of the natures of commercial and civil partnerships, very few distinguishing characteristics can be observed.

The principal provisions of our present law that created the confusing distinction between commercial and civil partnerships are found in article 1670 of the Civil Code. This article provides that civil partnerships on account of their objects to which they are devoted may adopt all the forms provided by the Code of Commerce and in such case the provisions of the Code of Commerce shall be applicable in so far as they do not conflict with those of the Civil Code. On the other hand, the Code of Commermerce in its article 116 provides that an association is to be considered commercial, no matter what may be its class or form provided it has been established in accordance with the provision of the said code. Those provisions referred to by the Code of Commerce which must be complied with before an association can be considered as a commercial partnership have reference specially to the registration of the articles of association in the commercial registry of the province in which the principal office of the firm is located.

From the provisions of these two articles above mentioned, the principal source of confusion is found. Taking for instance, the case of an association formed by two or more electrical engineers under the provisions of the Civil Code for the purpose of opening a consulting and constructing electrical engineering office. In the course of their business, they may find it convenient to extend their undertaking by opening a store wherein they may sell electrical appliances. They may do this under the provisions of article 1670 of the Civil Code. The question naturally may arise, as to whether this partnership, in so far as its new undertaking is concerned, is to continue to be governed by the provision of the Civil Code or must it comply with the requirements of the Code of Commerce? If these partners are to be governed by the Code of

Commerce, does the firm continue to be a civil partnership or does it become a commercial one for having extended its business into what may be said strictly commercial undertaking? On the other hand, supposing a firm of lawyers should agree to register their articles of association in a commercial registry, does the partnership become a commercial one, in spite of the fact that there is no intention to engage in any commercial undertaking? In other words, what should be the real test which will distinguish civil from commercial partnerships? Should they be the form and the Code under which a firm is organized? Or should the object and the character of the business to be carried on by it be the proper criterion for the determination of this distinction? This problem remains unsolved in the Philippine Islands up to this day.

Even our Supreme Court has not yet been able to give us a clear idea of how to distinguish one class of partnership from the other. This statement is supported by the opinions which may be found in the cases of Prautch *vs.* Hernandez, 1 Phil. 777, and the Compañía Agrícola de Ultramar *vs.* Reyes, 4 Phil. 2. In the former case, Mr. Justice Willard held that a commercial association is distinguished from a civil association by the object to which it is devoted and not the machinery with which it is organized, for, as it is said, to hold a partnership commercial merely because it has complied with the provision of the Code of Commerce concerning registration without any regard whatsoever as to its object is to ignore and to disregard the provision of articles 1, 2, 123 of the said code. In the latter case, on the other hand, our Supreme Court, speaking through Mr. Justice Johnson, held that when a partnership expressly organized under the provision of the Civil Code for the purpose of exploiting the agricultural resources of these Islands, but in the course of its operation extended and undertook to carry out some business clearly coming under the provision of the Code of Commerce, such an association did not by that fact lose its civil character. In that case, the court maintained that a commercial partnership is to be distinguished from a civil one by the form of its organization and not necessarily by its object to which it may be devoted. The Chief Justice in his concurrent opinion in that case said, "A civil partnership which engages in acts of commerce is subject to those provisions of the Code of Commerce which control the particular acts of commerce but does not thereby lose its status as a civil partnership" (Syllabus). By the phrase, "engages in acts of commerce," is understood, of course, as the object of the partnership and by the phrase, "subject to the provisions of the Code of Commerce" is meant the machinery by which the partnership is organized. After reading these two cases, one cannot but feel that he is still in the dark as far as knowing the true distinction between commercial and civil partnerships is concerned.

There are, of course, two good grounds for the necessity of making this distinction of civil and commercial partnerships under the present state of our law. One of them is that in the former case no registration is needed to give the firm a legal personality, whereas in the latter case such requisite is absolutely necessary to be complied with, otherwise the association does not become a juridical entity. The second

important reason for the need of this distinction is in the method of determining the personal liability of each member of the firm, for, as it has already been shown, the civil partners are only liable pro rata to the amount of their contributions to the firm capital for the partnership debts, whereas the commercial partners are jointly and severally liable for the whole debt of the firm after the firm assets have been exhausted by the creditors.

Our present law is also defective in not having any provisions whatsoever concerning the business good-will of a partnership, nor as to how the same may be disposed of at the liquidation or termination of the firm. Nobody can deny that in the modern commercial conception the good-will of an association is often-time far more valuable than all its other assets combined. The failure of our law to recognize this good-will as valuable property and to provide for its final distribution and appraisement may be accounted for its antiquated nature.

