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Contracts

## New Jersey Federal Court Enforces Settlement Agreement Consent Judgment

A federal court in New Jersey recently granted salon franchisor Fantastic Sams summary judgment against former franchisees that failed to make payments required under a previous settlement agreement. *Fantastic Sams Franchise Corp. v. Weekes*, 2023 WL 2696595 (D.N.J. Mar. 29, 2023).

A federal court in New Jersey recently granted salon franchisor Fantastic Sams summary judgment against former franchisees that failed to make payments required under a previous settlement agreement. *Fantastic Sams Franchise Corp. v. Weekes*, 2023 WL 2696595 (D.N.J. Mar. 29, 2023). In 2017, Fantastic Sams settled a dispute with its former franchisees Boynton Weekes and George Jackson, with Weekes and Jackson agreeing to pay Fantastic Sams \$85,000 over a four-year period. If Weekes and Jackson defaulted on their payment obligations, the settlement entitled Fantastic Sams to an immediate consent judgment for the amount still owed. In October 2017, after making some initial installment payments, Weekes and Jackson informed Fantastic Sams that they would no longer be able to meet their obligations. In September 2021, Fantastic Sams brought a lawsuit seeking a consent judgment under the settlement agreement. Jackson and Weekes argued Fantastic Sams waived any default by waiting nearly three years to enforce its rights and that laches barred any recovery.

The court rejected both arguments asserted by Jackson and Weekes. Applying Massachusetts law, as required by the settlement agreement, the court first held that Weekes and Jackson could not meet their burden to establish that a three-year delay in bringing suit showed that Fantastic Sams unequivocally intended to forfeit its contractual rights, “such that no other reasonable explanation of [the] conduct is possible.” Second, the court held that the equitable doctrine of laches was not available as a defense against Fantastic Sams’ legal claim. As long as there was no statute of limitations issue, as a matter of law, delay in pursuing a legal claim could not constitute laches. Furthermore, Weekes and Jackson could not meet their burden to show that any delay on Fantastic Sams’ part caused prejudice.

### Related People

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