The issue of preincorporation transactions constitutes a challenge for traditional concepts of law. The businessman's undeniable need for making contracts before the company is incorporated puts to the test principles of contract, agency and corporate law. To have the company bound in advance may best reflect the Parties' intentions. Contract and agency law, however, do not directly allow for such a result, offering at best cumbersome devices. Corporate law principles are affected inasmuch as the idea of fictitious corporate entity is at stake. The wish for immediately binding contracts conflicts with the concern to keep the company's endowment uncharged upon its coming into existence.

[The author compares the solutions of this problem by Common and German law.]

**Referring Principles:**

- X.3 - Liability of corporate founders