Some excellent provisions are not, however, wanting in this law. One of these concerns the right of one partner to ask for a voluntary dissolution of the firm when no time is specified within which the association is to exist. The law requires that he must act in good faith in doing so, that is, he must not try to enrich himself alone with the profits that may rightly belong to all his co-partners if not for such dissolution. Such partner must also wait for a time when the dissolution will not cause serious injury to the firm business. The other decided advantages found in the present law is the lack of any need of proving what constitute partnership relations or who are dormant or silent partners, for persons giving capital and share profits or loss are not considered partners if no partnership relation is intended, but their relation is considered as joint account only.[22]

AIMS AND SOURCES OF THE PROPOSED LAW

The principal reforms proposed to be introduced and actually incorporated in the draft of the partnership law, are: First, to abolish the cumbersome distinction between civil and commercial partnerships; second, to recognize the value and proper disposition of the good-will of the firm; third, to combine all the provisions of the Civil and Commercial Codes so as to produce a complete and harmonious partnership law; fourth, to induce all partnerships to register their articles of associations by conceding them legal personality and by limiting the personal liabilities of the partners to the relative proportions of their interests in the partnership business only; and lastly, to discard all useless and antiquated provisions and to introduce new and useful ones in their places.

There is no claim of originality whatever either in the arrangement or contents of the draft of this proposed partnership law. The Civil and Commercial Codes now in force in these Islands furnished most of the provisions. Many articles have, however, been borrowed from the American Uniform Partnership Act, either because

[22] Code of Commerce, Book II, Title II.

they are believed to be useful and they do not have counterpart or corresponding provisions in the present Philippine law, or because the provisions of the borrowed articles are better and more fully expressed. Otherwise the constant aim is to keep as much of the Civil law idea of partnership as possible. In very few cases the provisions of two or more articles have been combined in one article. But more often the provisions of some articles were separated into several briefer articles for the sake of clearness. Lastly, a few articles were entirely rewritten to produce unity of thought and clearness of expression. In this connection, the sources of the articles are indicated at the end of each one of them, with the following abbreviations: Civ. C.—Civil Code; Com. C.—Commercial Code; U. P. A.—American Uniform Partnership Act. Articles that do not show their sources are more or less the original ideas of the writer.

DRAFT OF THE PROPOSED LAW

PART ONE

CHAPTER I

GENERAL PROVISIONS AND NATURE OF PARTNERSHIP

ARTICLE 1. A partnership is an association of two or more persons who bind themselves to contribute money, property, or industry to a common fund, with the intention of obtaining and dividing profits among themselves. (Civ. C., 1665; Com. C., 116.)

ART. 2. Every partnership before it can be considered as a legal entity and before commencing any business whatsoever, its members must execute and acknowledge in a public instrument their agreements and conditions and a copy of said instrument shall be recorded and filed in the commercial registry of the province or city where the principal office of the firm is located.

Additional instruments which modify or alter in any manner whatsoever the original contracts of the association are subject to the same formalities as required in the previous paragraph. (Com. C., 119.)

ART. 3. The articles of partnership must state the following:

(1) The names, surnames, and domiciles of the partners.

(2) The firm name.

(3) The names and surnames of the partners to whom the management of the firm and the use of its signature is intrusted.

(4) The capital which each partner contributes in cash, credits or property, stating the value given the latter or the basis on which their appraisement is to be made.

(5) The duration of the partnership.

(6) The amounts which are to be given to each managing partner annually for his private expenses if so agreed.

(7) There may be also included in the articles any other legal agreements and special conditions which the partners may wish to make. (Com. C., 125.)

ART. 4. Articles of partnership executed with the essemtial requisites of law, shall be valid and binding among the partners, in whatever form, conditions and combinations they may be, provided their objects are honest and legal. (Com. C., 117.)

ART. 5. A partnership, the articles of association of which are not recorded, can neither sue nor transact business in its firm name. The provisions of such unrecorded articles of association shall not prejudice third persons, who, however, may make use thereof in so far as they are advantageous to them. (Com. C., 24.)

ART. 6. The persons in charge of the management of an association which has not complied with the provisions of article 2 shall be jointly and severally responsible, together with the other ostensible members of said association, to third persons with whom they may have transacted business in the name of the association. (Com. C., 120.)

ART. 7. A partnership begins to exist as such from the moment of the making and recording its agreements as provided by article 2 if not otherwise stipulated. (Civ. C., 1679.)

ART. 8. Partnerships shall be governed by the clauses and conditions of their articles, and all that is not determined and prescribed therein by the provisions of this law. (Com. C., 121.)

ART. 9. All property originally brought into the partnership capital or subsequently acquired by purchase or otherwise, on account of the partnership, is partnership property.

Unless the contrary intention appears, property acquired with partnership funds is partnership property.

The good will of the partnership business shall be considered as partnership property. (U. P. A., 8 (1, 2).)

