
INTELLECTUAL PROPERTY AND TRANSACTIONAL LAW CLINIC



LIMITED LIABILITY PARTNERSHIPS

INTRODUCTORY OVERVIEW

A limited liability partnership, otherwise known as a registered limited liability partnership, is a partnership in which all of the partners have limited liability.¹ This is different from general partnerships and limited partnerships. In the former, each partner is jointly and severally liable for their own actions and actions of the other partners. In the latter, only the limited partners have limited liability while general partners are still jointly and severally liable. It is not uncommon for an existing general or limited partnership to register as limited liability partnership.

HOW A LIMITED LIABILITY PARTNERSHIP IS FORMED

A limited liability partnership is formed when a statement of registration is filed with the Virginia State Corporation Commission. This is similar to a limited partnership which also requires a formal filing with the SCC. The statement of registration must give the name of the limited liability partnership and the name must contain the designation "Registered Limited Liability Partnership," "Limited Liability Partnership," "R.L.L.P.," "L.L.P.," "RLLP," or "LLP;" which puts third parties on notice of the limited liability of the partners. The statement must also state the address of the principal office, the address of the registered office, a registered agent, and a statement of the manner in which the registration was approved by the partners. A partnership becomes a limited liability partnership at the time of filing of the initial statement of registration or at a later time specified in the statement.

¹ In some jurisdictions at least one general partner must have unlimited liability. This is not the case in Virginia.

ADVANTAGES AND DISADVANTAGES OF LIMITED LIABILITY PARTNERSHIPS

Limited liability partnerships share a majority of the same advantages and disadvantages as general partnerships and limited partnerships. The added advantage of limited liability for general partners makes limited liability partnerships much less risky for the general partners. One disadvantage of limited liability partnerships is that some other business or individuals will be wary of doing business with the company knowing that the partners do not have personal liability for the actions of the business.

COSTS OF FORMATION AND MAINTENANCE

Formation of a limited liability partnership requires the filing of the statement of registration which carries a \$100 filing fee in Virginia. Additionally, a limited liability partnership must, on or before July 1 each year, file an annual continuation report with the SCC. The continuation report must contain the name of the partnership, the partnership's current principal office address, and, if it is a foreign registered limited liability partnership, the jurisdiction in which it is registered. Failure to file the report and pay the \$100 fee will result in cessation of limited liability for the partnership. The partnership will then revert to either a general partnership or limited partnership.