Law for New Zealand Business
LAWS541

Legislation extracts

Partnership Act 1908

4 Definition of partnership

(1) **Partnership** is the relation which subsists between persons carrying on a business in common with a view to profit.

7 Meaning of firm

Persons who have entered into partnership with one another are for the purposes of this Act called collectively a **firm**, and the name under which their business is carried on is called the **firm name**.

8 Power of partner to bind the firm

Every partner is an agent of the firm and his or her other partners for the purpose of the business of the partnership; and the acts of every partner who does any act for carrying on in the usual way business of the kind carried on by the firm of which he or she is a member bind the firm and his or her partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom he or she is dealing either knows that he or she has no authority or does not know or believe him or her to be a partner.

9 Partners bound by acts on behalf of firm

An act or instrument relating to the business of the firm, and done or executed in the firm name, or in any other manner showing an intention to bind the firm, by any person thereto authorised, whether a partner or not, is binding on the firm and all the partners: provided that this section shall not affect any general rule of law relating to the execution of deeds or negotiable instruments.

11 Effect of notice that firm will not be bound by acts of partner

If it has been agreed between the partners that any restriction shall be placed on the power of any 1 or more of them to bind the firm, no act done in contravention of the agreement is binding on the firm with respect to persons having notice of the agreement.

12 Liability of partners

Every partner in a firm is liable jointly with the other partners for all debts and obligations of the firm incurred while he or she is a partner; and after his or her death his or her estate is also severally liable in a due course of administration for such debts and obligations as far as they remain unsatisfied, but subject to the prior payment of his or her separate debts.

13 Liability of the firm for wrongs

Where by the wrongful act or omission of any partner acting in the ordinary course of the business of the firm, or with the authority of his or her co-partners, loss or injury is caused to any person not being a partner in the firm, or any penalty is incurred, the firm is liable therefor to the same extent as the partner so acting or omitting to act.

15 Liability for wrongs, joint and several

Every partner is liable jointly with his or her co-partners and also severally for everything for which the firm, while he or she is a partner therein, becomes liable under either of the 2 last preceding sections.

17 Persons liable by holding out

(1) Every one who, by words spoken or written, or by conduct, represents himself or herself, or who knowingly suffers himself or herself to be represented, as a partner in a particular firm is liable as a partner to any one who has, on the faith of any such representation, given credit to the firm, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made.

[…]

23 Partnership property

(1) All property and rights and interests in property originally brought into the partnership stock, or acquired (whether by purchase or otherwise) on account of the firm or for the purposes and in the course of the partnership business, are called in this Act **partnership property**, and must be held and applied by the partners exclusively for the purposes of the partnership and in accordance with the partnership agreement.