



FROM AGREEMENT TO ENFORCEMENT

A Practical Guide to Settlement Agreements

Introduction

Settling a commercial dispute can save time, cost and business relationships. Once terms are agreed, though, many businesses ask the same question: *what protection do we have if the other side does not keep its word?*

This guide explains what a settlement agreement is, what it does and does not do, and what options may be open to you if the other party fails to comply.

What Resolved. does. Resolved. is an online platform that helps businesses settle commercial disputes. Each party submits its position and supporting documents. Resolved. prepares a reasoned settlement proposal for the parties to consider. If both sides accept terms, they can together select the governing law and the dispute resolution forum for their agreement. Resolved. does not limit that choice to particular countries or court systems. Resolved. then generates a settlement agreement in Word and PDF.

What Resolved. does not do. Resolved. is not a court, an arbitral tribunal or an accredited mediation institution. It does not issue judgments, awards or binding decisions. It does not arrange or verify signatures, keep signed copies, monitor performance or provide enforcement services. The agreement it generates is an ordinary private contract between the parties.

1. What Is a Settlement Agreement?

A settlement agreement is a contract that records the obligations the parties have accepted to resolve their dispute. Typically, one party agrees to pay money or take some action, and the other agrees to give up some or all of its claims.

Depending on its terms and the governing law, a settlement agreement may replace, modify or discharge existing rights and obligations, or sit alongside them. That is why clear wording matters.

For the party owed payment, a key benefit is that any later claim can usually be based on the settlement agreement itself. The parties do not normally need to revisit the original dispute. If the other party fails to pay after the settlement is concluded, this can make recovery simpler and quicker, although the position depends on the agreement's terms and the applicable law.

It helps to separate two things:

- **Resolving the dispute:** agreeing how the disagreement will be dealt with.
- **Performing the settlement:** actually making the payment or taking the agreed action.

Whether an agreement is legally valid depends on the applicable law and the circumstances. Relevant factors include genuine consent, the signatories' authority, any required formalities and the legality of the terms. A written agreement is not automatically valid and enforceable everywhere.

2. What Happens Once Terms Are Agreed and Signed?

Accepting terms and signing are not always the same. In some legal systems, accepting settlement terms can create binding obligations before a formal document is signed. In others, or where the parties intend it, the settlement becomes binding only once it is formally signed. The answer depends on the applicable law, what the parties intended and the circumstances.



So be clear, and if possible agree in writing, about the point at which you intend to be bound.

Signing is your responsibility. Resolved. provides the final agreement. The parties arrange signature themselves, by hand, through an e-signature service or by another legally permissible method. Each party should check that its signatory has authority, and should keep a fully signed copy.

Comply with the agreed terms. Each party must do what it promised, in the way and by the time agreed. Precise amounts, currencies, payment details and deadlines make compliance straightforward and any default easy to spot.

Releases and waivers. A release is a promise not to pursue claims. Its effect depends on its wording and on the governing law. Broadly:

- An **immediate release** takes effect on signing. If the other party then fails to perform, you may be limited to claiming under the settlement. The exact consequences differ between legal systems.
- A **conditional release** takes effect only when specified obligations have been performed, for example when the final payment has been received. Depending on the wording and the applicable law, it may preserve your original claims until then.

A breach of the settlement does not automatically revive the original claim. If you want a particular consequence to follow non-performance, such as the original claim reviving or the full balance becoming due at once, say so expressly in the agreement.

Keep records. Keep the signed agreement, proof of payment and relevant correspondence. In practical terms, a dispute is finally resolved once all settlement obligations have been performed and any releases have taken effect.

3. What If One Party Does Not Comply?

The exact steps and remedies depend on the agreement and the applicable law. A typical sequence is:

- **Identify the breach:** what was not done, and when.
- **Review the agreement:** check deadlines, notice and cure provisions, default terms and the dispute resolution clause.
- **Notify the defaulting party:** set out the breach in writing and follow any notice procedure in the agreement.
- **Allow any cure period:** respect any time the agreement gives the other party to put things right.
- **Consider voluntary compliance or renegotiation:** a short extension may be quicker and cheaper than formal action.
- **Start proceedings if necessary:** bring a claim in the agreed court or arbitral tribunal.
- **Seek available remedies:** typically payment of the agreed sum or damages, and possibly interest and costs.
- **Enforce the outcome:** if a judgment or award is not paid, apply for enforcement measures against the other party's assets.

Proceedings to *establish* that the other party owes you money under the settlement are different from *execution* proceedings. Execution proceedings use an instrument that is already enforceable, such as a judgment, to recover against assets.

4. Can a Settlement Agreement Be Enforced Through the Courts?

There are two broad routes.

A. Ordinary contractual enforcement. This is the usual position for a private settlement agreement, including one prepared through Resolved. If the other party does not comply, you bring a claim for breach of the settlement in the agreed court or arbitral tribunal. Because the question is narrowed to whether the agreed terms were performed, this can be simpler than litigating the original dispute. Compulsory enforcement against assets normally follows only once you have a judgment or award.

B. Direct enforcement of certain settlements. Some legal systems treat particular settlements or documents as directly enforceable, without a new claim, if legal requirements are met. Examples include:

- settlements approved or ratified by a court;
- settlements reached in certain statutory mediation or conciliation procedures; and
- notarised or officially authenticated documents.

