

Can a Partner Unilaterally Back Out of a Partnership?

Rav Yitzchak Grossman

Question: Reuven and Shimon are partners in a business venture. One day, Reuven decides he wants to leave the partnership. May he do so?

Answer: If a partnership agreement does not specify any duration of time or any specific length, either partner can unilaterally leave whenever he wants. It makes no difference if the agreement is verbal or in writing. If the partnership agreement does have a fixed duration, the partners must remain in the partnership until that time and neither has the right to unilaterally leave.

The Aruch Hashulchan adds that even if the time duration is not explicitly verbalized or written, if it is clearly evident from the nature of the partnership, that is sufficient. For example, if two men partner to sell some merchandise, it is understood that they agree to remain partners until the merchandise is sold. In this case, he says that it is as if the agreement is accepted, even though it was never explicitly stated, and the two partners cannot leave the partnership before that time.