CHAPTER II
MANAGEMENT OF THE FIRM

AER. 10. The partner who has been appointed and named as manager in the articles of partnership may execute all administrative acts concerning the business of the firm and the other partners can neither oppose nor hinder his management nor prevent his actions from taking their effects. (Civ C., 1692; Com. C., 131.)

ART. 11. When the special power to manage and to use the signature of the partnership has been conferred as a special condition of the articles of partnership, the person who obtained the same can not be deprived thereof; but should the latter make an improper use of said power and his management cause serious damage to the partnership capital, the rest of the partners may appoint from among themselves a comanager to take part in all transactions or they may request the rescission of the articles before the judge or court of competent jurisdiction, who shall declare them annulled should said damage be proved. (Com. C., 132.)

ART. 12. A power to manage the firm business not conferred in the registered articles of copartnership may be revoked at any time by the vote of the majority of the members in a meeting called for that purpose.

ART. 13. If two or more partners have been intrusted with the management of the partnership without their duties having been fixed or without a statement having been made that one of them shall not act without the consent of the others, each one may severally exercise all acts of administration; but any of them may oppose the acts of the others before they have produced any legal effect. In the latter case, the will of the majority of the managers shall prevail. (Civ. C., 1693).

ART. 14. In case it should have been agreed that some of the managing partners are not to act without the consent of the others, the consent of all shall be necessary for the validity of the acts and the absence or incapacity of any of them can not be alleged unless there should be imminent danger of serious or irreparable injury to the partnership. (Civ. C., 1694.)

ART. 15. No new obligation shall be contracted against the will of one of the managing partners, should he have expressly stated it. However, if it should have been contracted, it shall not be annulled for this reason, but shall have its effects without prejudice to the liability of the partner or partners who contracted it to partnership on account of the failure or loss that may have been suffered by such an act. (Com. C., 130.)

ART. 16. If the management of the partnership has not been limited by a special instrument to one of its members, all of them shall have the right to take part in the direction and management of the common business. (Com. C., 129.)

ART. 17. For the proper management of the business of the partnership in accordance with the provisions of the article 16 of this law the following rules shall be observed:

(1) All the partners shall be considered agents, and whatever any one of them may do by himself shall bind the partnership; but each one may oppose the act of the others before they may have produced any legal effect.

(2) Every partner may make use of the things which make up the partnership capital, according to the customs of the place, provided he does not do so against the interest of the partnership or in such manner as to prevent the use thereof to which his copartners are entitled.

(3) Every partner may force the others to defray together with him the expenses necessary for the preservation of the things owned in common.

(4) None of the partners can, without the consent of the others, make any alteration in the partnership real property, even should he allege that it is useful to the partnership. (Civ. C., 1695.)

ART. 18. The managing partners can not refuse to allow the other partners to examine all the books and vouchers for the purpose of knowing the actual condition of the management, provided such examination is done during reasonable hours of business days. (Com. C., 133.)

CHAPTER III

RELATIONS OF PARTNERSHIP TO PERSONS DEALING WITH IT

ART. 19. In order that the partnership may be liable to third persons for the acts of any of the partners, it is necessary:

(1) That the partner should have acted as such for the account of the partnership.

(2) That he should have the power to bind the partnership by virtue of an express or implied authority.

(3) That he may have acted within the limits of his power or authority. (Civ. C., 1697.)

ART. 20. Unless authorized by the partners, or unless they have abandoned the business, one or more but less than all the partners have no authority to

(1) Assign the partnership property in trust for creditors or on the assignee's promise to pay the debts of the partnership.

(2) Dispose of the good-will of the business.

(3) Do any other act which would make it impossible to carry on the ordinary business of the partnership.

(4) Confess a judgment.

(5) Submit a partnership claim or liability to arbitration or reference. (U. P. A., 9 (3).)

ART. 21. An admission or representation made by any partner concerning partnership affairs within the scope of his authority as conferred by this law is evidence against the partnership. (U. P. A., 11.)

ART. 22. Where, by any wrongful act or omission of any partner acting in the ordinary course of the business of the partnership, or with the authority of his co-partners, loss or injury is caused to any person not being a partner in the partnership, or any penalty is incurred, the partnership is liable therefore to the same extent as the partner so acting or omitting to act. (U. P. A., 13.)

ART. 23. The partnership is, however, not liable to third persons for an act which one partner may have performed in his own name, or without an authority from his co-partners therefor; but the partnership is liable to the said partner in so far as the acts performed have benefited the firm. (Civ. C., 1698.)

ART. 24. The partnership is bound to make good the loss:

(1) Where one partner, acting within the scope of his authority, received money or property of a third person and misapplies it, and

(2) When the partnership in the course of its business receives money or property of a third person, and the money or property so received is misapplied by any partner while it is in the custody of the partnership. (U. P. A., 14.)

