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Annulment of Arbitral Awards as an Instance of Procedural Abuse

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Original Article

Abstract

Arbitration is a dispute resolution mechanism that guarantees finality and legal certainty for business actors. However, in practice, the annulment mechanism regulated under Article 70 of Law Number 30 of 1999 is often misused by the losing party to delay or evade the enforcement of an arbitral award. This research employs a normative juridical method with a conceptual and statutory approach to analyze how such misuse constitutes an abuse of process. The findings indicate that bad-faith annulment practices undermine the principle of finality, reduce public trust in arbitration, and create legal uncertainty. Therefore, a restrictive interpretation of annulment provisions and a stronger application of the principle of good faith are necessary to prevent procedural abuse within Indonesia's arbitration system.

Keywords: *Arbitration, Annulment of Award, Abuse of Process, Good Faith, Legal Certainty.*

Abstrak

Arbitrase merupakan salah satu mekanisme penyelesaian sengketa bisnis yang menjamin asas finalitas dan kepastian hukum bagi para pihak. Namun, dalam praktiknya, syarat dilakukan pembatalan putusan arbitrase sebagaimana diatur dalam Pasal 70 Undang-Undang Nomor 30 Tahun 1999 sering kali disalahgunakan oleh pihak yang kalah untuk menunda atau menghindari pelaksanaan putusan. Penelitian ini menggunakan metode yuridis normatif dengan pendekatan konseptual dan perundang-undangan guna menganalisis bagaimana penyalahgunaan tersebut dapat dikategorikan sebagai bentuk abuse of process. Hasil penelitian menunjukkan bahwa praktik pembatalan putusan arbitrase secara tidak beritikad baik mengakibatkan asas finalitas menjadi rancu, menurunkan kepercayaan publik terhadap arbitrase, serta menimbulkan ketidakpastian hukum. Penafsiran restriktif dan penguatan prinsip itikad baik menjadi diperlukan untuk mencegah terjadinya penyalahgunaan proses hukum dalam sistem arbitrase Indonesia.

Kata kunci: *Arbitrase, Pembatalan Putusan, Abuse of Process, Itikad Baik, Kepastian Hukum*

1. INTRODUCTION

In the current era of globalization and economic modernization, business disputes have become an unavoidable consequence of expanding trade, investment, and economic interactions among business actors. The complexity of legal relationships arising from contractual arrangements, investment cooperation, export–import activities, and international financial transactions often generates conflicting interests that lead to disputes. These disputes may involve contractual breaches, failures to perform obligations under cooperation agreements, intellectual property violations, or disagreements regarding profit allocation and responsibilities in business operations. Resolving such conflicts is essential to safeguard business stability and ensure legal certainty for all parties engaged in financial and commercial activities.¹

As business transactions continue to grow in volume and complexity, the demand for dispute resolution mechanisms that are efficient, expeditious, confidential, and capable of providing legal certainty has intensified. In practice, litigation is frequently viewed as unsuitable for the business sector due to its lengthy procedures, public nature, and potential reputational risks. Although litigation embodies the principles of prompt, impartial, and confidential justice, these limitations have contributed to a global shift toward alternative dispute resolution (ADR). Among the various ADR mechanisms, arbitration has emerged as a preferred forum for resolving disputes privately based on party autonomy.² Its flexible and business-oriented characteristics have made arbitration the most widely used method for commercial dispute resolution at both national and international levels.³

In Indonesia, arbitration as a dispute resolution mechanism outside the general court system has obtained firm legal recognition through Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution. This statute represents a significant milestone in developing a modern national arbitration framework consistent with international practice. Article 1, point 1 of the law defines arbitration as a means of resolving civil disputes outside the courts based on a written agreement between the parties.⁴ On this basis, arbitration functions not merely as an alternative method but as an integral component of the Indonesian legal system, reflecting the principles of freedom of contract and the finality and binding nature of arbitral decisions.⁵ It also

¹ Subekti, *Hukum Perjanjian* (Jakarta: Intermasa, 2005), hal. 45-47.

² Nonce Kristin Gaman dan Hadi Tuasikal, “Penyelesaian Sengketa Lingkungan Dengan Pendekatan Alternative Dispute Resolution Untuk Mendukung Pembangunan Berkelanjutan Di Indonesia,” *Abuddrauf Law and Sharia* 2, no. 1 (2025): 59–87, <https://doi.org/10.70742/arlash.v2i1.195>.

³ Diah Ayu Zalsa Bilah dan Hudi Yusuf, “Penyelesaian Sengketa Bisnis Melalui Arbitrase di Indonesia,” *Jurnal Intelek Insan Cendekia* 1, no. 4 (2024), <https://doi.org/1098-1105>.

⁴ Pasal 1 angka 1 Indonesia, “Undang-Undang Nomor 30 Tahun 1999 tentang Arbitrase dan Alternatif Penyelesaian,” Pub. L. No. 30 Tahun 1999 (1999).

