II.2 - Agent acting on behalf of group of companies

A corporate entity acting on behalf of a group of corporate entities binds all entities that belong to the group.

Commentary:
This Principle has been developed by international arbitral tribunals as the so-called "group of companies doctrine" for cases in which a member of a corporate group, even though not a signatory to an arbitration agreement concluded by another member of the corporate group, appeared in economic reality as the real party to the arbitration agreement and was therefore treated as such by these tribunals. While the Principle is disputed in the arbitration context because of the form requirement for arbitration agreements, e.g. under Art. 7 of the UNCITRAL Model Law on International Commercial Arbitration, it can be extended to contracts in general for which no such form requirement exists. However, its application must be limited to clear cases in which the involvement of the non-signatory in the performance of the contractual obligations is so evident and strong that the case comes close to one of apparent authority.