ART. 25. All partners are liable as follows:

(1) Members of a firm, the articles of partnership of which have been duly registered in accordance with article 2 of this law, shall be personally liable only in the relative proportions to their shares or interest in the partnership business.

(2) Members of an association, not having registered articles of copartnership, shall be jointly and severally liable with all their property for the results of the transactions made in the name and for the account of the association.

(3) Members, who contribute no money or property, but only work or skill, shall be considered as having contributed amounts equivalent to those who contribute the least in the firm capital if the articles of partnership are registered; otherwise they incur the liabilities of partners under paragraph 2 of this article.

ART. 26. The partners can not be made to pay and become personally liable as provided by article 25 of this law, nor can their private property, which is not included in the assets of the partnership, be seized for the payment of the obligations contracted by the partnership until after the firm assets have been attached and exhausted. (Com. C., 237.)

ART. 27. The creditors of the partnership shall be preferred to the creditors of each partner with regard to the partnership property. (Civ. C., 1699.)

ART. 28. The private creditors of each partner may demand the attachment of the latter's share or his interest in the partnership capital in accordance with Chapter XVIII of the Code of Civil Procedure, provided the rights of the partnership creditors is not prejudiced thereby. (Civ. C., 1699.)

ART. 29. On due application to a competent court by any judgment creditor of a partner, the court which entered the judgment, or order, may charge the interest of the debtor partner with payment of the unsatisfied amount of such judgment debt with interest thereon; and may then or later appoint a receiver of his share or profits, and of any other money due or to fall due to him in respect of the partnership and make all other orders, directions, accounts and inquiries which the debtor partner might have made, or which the circumstances of the case may require. (U. P. A., 27(1).)

ART. 30. The interest charged in accordance with articles 28 and 29 of this law may be redeemed at any time before foreclosure or in case of a sale being directed by the court may be purchased without thereby causing a dissolution:

(1) With separate property, by any one or more of the partners.

(2) With the partnership property, by the managing partners with the consent of all the partners whose interests are not so charged or sold. (U. P. A. 27 (2).)

ART. 31. When a person, by word spoken or written or by conduct, represents himself, or consents to another representing him to any one, as a partner in an existing partnership, he is liable to any such person to whom such representation has been made, who has on the faith of such representation, given credit to the partnership; and if he has made such representation or consented to its being made in a public manner he is liable to such person, whether the representation has or has been not made or communicated to such person so giving credit by or with the knowledge of the apparent partner making the representation or consenting to its being made. (U. P. A., 16 (1).)

ART. 32. When a person has been represented to be a partner in an existing partnership, he is an agent of the persons consenting to such representation to bind them to the same extent and in the same manner as though he were a partner in fact, with respect to the person who rely upon the representation. Where all the members of the existing partnership consent to the representation, a partnership act or obligation results; but in all other cases it is the joint act or obligation of the person acting and the persons consenting to the representation. (U. P. A., 16 (2).)

ART. 33. A person admitted as a partner into an existing partnership is liable for all the obligations of the partnership arising before his admission, as though he had been a partner when such obligation were incurred, except that his liability shall be satisfied only out of partnership property. (U. P. A., 17.)

CHAPTER IV

RIGHTS AND OBLIGATIONS OF THE PARTNERS AS AMONG THEMSELVES

ART. 34. Every partner is a debtor of the partnership for whatever he has promised to contribute thereto. He is also bound to eviction with regard to the specified and determined things he may have contributed to the partnership in the same cases and in the same manner as a vendor is bound with regard to the vendee. (Civ. C., 1681.)

ART. 35. A partner who has bound himself to contribute a sum of money and fails to do so is at law a debtor for the interest thereon, from the day on which he should have contributed the same, without prejudice to indemnifying furthermore for the damage he may have caused thereby.

The same shall take place with regard to amounts he may have taken from the common funds, and interest shall be earned from the day on which he took them for his private use. (Civ. C., 1682.)

ART. 36. The risk of things certain and specified, which are not perishable contributed to the partnership in order that only their use and fruits become firm property, shall be borne by the partner owing them.

If the things contributed are perishable, or if they can not be kept without deteriorating, or if they were contributed to be sold, the risk shall be borne by the partnership. It shall also be borne by the same in the absence of a special agreement with regard to the things contributed and appraised in the inventory, and in such case, the claim shall be limited to the value at which they were appraised. (Civ. C., 1687.)

ART. 37. The losses and profits shall be distributed in accordance with what has been agreed upon. If an agreement exists only with regard to the share of each one in the profits, his share in the losses shall be in the same proportion.

In the absence of an agreement, the share of each partner in the profits and losses shall be in proportion to what he may have contributed. The partner who contri-

butes his services only shall receive a share equal to the one who has contributed the least. If besides his services he should have contributed capital, he shall also receive the proportionate share which may pertain to him for this capital. (Civ. C., 1689.)

