



LEGAL ENTITIES

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Abstract. This article provides a comprehensive overview of the origin of the term “legal entity,” its historical stages of formation, and its scientific and legal meaning. The study analyzes the main theories of the legal entity — the fiction theory, the theory of real existence, the collective theory, and the functional approach — and comparatively examines the views of scholars and specialists on these theories. In addition, the article explains the role of the legal entity institution in the civil legislation of the Republic of Uzbekistan, including its legal capacity, capacity to act, state registration, founding documents, and issues of liability. It also classifies commercial and non-commercial legal entities and describes their organizational and legal forms in detail. Furthermore, the study considers the issue of legal personality in international law, as well as the importance of this institution in the activities of international organizations and in cross-border commercial relations. In conclusion, the article presents scientific findings on the place and functional significance of the legal entity in the modern legal system.

Keywords: legal entity, legal capacity, capacity to act, commercial organization, non-commercial organization, organizational and legal form, international law, corporation, Civil Code, liability.

INTRODUCTION.

The concept of a “legal entity” originates in Western legal thought from the term *persona* used in ancient Roman law. In Roman law, *persona* initially meant “role,” “mask,” or “the social manifestation of an individual,” and later evolved into a concept expressing legal subjectivity. According to Oxford research, the word *persona* originally referred to an actor’s mask and role, and subsequently came to denote a person’s socio-legal status.

In the Middle Ages, this idea developed further, and the concept of *persona ficta*—a “fictitious person”—emerged in canon law. According to Oxford sources, this notion is associated with Pope Innocent IV, who used it to explain corporate entities as separate legal subjects. Thus, religious and collective structures also began to be perceived as “persons” before the law.

In the modern understanding, a legal entity is an organization that is not a human being but can participate in legal relations as a person. According to *Britannica*, legal personhood is a legal status that allows an entity to enter into contracts, own property, sue, and be sued; this concept traces its roots back to Roman law.

MATERIAL AND METHODS.

In legal scholarship, several approaches have been developed to explain the nature of a legal entity. In modern studies, this debate typically revolves around the fiction theory, real entity theory, aggregate theory, and the functional approach. Martin Petrin notes that this historical debate continues to influence approaches in corporate, civil, tort, and even constitutional law[3].



According to the fiction theory, a legal entity is not a real “human being” but a legal construct created by law. Petrin, analyzing this view associated with Savigny, explains that a legal entity possesses limited rights and obligations but cannot embody classical notions of fault or *mens rea*; therefore, it is generally held liable through its representatives.

The real entity theory, on the other hand, views a legal entity not merely as a legal fiction but as an independent social organism. In Petrin’s analysis, this approach is associated with German scholars led by Gierke, who argued that a legal entity is a social unit greater than the sum of its members.

According to the aggregate theory, a corporation is essentially the sum of its participants, shareholders, or members rather than a separate existence. Within this framework, corporate rights and obligations are often interpreted as directly linked to the rights of individuals. Petrin points out that while this theory strongly reflects the economic interests of owners, it does not fully explain the concept of limited liability.

The functional approach shifts the focus from the ontological question “what is it?” to the practical question “what is it for?” According to Petrin, the legal form of a legal entity should be explained through its economic and social functions—namely, risk allocation, asset protection, facilitation of investment, and simplification of transactions[2].

DISCUSSION AND RESULTS.

The Civil Code of Uzbekistan provides a clear definition of a legal entity: it is an organization that possesses separate property under ownership, economic management, or operational control; is liable for its obligations with that property; can acquire and exercise property and personal non-property rights in its own name; can perform obligations; and can act as a plaintiff and defendant in court. Legal entities must also have an independent balance sheet or budget.

The Code separately regulates the legal capacity, formation, and state registration of legal entities. Legal capacity arises from the moment the legal entity is established, and a legal entity is considered established from the moment it is registered in accordance with the procedure prescribed by law[4].

At the same time, the special legal capacity of a legal entity is determined by its charter, regulations, or legislation, and certain types of activities may only be carried out on the basis of a license. This approach recognizes the general legal subjectivity of legal entities while also allowing their activities to be restricted by specific regulatory frameworks.

From the standpoint of constituent documents, a legal entity may operate on the basis of a charter, on the basis of both a founding agreement and a charter, or solely on the basis of a founding agreement. The constituent documents specify the name, location, governance structure, and, where necessary, the scope and objectives of the entity’s activities.

