

Appellate Division Finds That Disputed Settlement Agreement Cannot Be Enforced Without Evidentiary Hearing

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On February 14, 2019, in the matter of Franzblau Dratch PC v. Brian Martin, A-3362-17T3, the Appellate Division reversed and remanded the trial court's decision to enforce a settlement, finding that the trial judge had failed to explain his ruling, and finding that a factual dispute regarding whether the parties had agreed to a settlement required that an evidentiary hearing should have been conducted to determine the existence of a settlement.

Plaintiff law firm, Franzblau Dratch, P.C., had originally brought a lawsuit for the collection of legal fees incurred by the firm while representing Defendant Martin in a matrimonial matter. The firm obtained a default judgment in its favor against Martin.

The default judgment was set aside following Martin's claims of improper service, and an answer and counterclaim was subsequently filed. However, the firm subsequently successfully moved for reconsideration of the order that vacated the default judgment. Martin appealed, and the Appellate Division found that the order had been in error because a hearing was required to resolve the factual disputes regarding whether process had been properly served.

Upon remand, the firm moved to enforce an agreement that it claimed had been reached in 2015 in which Martin through counsel had agreed to pay \$3,500 in full settlement. Martin argued that a hearing was required in determining whether a settlement had been reached. However, the trial court entered an order enforcing the settlement without conducting a hearing, and entered judgment in favor of the plaintiff and against without an explanation of the ruling. Martin appealed arguing that an evidentiary hearing should have been required on whether the settlement had been reached, and faulting the judge for failing to explain his ruling.

The Appellate Division, on this second go-around vacated the order enforcing settlement, and remanded once again, agreeing with Martin that the Judge had failed to explain the ruling, and that an evidentiary hearing should have been conducted regarding an enforceable settlement.

This case should serve as a reminder to New Jersey judges, litigants, and their legal counsel that procedural formalities must be followed even if matters such as simple factual disputes, or simple rulings may appear to be self-evident. In this case, it is likely the case that the documentation regarding the existence of a settlement agreement appeared to be clear and obvious to both the plaintiff law firm and the trial judge in the firm's application to enforce. Regardless of how obvious the issue may have seemed, as according to the Appellate Division, the required formalities must still be observed in accordance with the Court Rules, particularly when such issues are disputed.