ART. 38. If the partners have agreed to intrust to a third person the designation of the share of each one in the profits and losses, said designation can be impugned only if it has evidently been made contrary to equity. In no case shall the partner, who has commenced to execute the decision of the third person or who has not impugned the same within a period of three months, counted from the time he had knowledge thereof, object thereto.

The designation of the losses and profits can not be intrusted to one of the partners. (Civ. C., 1960.)

ART. 39. Any agreement in which one or more of the partners are excluded from any share in the profits is voidable. An agreement exempting any of the partners from losses is valid among the partners themselves, but third persons can not be prejudiced thereby. (Civ. C., 1692.)

ART. 40. The partners can not apply the funds of the partnership nor can they make use of the firm name in their private business or transactions. Should they do so, they shall forfeit to the partnership any profit they may have made in the business. They shall furthermore return the funds they have taken and indemnify the partnership for all losses and damages suffered thereby. (Com. C., 135.)

ART. 41. The partners not duly authorized to make use of the firm signature shall not make the company liable through their acts and contracts, even though they execute them in the name of the latter and under its signature.

The civil or criminal liability for these acts shall be incurred exclusively by the authors thereof. (Com. C., 128.)

ART. 42. No partner may remove or divert from the common funds a larger amount than that assigned to each one for his personal expenses; should he do so, he may be compelled to repay it as if he had not completed the portion of the capital which he bound himself to contribute to the partnership as provided by article 35 of this law. (Com. C., 139.)

ART. 43. The damage suffered by the partnership by reason of malice, abuse of powers, or serious negligence on the part of one of the partners, shall make the author thereof liable to indemnify it should the other partners request it; provided there has not been an express or implied approval or ratification of the act on which the claim is based. (Com. C., 144.)

ART. 44. If a partner, who is authorized to manage the business of the firm, collects a demandable sum, which is owed to him in his own name, from a person who owes the partnership another sum also demandable, the sum collected shall be applied to the two credits in proportion to their amounts, even when he may have given a receipt for his own account only. But should he have given a receipt for account of the partnership, it shall all be charged to the credit of the latter only.

The provisions of this article are understood without prejudice to the debtor using the privilege granted to him in article 1172 of the Civil Code but only in the case the personal credit of the partner is more burdensome to said debtor. (Civ. C., 1684.)

ART. 45. A partner, who has received in full his share of a partnership credit when the other partners had not collected theirs, is obliged, if the debtor afterwards becomes insolvent, to contribute to the partnership capital what he received, even though he may have given the receipt for his share only. (Civ. C., 1685.)

ART. 46. The partnership is liable to the partners for amounts they may have disbursed and for the expenses they have incurred for the account of the same with the proper interest.

They must be indemnified also for the damages they may suffer by reason of the business entrusted to them by the firm, provided said losses have not been incurred through their own fault, by accident, or on account of any reason independent of the business they manage. (Com. C., 142.)

ART. 47. The partnership shall be liable to every managing partner for the obligations he may have contracted in good faith for the account of the partnership business, and also for all other risks inseparable from its management. (Civ. C., 1688.)

ART. 48. Transactions made by the partners in their own names and with their private funds shall not be communicated to the partnership nor shall the firm be liable therefor, provided they are of a kind that partners may legally make for their own account and risk, otherwise the provisions of article 50 of this law will apply.

ART. 49. In a partnership, which does not specify the kinds or lines of business to which it is to engage itself, a member can not make transactions for his own account without the previous consent of the other partners which consent they can not refuse to give without proving that the firm will suffer thereby losses and damages. (Com. C., 136 (1).)

ART. 50. Partners who do not comply with the provisions of article 49 of this law shall contribute to the common funds the profit they may derive from these transactions but shall individually suffer the losses, if any, that may have been incurred. (Com. C., 136 (2).)

ART. 51. If the partnership fixed in its articles of association the kind of business it is to engage in, the partners may legally transact all kinds of business they may desire, provided it does not belong to the kind of transactions the partnership of which they are partners is engaged in, unless there is a special agreement to the contrary. (Com. C., 137.)

ART. 52. Partners, giving their services only and not contributing any capital, can not engage in any kind of business transaction whatsoever, unless expressly permitted to do so by the partnership, and should they do so, the other partners may

at their option remove them from the partnership, depriving them of the profits due them from the firm or they may take all the profits that said partners may have earned or obtained in violation of the provisions of this article. (Com. C., 138.)

ART. 53. In every partnership, all the partners, be they managing or not, have the right to examine the condition of the administration and of the books of the firm, and to make the objections which they may consider legal. (Com. C., 133.)

ART. 54. Partners shall render on demand true and full information of all things affecting the partnership to any partner, or the legal representative of any deceased partner, or partner under legal disability. (U. P. A., 20.)