As a general rule regarding liability, a legal entity is responsible for its obligations with all of its property. Founders or owners are not typically liable for the obligations of the legal entity, except in cases *предусмотрен* by law or by the founding documents. If bankruptcy results from unlawful actions of the founder, subsidiary liability may be imposed[1].

Representative offices and branches also play an important role. According to the Civil Code, unless otherwise provided by law, they are not considered legal entities. They are endowed with property by the legal entity that established them and operate on the basis of its power of attorney.



The Civil Code distinguishes between commercial and non-commercial legal entities. Commercial organizations pursue profit as their primary objective, whereas non-commercial organizations do not. However, non-commercial entities may engage in entrepreneurial activities insofar as such activities correspond to their statutory purposes.

Commercial organizations include business partnerships and companies, production cooperatives, unitary enterprises, and other forms *предусмотрен* by law. Non-commercial legal entities may take the form of public associations, social foundations, institutions financed by an owner, and other forms specified by legislation[5].

Business partnerships and companies are commercial organizations whose charter capital is divided into shares or stocks. The Civil Code identifies forms such as general partnerships, limited partnerships, limited liability companies, additional liability companies, and joint-stock companies.

According to the special law on limited liability companies, an LLC is defined as a business company established by one or more persons, with its charter capital divided into shares. Its participants are not liable for the company's obligations and bear risk only within the value of their contributions. This represents the classical expression of the principle of limited liability in Uzbek law.

Under the law on business partnerships, such entities must possess separate property recorded on an independent balance sheet, may acquire rights and assume obligations in their own name, and may act as plaintiffs and defendants in court. The law recognizes general partnerships and limited partnerships as their main forms[6].

A private enterprise is also recognized as a legal entity: it has separate property, may acquire rights and obligations in its own name, and may act as a plaintiff or defendant in court. At the same time, if the enterprise's assets are insufficient, the owner may bear subsidiary liability.

The law on non-governmental non-profit organizations defines NGOs as entities established to realize the rights and legitimate interests of individuals and legal entities, as well as social, cultural, educational, and charitable goals. This category serves as an important legal foundation for civil society institutions.

Cooperatives also occupy a special place. In current legal practice, production and consumer cooperatives are forms of association based on the economic cooperation of members, and the liability of members and the cooperative is regulated by their charter. Recent legislation on agricultural cooperatives has further updated this regulatory framework.

In international law, the concept of a legal entity is not governed by a single global code but rather through various institutions and legal instruments. According to Cambridge sources, international legal personality exists primarily for states, which are recognized as principal subjects of international law. The status of other entities—such as international organizations and, in certain cases, individuals or private actors—remains complex and subject to debate[7].

The 2011 draft articles of the UN International Law Commission define an “international organization” as an entity established by a treaty or other instrument governed by international law and possessing its own international legal personality. This highlights that international organizations are distinct legal subjects separate from states.

At the international level, the role of corporations is becoming increasingly significant. A 2020 Cambridge study discusses the issue of direct human rights obligations of



businesses, noting that such obligations are currently limited and largely depend on state implementation and enforcement. Thus, corporate legal personality at the international level is not a fully independent system but is shaped at the intersection of national law and international obligations[2].

In the field of private international law, the 2015 HCCH Principles on Choice of Law in International Commercial Contracts reinforce the principles of party autonomy and choice of law, while the 2005 Choice of Court Convention aims to standardize jurisdiction and the recognition of foreign judgments in international commercial relations. These instruments are of practical importance for cross-border contractual relations involving legal entities.

In the area of corporate governance, the 2023 G20/OECD Principles of Corporate Governance provide guidance to states in improving the legal, regulatory, and institutional environment for companies, emphasizing transparency, accountability, and adherence to the rule of law.

Although historically a legal entity was understood as an “artificial subject created by law,” modern legal doctrine no longer views it merely as a fiction but also as an independent organization with economic and social functions. Therefore, in contemporary scholarship, theory and practice complement each other: the fiction theory explains the legal construction, the real entity theory emphasizes social independence, the aggregate theory reflects the interests of participants, and the functional approach highlights economic purpose[4].

CONCLUSION.

In the legal system of Uzbekistan, the core elements of the legal entity institution include separate property, independent liability, state registration, constituent documents, and organizational-legal forms. Conceptually, this model aligns with the classical European continental system, while at the same time it continues to evolve in response to the needs of a market economy, corporate governance, and civil society.

Based on this, the central academic idea of the article can be formulated as follows: a legal entity is not merely a legal “mask,” but a complex legal institution that embodies the interests of its founders, economic risk, property independence, and social function.

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