⁵ Pardamean Harahap, *Arbitrase Penyelesaian Sengketa Konsumen Final Mengikat Jilid 1: Penyelesaian Sengketa Arbitrase Alternatif Penyelesaian Sengketa dan Arbitrase Perlindungan Konsumen Diperlukan di Indonesia* (Kuningan: Goresan Pena, 2025), hal. 34-45.

embodies the principle of *pacta sunt servanda*, whereby the parties' agreement in the arbitration clause carries binding legal force.⁶

A defining characteristic that distinguishes arbitration from judicial proceedings is the final and binding effect of arbitral awards. Once an arbitrator issues a decision, the parties are precluded from filing appeals, cassation, or judicial review, mechanisms typically available in the court system.⁷ This principle is designed to promote legal certainty and efficiency in the business sector, where prolonged dispute resolution may undermine economic stability and investor confidence.⁸ Moreover, the final and binding nature of arbitration reflects the principle of party autonomy, as the parties themselves elect the arbitral forum as an expression of their legal will, independent of district court jurisdiction.⁹ Consequently, judicial intervention in the substance of arbitral awards is strictly limited, permitted only in exceptional circumstances prescribed by law, such as annulment proceedings.¹⁰

Although arbitral awards are final and binding, Law Number 30 of 1999 provides a narrowly defined avenue for parties to seek annulment. Article 70 expressly stipulates that annulment may be pursued only under specific circumstances: first, when a document submitted during the proceedings is later acknowledged or declared to be falsified; second, when a decisive document is discovered after the award is issued that was previously concealed by the opposing party; and third, when the award is rendered as a result of deception by one of the parties during the examination.¹¹ These provisions make clear that annulment is not an ordinary legal remedy but an extraordinary mechanism designed solely to safeguard procedural fairness in exceptional situations, not to reopen or re-evaluate the substantive merits of the case. In practice, however, this mechanism is frequently used by parties dissatisfied with the outcome to attempt to overturn a final award, thereby undermining the intended purpose of the annulment institution and diminishing the value of finality and binding effect.¹²

The annulment process, which should remain exceptional, often becomes a strategic tool for losing parties to delay or obstruct the enforcement of a legally binding arbitral award. This phenomenon arises because some parties treat annulment as a secondary opportunity for litigation rather than a corrective measure for fundamental

⁶ Munir Fuady, *"Arbitrase Nasional dan Internasional"*, (Bandung: Citra Aditya Bakti, 2000), hal. 44.

⁷ Natasya Masthura et al., "Perkembangan Hukum dan Kebijakan Arbitrase dan Alternatif Penyelesaian Sengketa," *Jurnal Abribtrase Indonesia* 1, no. 1 (2025): 36–50, <https://ejournal.dewansengketa.id/index.php/jarbi/article/view/3>.

⁸ Oriza Yufa Lazuardi et al., "Kepastian Hukum Dalam Penyelesaian Sengketa di Pasar Modal Indonesia," *Al-Zayn Jurnal Ilmu Sosial dan Hukum* 3, no. 3 (2025): 1772–79, <https://doi.org/10.61104/alz.v3i3.1428>.

⁹ Agustini Andriani, "AKibat Hukum Pembatal Putusan Arbitrase dalam Kaitannya dengan Prinsip Final and Binding," *AL-MANHAJ: Jurnal Hukum dan Pranata Sosial Islam* 4, no. 1 (2022): 25–36, <https://doi.org/10.37680/almanhaj.v4i1.1528>.

¹⁰ Mosgan Situmorang, "Pembatalan Putusan Arbitrase," *Jurnal Penelitian Hukum De Jure* 20, no. 4 (2020): 573–86, <https://doi.org/10.30641/dejure.2020.V20.573-586>.

¹¹ Pasal 70 Indonesia, Undang-Undang Nomor 30 Tahun 1999 tentang Arbitrase dan Alternatif Penyelesaian.

¹² Pardamean Harahap, *Arbitrase Penyelesaian Sengketa Konsumen Final Mengikat Jilid 3: Model Putusan Arbitrase BPSK Yang Bersifat Final Mengikat Sebagai Wujud Kepastian Hukum* (Kuningan: Goresan Pena, 2025), hal. 71-73.

procedural defects.¹³ Several district courts in Indonesia have even adopted broad interpretations of Article 70, allowing reassessment of the facts and substantive issues already examined by the arbitral tribunal.¹⁴ In principle, annulment is not intended to revisit the underlying dispute but to determine whether a serious breach of the integrity of the arbitral process occurred. Such tendencies distort the principles of finality and party autonomy and create opportunities for conduct amounting to abuse of process, characterized by the misuse of legal procedures in bad faith for purposes incompatible with the objectives of justice and efficient dispute resolution.¹⁵

