

Hello!
Inadvertent Partnerships

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LLCs, LPs and Partnerships
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Definition of Partnership

Association of 2 or more persons

To carry on

A business

As co-owners

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Implications in Definition

Does *not* require:

Written or even oral agreement, although “association” implies some sort of understanding

Participants to identify themselves as partners

Business actually be conducted, only that they “associate[e] . . . to carry on a business”

Does require:

Business be intended for profit

Associating as owners and not in some other relationship; e.g.

- employer-employee
- lender-borrower
- landlord-tenant

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Factors Indicating Partnership

Receiving or right to receive *profits*

Expression of *intent* to be partners

Participating or right to participate in *control*

Sharing or agreement to share *losses or liabilities*

Making or agreeing to make *contributions*

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How to Assess Factors *Ingram v. Deere* (Tex. 2009)

Factors considered as a whole

No one factor is determinative

Absence of any factor means no partnership

Presence of all factors means partnership

Only one factor typically is not enough

All other circumstances:

- Factfinder determines
- Reviewed for sufficiency of evidence

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Factors Not Sufficient by Themselves

Receipt of or the right to receive profits in repayment of debt, as wages, as rent, in liquidation of a former partner's interest or in consideration of the sale of a business

Co-ownership of property (as opposed to operating a business on or with the property)

Sharing of or the right to share gross returns (as opposed to net profits)

Co-ownership of mineral property even if subject to a joint operating agreement

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