

When a Contract Comes Back to Bat: Defenses to Voiding Contracts

In 2017, then-teenage baseball prospect Fernando Tatis Jr. signed a contract with Big League Advance (“BLA”). BLA is a company that provides upfront cash to minor league baseball players in exchange for a percentage of their future earnings. In his deal with BLA, Tatis Jr., received \$2 million in exchange for 10% of his future baseball earnings.

At the time, Tatis Jr. was just a promising prospect in the San Diego Padres’ minor league system. BLA took a risk by investing in Tatis Jr., betting on his potential to deliver long-term value. If Tatis Jr. did not make the big leagues, as is the case with most prospects, Tatis Jr. owed nothing to BLA.

Fast forward to 2021, when Tatis Jr. became a star and signed a 14-year, \$340 million contract extension with the San Diego Padres, making him one of the highest-paid players in Major League Baseball. This meant that BLA stood to receive a substantial return on its initial investment. At first, Tatis Jr. honored the contract and made payments required by the agreement. In 2024, however, Tatis Jr. stopped making the payments due under the contract and BLA initiated arbitration proceedings to recover the funds owed.

In June 2025, Tatis Jr. responded and filed a lawsuit against BLA in the Superior Court of California, County of San Diego, seeking to void the original contract signed with BLA.

In September 2025, an independent arbitrator ruled in favor of BLA, ordering Tatis Jr. to pay \$3.74 million (including principal, interest, and fees), and rejecting his claims that the agreement was an unconditional advance and invalid under California law. Despite the arbitration ruling, Tatis Jr. continues to pursue legal action in the Superior Court in California, seeking to void the agreement entirely.

The Tatis Jr. case highlights four classic defenses that could be made when seeking to void a contract.

1. Fraud or Misrepresentation. If a party is deceived about a material fact when signing an agreement, they may have grounds to void it. In the Tatis Jr.

matter, he claimed that BLA fraudulently induced him to enter into the agreement by misrepresenting it as an “investment” rather than a loan, concealing its unlicensed status as finance lenders, misrepresenting that certain players had similar agreements, and failing to adequately disclose the usurious interest rate of 90% per annum over the course of the contract.

2. Unconscionability. This type of defense applies when the contract’s terms are so egregious that the contract is fundamentally unfair. Tatis Jr. claimed the contract was unconscionable and so one-sided for BLA that no reasonable person would agree to it. Courts may refuse to enforce contracts whose terms are fundamentally unfair. This might be a hard sell here where BLA took a chance on a young prospect with no guarantee of recovering substantial value.
3. Lack of Capacity. Minors generally lack the capacity to enter into binding contracts, and such agreements may be considered void. Tatis Jr. claimed that he lacked the capacity to fully understand the deal when he signed it as a teenager. However, Tatis Jr. was 18 years old at the time of signing, thus meeting the age requirement for legal capacity, as individuals who are 18 or older are generally recognized as having the ability to enter into binding agreements.
4. Public Policy. Courts may refuse to enforce illegal contracts. For example, if the contract you sign requires you to break the law or engage in illegal activity, that contract will be unenforceable. Here, Tatis Jr. alleged that BLA, as an unlicensed finance lender, violated California’s Financial Law which requires a license to make consumer loans; therefore, deeming the agreement void under California law.

Other Potential Defenses to Void a Contract

The law recognizes other defenses that may render a contract unenforceable and shield a party from liability. These include:

- Duress. Contracts signed under duress may be voidable when a party is threatened, coerced, or pressured. Depending on the specific facts, Tatis Jr. may be able to argue that he was pressured to sign the contract as written and did not have a meaningful opportunity to negotiate or consider the arrangement with appropriate legal counsel.
- Mistake. Contracts can be challenged when both parties are mistaken about a key fact at the time of signing. These could be misunderstandings about a specific term of the agreement or an obligation under the contract. This

defense only works if both parties had the same fact wrong, such as they both believed that the World Series would be over before November and limited the license period to end on October 31st. If just one party did not know the facts, then the doctrine of “buyer beware” generally applies and the contract will be enforced as written.

- Impossibility of performance. If unforeseen events make it objectively impossible to fulfill contract obligations, a court may excuse nonperformance. For example, COVID-19 caused the cancellation of many sporting events. Those contracts were excused due to the doctrine of impossibility of performance because the unforeseen pandemic made it impossible for teams, venues, and other organizers to fulfill their contractual obligations.

More than a headline, the Tatis Jr. case is a cautionary tale about contracts signed early in a career and the legal battles that can arise with monetary success, especially in industries where future earnings are speculative. For both clients and counsel, understanding how and when a contract can be challenged is key to managing risk.

Experienced legal counsel can help evaluate potential defenses, navigate arbitration and litigation proceedings, protect your rights, and pursue the most effective strategy