

BUSINESS LAW

Persons

Dr. Zoltan Vig



BME
Gazdaság- és
Társadalomtudományi Kar

Persons

Subjects of domestic law:

- natural persons (humans)
- legal persons (companies, cooperatives, foundations, state organs, local municipalities)
- (the state)

Subjects of international law:

- states
- international organisations

Natural person - legal capacity

Legal capacity: the entitlement to have rights and obligations

- all persons have legal capacity
- entitled to be subject of rights and obligations
- (unilateral) statements limiting legal capacity are null and void
- each person, if born alive (!), has legal capacity from the day of conception (in Hungary):
 - conditional legal capacity of the fetus
 - 300th day preceding the date of birth is considered the day of conception, which, however, may be evidenced to have occurred earlier or later
 - legal guardian of the fetus
- legal capacity ceases upon death
- legal presumption of death (in Hungary):
 - a missing person may be legally declared dead by the court upon request 5 years after the date of his/her disappearance if there has been no information of any kind during this period to indicate that he/she is alive (proof of contrary)
 - if a person who has been legally presumed dead is found, the ruling on the legal presumption of death shall be abolished, and the ensuing legal consequences are considered null and void

Natural person - legal competency

Legal competency: the entitlement to conclude contracts and make other legal statements in his/her own name

	Persons of legal age	Minors
Age	persons who have reached the age of 18 years	persons who have not yet reached the age of 18 years
Full competency	whosoever is competent is entitled to conclude contracts and make other legal statements in his own name	married minors (16+) are considered to be of legal age
Limited competency	persons of legal age has partially limited competency if a court has placed them under custody	a minor has limited competency if he/she has reached the age of 14 years and is not incompetent
Legal incompetency	<ul style="list-style-type: none">• persons of legal age whom the court has placed under guardianship fully limiting their legal competency are deemed legally incompetent• any person who is not of sound mind and who is therefore unable to make decision for himself	minors under the age of 14 years are legally incompetent

Legal persons

- are regulated in the Civil Code of Hungary (in some other countries a separate company law)
- are established with instrument of incorporation
- come into existence upon their registration by the court
- members and the founders of a legal person shall not derogate from the provisions of the Civil Code if the derogation
 - is prohibited by the Code or
 - violates the rights of the creditors, employees or minority members of the legal person
- so, regarding other issues the members are free to agree as they wish
- companies are just one type of legal persons

Legal persons (companies)

- corporate personhood is a legal fiction
- the corporation is separated from its associated human beings (like owners, managers, or employees)
 - o individual shareholders are not legally responsible for the company's debts and damages beyond their investment in the company
 - o individual employees, managers, and directors are liable for their own wrongdoings or lawbreaking while acting on behalf of the company
- a legal entity is treated under the law as a person except when otherwise noted
- has some, but not all, of the legal rights and responsibilities enjoyed by natural persons (physical humans)
 - o e.g., companies have the right to own property, to enter into contracts with other parties, and to sue or be sued in court, secrets,
 - o and without dignity or having the right to vote

Legal persons – legal capacity

Legal capacity

- all legal persons have legal capacity: entitled to have rights and obligations
- covers all rights and obligations that do not inherently pertain solely to individual human beings. e.g. entering into contracts, suing, and being sued
- protection of personality rights also apply to the inherent rights of legal persons, unless such protection, by virtue of its very nature, can only be given to private persons
- may be established
 - in a form defined by law,
 - for the pursuit of activities and objection which are not prohibited by law; any instrument of constitution made in violation of this provision is null and void
- a legal person has its own
 - name and seat
 - assets separate from its members and founders
 - management and representative body

Legal persons - liability

Limited liability

- where a person's financial liability is limited to a fixed sum, most commonly the value of a person's investment in a company
- if a company with limited liability is sued, then the claimants are suing the company, not its owners or investors

Liability for the legal person's debts

- legal persons are liable for their debts with their own assets
- the members and founders of a legal person are not be held personally and/or financially liable for the legal person's debts, obligations
- in the event of abuse of limited liability
 - on the part of any member or founder of a legal person,
 - on account of which any outstanding creditors' claims remain unsatisfied at the time of the legal person's dissolution without succession,the member/founder in question is subject to unlimited liability for such debts.

Thank you!



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