



Contracts with Minors in the Entertainment Industry

In an era where child movie stars and teenage recording artists play an ever-increasing role in show business, the entertainment industry must be able to form legally binding contracts with minors in order to facilitate the production and distribution of talent.

Basic Legal Principles

Minors (in most jurisdictions, those younger than 18) generally lack the capacity to enter into a contract that legally binds them to their agreement. However, contractual promises made between an adult and a minor are usually binding on the adult.

Stated differently, a contract entered into between an adult and a minor can be voided by the minor, but the adult will remain legally bound to perform the adult's side of the deal. Even if a parent or guardian of the minor approves the contract, the law in most jurisdictions does not require the minor to honor it.

Minors Have Legal Capacity to Contract in Certain Situations

Many jurisdictions recognize exceptions to the broad rules outlined above. In most states, a minor generally may not avoid a contract that concerns the following:

- **Necessities** – A minor is bound to pay the reasonable value of necessities. Although the definition of "necessities" is debatable and will depend on the circumstances, necessities generally include, groceries, etc.
- **Statutory Exceptions** – Some states have enacted statutory exceptions to the contract rules protecting minors. Such statutes typically cover insurance contracts and student loan contracts, which may generally be enforced against minors.

The Entertainment Industry

Significant problems in the entertainment industry are created by a minor's almost exclusive right to cancel contracts. Consider, for example, a situation where an entertainment executive signs an employment contract with an "unknown" child for a relatively minimal salary. Under the legal principles discussed above, the child could choose to revoke the contract at any time. In the early days of Hollywood, this would happen frequently – once the "unknown" child became a star, the child would repudiate the earlier contract in order to enter into a new, more lucrative contract with someone else. Hence, employers were reluctant to invest in child entertainers because the minor was not legally required to perform throughout the entire contract term.

State Legislation

Contracts concerning a minor's business dealings are not usually regarded as involving "necessities." Therefore, entertainment contracts generally do not fall within the

"necessities" exception to the general rule regarding contracts with minors. However, some states have passed legislation in order to grant employers in the entertainment industry some certainty regarding their contractual agreements with potential child stars. Although the laws were originally enacted to protect the entertainment industry, modern laws now also contain substantial protection for minor performers.

California, for example, has enacted a statute which applies to both performing artists and professional athletes. California law allows parties to seek court approval of entertainment industry contracts involving minors. Once approved by the court, the minor's right to cancel the contract will be limited. Essentially, when a judge approves a contract, the minor is generally prohibited from backing out on the grounds that he or she was a minor when the contract was formed.

New York also authorizes judicial approval of minor entertainers' contracts. Like California, such approval applies to contracts by performing artists and professional athletes. However, under New York law, a judge may refuse to approve the contract until the parents (if entitled to the minor's earnings) or the minor (if entitled to the minor's own earnings) agrees to set aside a portion of the earnings to be placed under the control of a guardian. The court generally will determine the amount of earnings to be set aside by considering the following:

- The parents' financial circumstances
- The needs of the minor's family and parents' other children, if any
- Whether the minor is married

Finally, under New York law, most terms of the minor's employment contract may not exceed three years from the date of approval. California law, on the other hand, does not specifically limit the term of a minor entertainer's employment contract. Rather, a California statute, with general applicability, limits the term of any personal service contract to seven years.