



Apr 06, 2023

Categories:

[General Litigation](#)

Authors:

[Christopher P. Anton](#)

Appellate Division Holds Settlement Reached at Voluntary Mediation Is Unenforceable in the Absence of a Signed Written Settlement Agreement

In *Willingboro Mall, Ltd. v. 240/242 Franklin Avenue, LLC*, a case decided 10 years ago, the New Jersey Supreme Court upheld the confirmation of an oral settlement agreement that was made at a court-ordered mediation session. The court announced, however, that “going forward, a settlement that is reached at mediation but not reduced to a signed written agreement will not be enforceable.” In a recent, to-be-published decision, the Appellate Division held that *Willingboro*’s “broad, bright-line rule” requiring a signed written settlement agreement extends to voluntary mediations, too.

The new case, *Gold Tree Spa, Inc. v. PD Nail Corp.*, involved a dispute over the plaintiffs’ sale of two nail salons to the defendants. After the plaintiffs filed suit, the parties voluntarily agreed to mediation, resulting in the mediator’s creation of a draft settlement agreement. Several hours after the mediation ended, one of the plaintiffs decided she did not want to settle and refused to sign the agreement. The defendants moved to enforce the settlement, and the plaintiffs responded that they would honor the settlement agreement only if certain contingencies regarding an assignment of the lease of one of the salons could be met. The defendants then contacted the mediator to finalize the settlement agreement and circulated the lease assignment and related documents. The plaintiffs raised issues with the assignment, and the settlement agreement was not signed before the deadline stated in the draft agreement expired.

Thereafter, the trial court denied the defendants’ motion to enforce the settlement on the ground that it did not meet *Willingboro*’s requirement of a signed written agreement. The court rejected the defendants’ argument that *Willingboro* applies only to court-

ordered mediations. In affirming the trial court's decision, the Appellate Division described as "clear" and "unambiguous" the New Jersey Supreme Court's pronouncement that settlements reached at mediation but not reduced to a signed written agreement would not be enforceable going forward. The Appellate Division reasoned that any differences between court-ordered mediations and voluntary mediations are not relevant to the policy underlying *Willingboro*, namely, that mediation should not spawn a new round of litigation over whether the parties reached a settlement. (The enforcement proceedings in *Willingboro* were extensive and included five depositions and a four-day evidentiary hearing.) The Appellate Division also observed that there was no meeting of the minds because the defendants admitted settlement negotiations were ongoing when the deadline to complete the settlement expired.

Willingboro and *Gold Tree Spa* serve as a warning that parties who wish to be bound by a settlement reached in the course of a mediation must memorialize the settlement in a signed written agreement before the mediation comes to a close, regardless of whether the mediation is voluntary or ordered by a court. In complex cases especially, negotiating the resolution of a dispute and then drafting, finalizing, and signing a settlement agreement during the confines of a mediation can be a daunting task. Fortunately, the New Jersey Supreme Court offered the following guidance in *Willingboro*: "In those cases in which the complexity of the settlement terms cannot be drafted by the time the mediation session was expected to have ended, the mediation session should be continued for a brief but reasonable period of time to allow for the signing of the settlement." Absent such a signed agreement, the settlement you thought you struck will be in jeopardy of not being enforced, as *Gold Tree Spa* makes crystal clear.

© 2026 FBT Gibbons LLP. May be considered attorney advertising in some jurisdictions.