ART. 55. Every partner must account to the partnership for any benefit, and hold as trustee for it any profits derived by him without the consent of the other partners from any transaction connected with the formation, conduct, or liquidation of the partnership. (U. P. A., 21 (1).)

ART. 56. No partner can transfer to another person the interest he may have in the partnership, nor can he substitute another person in his place for the discharge of the work under his charge in the partnership administration, without the previous consent of the partners. (Com. C., 143.)

ART. 57. Every partner may associate another person in his share but said person shall not be considered a member of the partnership and his relation shall be limited to that with whom he is associated. (Civ. C., 1696.)

ART. 58. The property rights of a partner in the firm assets are (*a*) his rights in specific partnership property, (*b*) his interest in the partnership, and (*c*) his right to participate in the management unless agreed otherwise. (U. P. A., 24.)

ART. 59. On the death of a partner his right in specific partnership property vests in the surviving partner or partners, except where the deceased was the last surviving partner, when his right in such property vests in his legal representative.

Such surviving partner or partners or the legal representative of the last surviving partner, has no right to possess the partnership property for any but a partnership purpose. (U. P. A., 25 (2d.).)

ART. 60. A partner's interest in the partnership is his share of the profits and surplus, and the same is personal property. (U. P. A., 26.)

ART. 61. A conveyance by a partner of his interest in the partnership does not of itself dissolve the partnership, nor, as against the other partners in the absence of agreement, entitle the assignee, during the continuance of the partnership, to interfere in the management or adminitration of the partnership business or affairs, or to require any information or account of partnership transaction, or to inspect the partnership books; but it merely entitles the assignee to receive, in accordance with this law, the profits to which the assigning partner would otherwise be entitled.

In case of a dissolution of the partnership, the assignee is entitled to receive his assignor's interest, and may require an account from the date only of the last account agreed to by all the partners. (U. P. A., 27.)

CHAPTER V

PARTIAL AND TOTAL DISSOLUTIONS

ART. 62. The dissolution of a partnership is the change in the relation of the partners caused by any partner ceasing to be associated in the carrying on of the business. (U. P. A., 29.)

ART. 63. On dissolution the partnership is not terminated, but continues until the winding up and liquidation of partnership affairs is completed. (U. P. A., 30.)

ART. 64. The partial rescission of the articles of partnership shall be proper in any of the following causes:

1. When a partner makes use of the partnership capital and of the firm name for private business.

2. When a partner interferes in the management of the firm who has no right to do so, according to the provisions of the articles of partnership.

3. When any partner intrusted with the management commit a fraud in said management or in the bookkeeping of the partnership.

4. When any partner fails to contribute to the common capital the amount stipulated in the articles of partnership, after having been requested to do so.

5. When a partner transacts business for his own account, which is prohibited by the provisions of articles 49, 51 and 52.

6. When a partner who is under the obligation to render personal services to the partnership absents himself, after having been requested to return and comply with his duties and does not do so or does not give a good reason which temporarily prevents him from returning.

7. When one or more partners do not comply, in any manner whatsoever with the obligations imposed in the articles of partnership. (Com. C., 218.)

ART. 65. The partial rescission of the partnership will produce the annulment of the articles in so far as the responsible partner is concerned, who shall be considered as excluded therefrom, requiring him to pay the amount of the loss which may correspond to him, should there be any.

The partnership shall be furthermore authorized to retain the funds the excluded partner may have contributed to the common capital, without allowing him to participate in the profits nor giving him any indemnification thereby, until all the transactions pending at the time of the rescission have been concluded and liquidated. (Com. C., 219.)

ART. 66. The liability of the partner excluded as well as that of the partnership for all acts and obligations contracted in the name and for the accounts of the firm, with regard to third persons, shall continue until personal notices have been sent to those who are in the habit of dealing with the firm and the record of the partial recission of the articles of partnership has been made in the proper commercial registry. (Com. C., 220.)

ART. 67. Every partnership shall be completely dissolved for the following reasons:

1. The termination of the period fixed in the articles of partnership or the conclusion of the enterprise which constitutes its purpose.

2. The death of any partner unless the articles of partnership contain an express agreement to the effect that the heirs of the deceased partner are to continue in the partnership, or a stipulation that said partnership will be continued by the surviving partners.

3. The bankruptcy of any partner or the partnership.

4. The insanity of a managing partner or any other cause which renders him incapable of administering his own property.

5. The existence of any event which makes it unlawful for the business of the partnership to be carried on, or for the members to carry it on in partnership. (Com. C., 221 (a), 222 (1, 2); U. P. A., 31 (3, 5).)

ART. 68. Partnerships shall not be considered as extended by the implied or presumed will of the members after the period for which they were constituted has elapsed.

