

Dissolution, winding up and termination as endgame for a partnership

- a. Dissolution, winding up and termination as endgame for the partnership (Kovacik)
 - i. Rule: Where one partner contributes the capital as against the other's skill and labor, neither party is liable to the other for contribution for any losses sustained.
 - ii. Rationale: Where one party contributes money and the other contributes services, in the event of a loss each would lose his *own* capital—the one his money and the other his labor. Alternatively, by their agreement to share equally in profits, the parties agreed that the value of their contributions were likewise equal—the money on the one hand and the labor on the other. Upon the loss of both money and labor, the parties have shared equally in the losses.
- b. Expulsion as endgame for partnership
 - i. Rule: Partners get to choose who their partners are.
- c. Freeze out as endgame for partnership
 - i. Issue: Is P acting in bad faith by attempting to use his superior financial position to appropriate the now profitable business of the partnership to himself?
 - ii. Fiduciary duty: Partners are trustees for each other, and every partner is bound to act in the highest good faith to his co-partner, and may not obtain any advantage over him in the partnership affairs by the slightest misrepresentation.
 1. Page is saying that even though a partner has the right to dissolve the partnership, that doesn't disavow him of the fiduciary duty that he has to the partnership.

iii. A partner at-will is not bound to remain in a partnership, regardless of whether the business is profitable or unprofitable. But a partner may *not* dissolve a partnership to gain the benefits of the business for himself, unless he fully compensates his co-partner for his share of the prospective business opportunity.

1. P has the power to dissolve the partnership by express notice to D. If P acted in bad faith and violated his fiduciary duties by attempting to appropriate to his own use the new prosperity of the partnership without adequate compensation to his copartner, the dissolution would be wrongful and P would be liable.