These mechanisms differ widely between countries and usually require specific formal steps. **A settlement agreement prepared through Resolved. does not automatically qualify for any of them.**

Example: Company A agrees to pay Company B in two instalments and pays only the first.

- If the settlement is an ordinary private contract, B will usually need to sue for the balance, obtain a judgment and then enforce it.
- If the settlement had been approved by a court under a local procedure that gives it enforceable status, B might be able to go directly to the enforcement authorities.

5. Why Do Governing Law and Jurisdiction Matter?

Resolved. lets the parties choose these points together. It does not recommend a particular law or forum: that choice remains with the parties. Three separate questions arise:

- **Governing law:** which country's law decides the parties' rights and obligations.
- **Dispute resolution forum:** which court or arbitral tribunal decides disputes about the settlement.
- **Place of enforcement:** where you may have to recover money, usually where the other party or its assets are.

These can be three different countries. For example, a settlement might be governed by English law and subject to the English courts, while the paying party's assets are in the United Arab Emirates. If an English judgment is not paid, separate proceedings would normally be needed in the UAE to have it recognised and enforced there under UAE rules.

An express choice improves predictability and reduces arguments if things go wrong. It does not guarantee that a judgment will be recognised or enforced in another country. Making a choice is also not a legal requirement for a valid settlement. If no choice is made, the applicable law and the competent court are generally determined under conflict-of-laws and jurisdiction rules, which can cause delay and uncertainty.

6. What About International Enforcement?

A binding obligation does not make recovery straightforward when the other party's assets are in another country. Consider:

- **Where the assets are.** Enforcement usually happens where the counterparty's assets are located.
- **Recognition requirements.** A foreign court judgment generally has to be recognised under local law or an applicable treaty. Typical conditions concern jurisdiction, proper notice, finality and public policy.
- **Procedural obstacles.** Expect translations, certified documents, local lawyers, possible challenges and delay.
- **Cost and value.** A legal right to enforce does not always make enforcement worthwhile.

These are different mechanisms. Do not confuse:

- *contractual claims under a settlement agreement;*
- *recognition of a foreign court judgment;*

- *enforcement of an arbitral award*, which in many countries benefits from the New York Convention on foreign arbitral awards; and
- *special regimes for qualifying settlements*.

A settlement agreement does not become an arbitral award because it was reached online.

7. Practical Checklist: Making Your Settlement Agreement More Effective

These are practical points to consider, not universal legal requirements:

- **Parties:** correct full legal names and registration details.
- **Authority:** each signatory is authorised to bind their company.
- **Obligations:** what each party must do is stated clearly.
- **Payment:** exact amounts, currency, method, account details and deadlines.
- **Non-performance:** what happens if a party defaults, such as interest, acceleration or revival of the original claim.
- **Releases:** what is released, and whether the release is immediate or conditional on performance.
- **Governing law:** chosen expressly.
- **Forum:** the court or arbitral tribunal for disputes.
- **Execution formalities:** signature method, witnessing or notarisation where required.
- **Records:** signed copies and evidence of performance kept safely.
- **Assets:** where the counterparty and its assets are located.

Good drafting reduces uncertainty. It cannot remove all legal or enforcement risk.

8. Frequently Asked Questions

Is a settlement agreement legally binding?

Generally yes, as a contract, if the applicable legal requirements are met. When it becomes binding (on acceptance or only on signature) depends on the law and the parties' intentions.

Do I need a lawyer to conclude a settlement agreement?

Not always. Independent advice is sensible for significant amounts, cross-border matters, or where enforcement may be needed.

Is a settlement agreement the same as a court judgment?

No. It is a contract. A judgment is a court decision that can usually be enforced directly.

Can I enforce an agreement if the other party refuses to pay?

Usually by bringing a claim for breach in the agreed forum, then enforcing any judgment or award. Direct enforcement is available only where a specific legal mechanism applies.

Can a settlement agreement be enforced in another country?

Often, but not automatically. Usually a judgment or award must first be obtained and then recognised where the assets are.

What happens if we have not agreed on governing law or jurisdiction?

The courts apply their own rules to decide which law and which court apply. Agreement is not required for validity, but it reduces uncertainty.

Does using Resolved. guarantee that my agreement can be enforced?

No. Resolved. prepares the agreement. Signature, performance and any enforcement are for the parties, and the outcome depends on the agreement, the applicable law and the circumstances.

Conclusion

A settlement agreement creates agreed obligations between the parties. If those obligations are not fulfilled voluntarily, legal remedies may be available. The nature, availability and effectiveness of those remedies depend on the agreement, the applicable law and the relevant circumstances.

Resolved. facilitates the settlement and prepares the agreement. The parties arrange signature and, where necessary, enforcement themselves.

Disclaimer

This guide provides general legal information, not legal advice. Legal requirements vary between jurisdictions. Whether an agreement is valid and enforceable depends on its terms, the applicable law and the circumstances. Resolved. does not provide signature, execution or enforcement services, and does not guarantee that any agreement is enforceable or that any amount will be recovered. Independent legal advice may be appropriate, particularly in significant or cross-border matters.

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