If the members desire to continue in partnership, they shall draw up new articles, subject to all the formalities prescribed for the organization of such an association in accordance with the provisions of article 2 of this law. (Com. C., 223.)

ART. 69. On application by or for a partner, the court of first instance of the province or city where the principal office of the partnership is located shall decree a dissolution whenever:

1. A partner has been declared a lunatic in any judicial proceeding or is known to be of unsound mind.

2. A partner becomes in any way incapable of performing his or her part of the partnership contract.

3. A partner has been guilty of such conduct as tends to affect prejudicially the carrying on of the business.

4. The business of the partnership can only be carried on at a loss.

5. Other circumstances which render a dissolution equitable. (U. P. A., 32 (1).)

ART. 70. Any partner may also request the dissolution of the partnership in accordance with article 69 of this law and the other partners can not oppose it if the term of the duration of the firm has not been fixed or if this term can not be ascertained from the nature of the business of the partnership.

In order that such withdrawal or dissolution may be permitted, it must be made in good faith and at the proper time.

All the other partners must be notified and heard before the permission to dissolve can be granted. (Civ. C., 1705.)

ART. 71. It shall be understood that a partner acts in bad faith with regard to the dissolution of the partnership as provided by article 70 of this law when he would thereby derive and appropriate to himself alone all the profits and benefits which should be common and which he would not receive alone should the partnership continue. (Civ. C., 1706; Com. C., 224.)

ART. 72. A member, who retires from a partnership on his own accord or suggest its dissolution, can not prevent pending transactions to be concluded in the manner most convenient to the common interests, and until said transactions are concluded the division of the profits, and property of the partnership shall not take place. (Com. C., 225.)

ART. 73. The dissolution of a partnership, which proceeds from any other cause but the termination of the period for which it has been constituted, shall not cause any prejudice to third parties until it has been recorded in the commercial registry and published in a newspaper of general circulation in the principal place of business of the firm; and personal notices must be given to those who have habitually been dealing with the partnership. (Com. C., 226.)

CHAPTER VI

WINDING UP AND LIQUIDATION

ART. 74. From the time a partnership is declared in liquidation the representation of the managing partners to make new contracts and obligations shall cease, their powers being limited as liquidators to collecting the credits of the association, to extinguishing the obligations previously contracted as they fall due, and to completing all pending business or transactions. (Com. C., 228.)

ART. 75. Should there be no opposition on the part of any of the partners, the persons who managed the business and capital of the partnership shall continue to be in charge of the liquidation. However, should all the partners not agree thereto, a general meeting shall be called immediately and the resolution adopted in that meeting, concerning the appointment of liquidators either from among the members of the firm or not, shall be followed.

Any other things that have been agreed upon in the said meeting having any reference to the form and the proceedings to be used in the liquidation and management of the partnership assets shall also be followed. (Com. C., 229.)

ART. 76. Under the penalty of removal the liquidators shall—

1. Draw up an inventory of the partnership assets and liabilities in accordance with the books and other records of the association and present the same to the partners within twenty days from the date of their appointments, unless they can show with the approval of such partners that a longer period of time is necessary for the completion and presentment of the said inventory.
2. Communicate to the partners every month the progress and condition of the liquidation. (Com. C., 230.)

ART. 77. The liquidators shall be liable to the partners for any loss that the firm assets may suffer on account of fraud or serious negligence in the discharge of their duty. (Com. C., 231.)

ART. 78. Liquidators shall not be understood as being authorized to compromise and arbitrate the common interests of the partners unless they have been expressly empowered to do so. (Com. C., 231.)

ART. 79. For the purpose of liquidation the following shall be considered as the assets of the partnership:

1. The partnership property.
2. The contributions of the partners as provided for by article 25 of this law, necessary for the payment of all the liabilities of the partnership. (U. P. A., 40 (a).)

ART. 80. The liabilities of the partnership shall rank, in order of payment, as follows:

1. Those owing to creditors other than partners.
2. Those owing to partners other than for capital and profits.
3. Those owing to partners in respect of capital.
4. Those owing to partners in respect of profits.

ART. 81. In satisfying the partnership liabilities specified in article 80 of this law, the following rules shall be observed among the partners, subject to any agreement to the contrary:

1. The assets shall be applied in order of their declaration in article 79 of this law to the satisfaction of the liabilities.

2. The partners shall contribute, as provided by article 37 of this law, the amount necessary to satisfy the liabilities, but if any but not all of the partners are insolvent or not being subject to process, refuse to contribute, the other partners shall contribute their shares of the liabilities, and in their relative proportions in which they share the profits, the additional amount necessary to pay the liabilities.

3. An assignee, for the benefit of creditors or any person appointed by the court shall have the right to enforce the contributions specified in paragraph 2 of this article.

