

H.A. Artists & Assocs. v. Actors' Equity Ass'n

451 U.S. 704 (1981)

Authored by Beth Tomerlin

Actors' Equity ("Equity") is a union representing most stage actors in the United States. Equity has entered into collective bargaining agreements with theatrical producers fixing terms of employment and wages. Since 1928 Equity has engaged in a system to regulate agents, where members of Equity could utilize only those agents who were in the franchise agreement with Equity. To be a member of the franchise agreement, agents had to first obtain a license from Equity. To receive a license an agent must agree to Equity's regulations which included a limitation of commission and payment of franchise fees.

H.A. Artists, a group of theater agents, refused to get agent licenses from Equity and sued, contending that Equity's regulations violate federal antitrust laws, specifically sections one and two of the Sherman Act. The Supreme Court ("Court") stated that labor unions who act in their own self interest and not in combination with non-labor groups are statutorily exempt from antitrust law, under the Clayton and Norris-LaGuardia Acts. The Court first decided that Equity was only acting in its own interest to secure employment for actors through their licensing structure. The Court next decided that Equity was indeed acting in combination with a labor group in a labor dispute (as opposed to acting in combination with a non-labor group which would not be exempt from federal antitrust law). Since it is customary in the theater business to secure employment through an agent, and H.A. Artists had labor group characteristics, the agents were a labor group. Therefore, the statutory exemptions applied and Equity was exempt from antitrust law liability.

However, the Court concluded that the franchise and license fees imposed on the agents were not covered by the statutory exemptions. Equity argued that the fees were necessary to administer their franchise system, but the Court decided that the fees were unnecessary for Equity's regulation. The Court concluded that Equity could not charge license fees because unlike members of a union, agents do not directly benefit from the union. Therefore, the fees are not covered under the Federal antitrust statutory exemptions.

This case set precedent for unions who operate within the entertainment industry. Equity created a system of licensing to protect actors from historical abuses by agents. The Supreme Court concluded that actor unions are labor groups, thus allowing them to fall within the statutory exemptions. Since unions perform an indispensable function in the entertainment industry, it is necessary for them to be included in the statutory exemptions to ensure the regulation of agent commission fees.