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STOOT v. FLUOR DRILLING SERVICES, INC.
United States Court of Appeals, Fifth Circuit, 15 August 1988
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Where a choice of law clause mandates the application of a state's law and that state has strong public policy favoring the application of its law and a substantial relationship to either the parties or the transaction, that state's law will govern absent a countervailing federal interest.

FACTS: Eloise Porter, an employee of D & D Catering Service, Inc. (D & D) attacked Joseph Stoot, an employee of Fluor Drilling Services Inc., (Fluor) aboard the drilling rig Mr. Dave. Stoot's hand was lacerated in the attack. Stoot brought suit in Federal District Court for the Western District of Louisiana. A judgment for D & D was affirmed by this court. *Stoot v. D & D Catering Service Inc.*, 807 F.2d 1197 (5th Cir. 1987), *cert denied*, ——— U.S. ———, 108 S.Ct. 82, 98 L.Ed. 2d 44 (1987).

Stoot then sued Fluor which filed a third-party complaint against D & D claiming D & D was obligated to defend and indemnify it under its catering contract. D & D refused to do so asserting that the contract was made under Louisiana's Oilfield Anti-Indemnity Statute, La.Rev.Stat. Ann. §9:2780 (West Supp. 1987), because Louisiana law and not maritime law would govern pursuant to the parties' choice of law clause in the contract.

The district court held this to be a maritime contract governed by federal law.

ISSUE: Whether the parties' choice of law clause stating that Louisiana law governed the contract was enforceable in light of federal maritime law?

ANALYSIS: The Fifth Circuit Court of Appeals reversed the district court's decision. Chief Judge Clark, writing for the court, stated that, "the district court's analysis of the maritime nature of D & D's contract was correct. A caterer's employee working as a galley hand on a drilling rig is a seaman. *O'Dell v. North River Insurance Co.*, 614 F. Supp. 1556, 1560 (W.D.La. 1985). . . . Hence, the contract was correctly construed as one involving maritime obligations. However, it does not automatically follow that maritime law applies."

The court determined that indemnity provisions are generally governed by federal maritime law but a choice of law clause in a contract between the parties may operate to bring construction of such provisions in contracts involving maritime obligations

under state law. "However, under admiralty law, where the parties have included a choice of law clause, the state's law will govern unless the state has no substantial relationship to the parties or the transaction or the state's law conflicts with the fundamental purposes of maritime law." *Hale v. Co-Mar Offshore Corp.*, 588 F. Supp. 1212, 1215, (W.D.La. 1984).

Thereafter, the court found that Louisiana had a substantial relationship to the parties. Fluor was found to be a foreign corporation qualified to do business within the state, while D & D was a Louisiana corporation seeking the protection of Louisiana law. The court stated that in several cases the courts have recognized the strength of Louisiana's Anti-Indemnity Statute and concluded Louisiana had a strong public policy interest involved. *Matte v. Zapata Offshore Co.*, 784 F.2d 628 (5th Cir. 1986), *cert denied sub nom. Zapata Offshore Co. v. Timco, Inc.*, 479 U.S. 872 (1986); *Lirette v. Union Texas Petroleum Corp.*, 467 So. 2d 29, 32 (La. Ct. App. 1st Cir. 1985). Once it determined the strength of Louisiana's interest in the particular matter before them, the court concluded that "application of the Anti-Indemnity Statute does not conflict with any fundamental purpose of maritime law." *Matte, supra*, 784 F.2d at 631; *Doucet v. Gulf Oil Corp.*, 783 F.2d 518, 525 (5th Cir. 1986), *cert denied sub nom. Gulf Oil Corp. v. Danos & Curole Marine Contractors, Inc.*, 479 U.S. 883, 107 S.Ct. 272, 93 L.Ed.2d 249 (1986). Accordingly, the court concluded that the parties' choice of law clause was enforceable in light of federal maritime law.

Where a choice of law clause mandates the application of a state's law and that state had a strong public policy favoring the application of its law and substantial relationship to either the parties or the transaction, then that state's law will govern absent a countervailing federal interest. Because Louisiana's Anti-Indemnity Statute does not conflict with any fundamental purpose of maritime law, Louisiana law controls the rights of the parties as they agreed it would.

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