



**Bar Malaysia  
Malaysian Bar**

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To Members of the Malaysian Bar

### **Necessity of Partnership Agreements**

The Bar Council is often presented with complications arising from internal disputes faced by partners within law firms that operate as partnerships. Common partnership disputes include matters relating to the manner of dissolution; termination, retirement or death of partners; and names of law firms.

We have noted a prevalent factor in such instances, namely that these partners do not have partnership agreements in place.

Members practising in partnerships are strongly urged to enter into partnership agreements to regulate their relationships *inter se*, and contract out of the provisions of the Partnership Act 1961 ("Act") should the parties deem it appropriate. If there is no such partnership agreement, the provisions of the Act would apply, and the outcome in a dispute — especially in cases of termination by notice and termination by operation of law under the Act — may not be in accordance with the wishes of the parties, or may result in complications in respect of the status of the firm, and for the parties and the clients.

Specific attention is also drawn to section 35(1) of the Act, which provides that "[s]ubject to any agreement between the partners, every partnership is dissolved as regards all the partners by the death or bankruptcy of any partner".

We wish to highlight that in cases where there is death or bankruptcy of any partner, the Bar Council will enquire into the existence of a partnership agreement to the contrary. In the absence of such an agreement, the Register of Firm Names will be updated to reflect that the law firm has been dissolved.

Should you have any enquiries, please contact the following Executive Officers from the Membership Department:

- (1) Kwan Yin Cheng (tel: 03-2050 2163); or
- (2) Olivia Oh Li Ann (tel: 03-2050 2178).

You may also direct your enquiries to [membership@malaysianbar.org.my](mailto:membership@malaysianbar.org.my).

Thank you.

**Karen Cheah Yee Lynn  
Secretary  
Malaysian Bar**