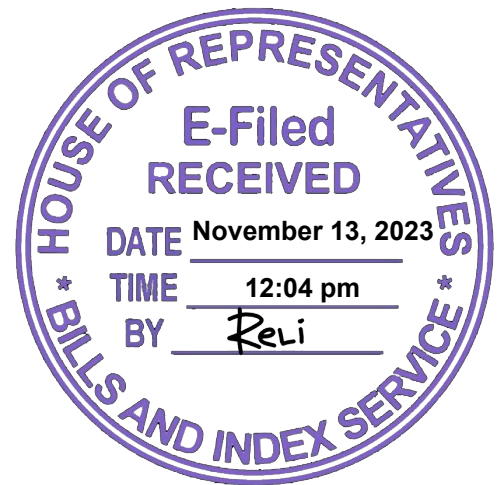


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
NINETEENTH CONGRESS
Second Regular Session



HOUSE BILL NO. **9520**

Introduced by HON. GUS S. TAMBUNTING

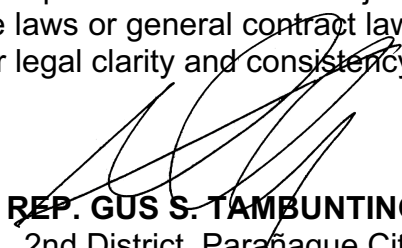
**AN ACT TO AMEND THE PARTNERSHIP PROVISIONS OF THE NEW CIVIL
CODE**

EXPLANATORY NOTE

The issue of whether corporations can participate as partners in a traditional partnership, as delineated in the New Civil Code, has remained a subject of ambiguity within Philippine jurisprudence. While existing Supreme Court decisions acknowledge the ability of corporations to engage in joint ventures, whether corporate or contractual, they have yet to definitively clarify whether corporations can function as partners within the classical framework of partnership as prescribed by the Civil Code.

Divergent perspectives persist among legal commentators. Some argue that corporations cannot assume the role of partners under the traditional concept of partnership in the Civil Code due to incongruities between the principle of mutual agency inherent in partnerships and the decision-making processes intrinsic to corporate entities.

The proposed amendment aims to conclusively exclude corporations from participation as partners within the classical partnership framework outlined in the Civil Code. Instead, corporations are enjoined to establish either corporate or contractual joint ventures, guided respectively by the prevailing corporate laws or general contract law, thus clarifying the legal landscape and promoting greater legal clarity and consistency.


REP. GUS S. TAMBUNTING
2nd District, Pangasinana City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9520

Introduced by HON. GUS S. TAMBUNTING

AN ACT TO AMEND THE PARTNERSHIP PROVISIONS OF THE NEW CIVIL CODE

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

Section 1. *Short Title.* – This law shall be known as “*An Act to Amend the Partnership Provisions of the New Civil Code*”.

Section 2. *Declaration of Policy.* – It is hereby declared the policy of the State to...

Section 3. *Amendment of Article 1767 of Republic Act No. 386.* – Article 1767 of Republic Act No. 386 or the New Civil Code is hereby amended to read as follows:

“Article 1767. By the contract of partnership two or more persons bind themselves to contribute money, property, or industry to a common fund, with the intention of dividing the profits among themselves.

Two or more persons may also form a partnership for the exercise of a profession. **Corporations shall not be eligible to form a partnership under Title IX; however, corporations may be allowed to form contractual or corporate joint ventures. A ‘contractual joint venture’ shall be defined as a commercial arrangement between corporations or other legal entities or persons for a specific project or undertaking, governed by a contract specifying their respective rights, obligations, and responsibilities. A ‘corporate joint venture’ shall be defined as a separate corporation the stockholders of which include two or more corporations, subject to the provisions of the Revised Corporation Code, the joint venture agreement or stockholder agreement (as the case may be), for a specific purpose or project. The general contract law, the stipulations of the parties, and the Revised Corporation Code (as the case may be) shall govern such joint ventures. The partnership provisions under this Title IX shall not be suppletorily applicable to such joint ventures. In no case shall the principle**

of mutual agency be applied to joint ventures unless otherwise stipulated by the parties.”

Section 4. *Separability Clause*. – If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

Section 5. *Repealing Clause*. – All laws, decrees, executive orders, rules, and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 6. *Effectivity*. – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,