4. Any partner or his legal representative shall have the right to enforce the contributions specified in paragraph 2 of this article to the extent of the amount which he has paid in excess of his share of the liability.

5. The individual property of a deceased partner shall be liable for the contributions specified in paragraph 2 of this article.

6. When partnership property and individual properties of the partners are in the possession of a court for distribution, partnership creditors shall have priority on partnership property, and separate creditors on individual property, saving the rights of lien or secured creditors. (U. P. A., 40, c, d, e, f, g, h.)

ART. 82. Where a partner has become bankrupt or his estate is insolvent the claims against his separate property shall rank in the following order:

1. Those owing to separate creditors.
2. Those owing to partnership creditors.
3. Those owing to partners by way of contributions. (U. P. A., 40 (i).)

ART. 83. The right to an account of his interest shall accrue to any partner, or his legal representative, as against the winding up partner or the surviving partners or the person or partnership continuing the business, at the date of dissolution, in the absence of any agreement to the contrary. (U. P. A., 43.)

ART. 84. No partner can demand the delivery to him of the capital due him from the common funds until all the debts and obligations of the associations have been extinguished, or until the amount thereof has been judicially deposited, if delivery can not take place at once. (Com. C., 235.)

ART. 85. If any of the partners considers himself unjustly treated in the final distribution of the partnership assets he may make use of his right of action in any court of competent jurisdiction. (Com. C., 233.)

PART TWO

CHAPTER VII

LIMITED PARTNERSHIPS

ART. 86. A limited partnership is a partnership in which the liability of one or more, but not all, of the partners is limited to the specific amount or amounts contributed by him or them to the firm capital at the time of the formation of the partnership to be used in the name and for the business transactions of the firm under the exclusive management of the general partners. (Gilmore's Partnership, p. 592; Com. C., 122 (2).)

ART. 87. There must be articles of partnership drawn in accordance with provisions of article 3 of this law; and in addition thereto the names of the limited partners and the amount contributed by each must be clearly indicated.

ART. 88. The provisions of articles 2 of this law must first be complied with before the association shall commence to carry on any of its business, otherwise the rules prescribed by articles 5 and 25 (2) of this law shall become applicable to all the partners.

ART. 89. Limited partnerships must transact business under the name of all general members, or several of them, or of one only; it being necessary to add in the latter two cases to the name or names given, the words "and company," and in all cases the words "limited partnership" must be added. (Com. C., 146.)

ART. 90. This general name shall constitute the firm name, in which there may never be included the names of special partners.

Should any special partner include his name or permit its inclusion in the firm name, he shall be subject, with regards to persons not members of the partnership, to the same liabilities as the managing partner, without acquiring any more rights than those corresponding to his capacity of special partner. (Com. C., 147.)

ART. 91. All the general partners of the limited partnership, be they or be they not managing partners of the partnership, are liable for the results of the transactions of the firm in the same manner and to the same extent as in ordinary partnerships as set forth in article 25 of this law.

They shall furthermore have the same rights and obligations which are prescribed in the foregoing chapters for partners in ordinary partnerships. (Com. C., 148 (1, 2).)

ART. 92. The liability of special partners for the obligations and losses of the partnership shall be limited to the funds which are contributed or bound themselves to contribute to the limited copartnership with the exception of the case mentioned in article 90 of this law.

Special partners can not take any part whatsoever in the management of the interests of the copartnership, not even in the capacity of special agents of the managing partners. (Art. 148 (3, 4).)

ART. 93. The provisions of article 41 of this law shall be applicable to partners in limited partnerships. (Com. C., 149.)

ART. 94. Special partners, can not examine the condition and situation of the management of the partnership except at the times and under the penalties prescribed in the articles of copartnership or in additional ones.

Should the articles not contain any provision of this character, the annual balance of the partnership shall be communicated to the special copartners at the end of the year without fail, exhibiting for a period which can not be less than fifteen days the exact data and documents proving said balance and permitting the transactions to be understood. (Com. C., 150.)

CHAPTER VIII

MISCELLANEOUS PROVISIONS

ART. 95. This Act shall be known as the Partnership Law.

ART. 96. All partnerships formed, organized, and existing under the Civil and Commercial Codes of the Philippine Islands and lawfully transacting business in the Philippine Islands on the date of the passage of this Act shall continue to be subject to the provisions of the said Codes, but they shall be entitled at their option either to continue business as they are organized or to reform and organize under and by virtue of the provisions of this Act.

ART. 97. All the provisions of the Civil and Commercial Codes, in so far as they relate to partnerships, and all other Acts or part of Acts in conflict or inconsistent with this Act, are hereby repealed; *Provided, however*, That nothing in this Act contained shall be deemed to repeal the existing law relating to that class of association known as *cuentas en participación* (joint accounts) as provided by the Code of Commerce in its articles 239 to 243 inclusive.

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