Conceptually, the term abuse of process denotes the misuse of legal procedures by a party to pursue objectives that diverge from the intended purpose of the legal mechanism itself.¹⁶ Within modern legal systems, such conduct is regarded as a violation of the principles of procedural fairness and good faith, as it involves attempts to manipulate legal channels for personal advantage in a manner inconsistent with moral values or the aims of the law.¹⁷ This principle underscores that parties engaging with the legal process must act with honesty and legitimate purpose, rather than exploiting procedural gaps to delay or evade responsibility. In the arbitration context, abuse of process commonly arises when a losing party invokes the annulment mechanism not to remedy procedural defects, but to contest the substance of an arbitral award that the parties have accepted as final and binding. Such conduct not only contravenes the principle of good faith but also undermines trust in arbitration as a neutral, expeditious, and effective dispute resolution forum.¹⁸

The manifestation of abuse of process in annulment proceedings has significant implications for the principles of finality and legal certainty, which constitute the central pillars of commercial dispute resolution. When a losing party seeks to delay enforcement by filing an annulment request without a legitimate basis, the legal process loses its function as an efficient and coherent means of achieving justice.¹⁹ The finality principle is intended to ensure that an arbitral award cannot be relitigated before the district court. However, when courts interpret the scope of annulment too broadly, legal uncertainty may arise, potentially disrupting business stability and diminishing investor

¹³ Agie Meidina Mutia Sari, "Tinjauan Yuridis Permohonan Pembatalan Terhadap Putusan (Bapmi) Badan Arbitrase Pasar Modal Indonesia Pada Pengadilan Negeri (Studi Putusan Mahkamah Agung RI Nomor: 958 B/Pdt.Sus-Arbt/2018)," *Albikmah Fakultas Hukum Universitas Islam Sumatera Utara* 4, no. 4 (2023): 913–23, <https://doi.org/10.30743/jhah.v4i4.8436>.

¹⁴ Gatot P. Soemartono RM, *Arbitrase dan Mediasi di Indonesia* (Jakarta: Gramedia Pustaka Utama, 2006), hal. 89.

¹⁵ Anita Dwi Anggraeni Kolopaking, *Asas Itikad Baik dalam Penyelesaian Sengketa Kontrak Melalui Arbitrase* (Jakarta: Alumni, 2021), hal. 123.

¹⁶ Sindi Audia, "Makna Penyalahgunaan Kewenangan dalam Perkara Tindak Pidana Korupsi," *Journal of Anti-Corruption* 1, no. 1 (2025): 36–51, <https://doi.org/10.30872/action.v1i1.1665>.

¹⁷ Lon L. Fuller, *The Morality of Law* (New Haven: Yale University Press, 1969), hal. 162.

¹⁸ Muhammad Yasril Ananta Baharuddin, "Peran Hukum Arbitrase Dalam Penyelesaian Sengketa Bisnis Nasional," *Jurnal Risalah Kenotariatan* 5, no. 2 (2024): 310–20, <https://doi.org/10.29303/risalahkenotariatan.v5i2.209>.

¹⁹ Rohaini dan Sepriyadi Adhnan, *Masa Depan Arbitrase Indonesia: Efektivitas dan Kepastian Hukum* (Ponorogo: Uwais Inspirasi Indonesia, 2024), hal. 23–25.

confidence in the reliability of arbitration in Indonesia.²⁰ Such judicial tendencies can also create adverse precedents, encouraging losing parties to exploit procedural loopholes to postpone fulfilling their obligations, thereby weakening the essence of arbitration as a swift, conclusive, and confidential forum. Consequently, abuse of process is not merely a matter of procedural ethics but poses a systemic threat to the integrity of arbitral institutions and the fundamental objectives of the law.

The phenomenon of abuse of process in the annulment of arbitral awards raises not only legal concerns but also implicates the moral dimension of law. From Gustav Radbruch's perspective, law must maintain a balance among three fundamental values: justice, legal certainty, and expediency. Consequently, any application of law that disregards moral considerations forfeits its ethical legitimacy.²¹ Similarly, Lon L. Fuller asserts that law can function properly only when it is carried out in accordance with the inner morality of law, including consistency, honesty, and good faith.²² This view suggests that annulment of an arbitral award cannot be regarded solely as a corrective mechanism, but rather as a domain that may be exploited to distort the objectives of dispute resolution. Clarifying the boundary between legitimate use and abuse of process is therefore essential to prevent the arbitration mechanism from losing its legitimacy. These considerations form the basis for the present study, which seeks to examine systematically how annulment of arbitral awards is pursued and the extent to which this practice may evolve into a form of abuse of process within the Indonesian legal framework.

2. RESEARCH METHODOLOGY

This study employs a normative juridical method, a legal research approach that examines principles, systematics, synchronization, and comparative aspects within the field of legal science.²³ The analysis focuses on statutory regulations, judicial decisions, legal principles, doctrinal developments, and relevant theoretical frameworks to assess the annulment of arbitration awards as a potential form of abuse of process. This approach enables a comprehensive evaluation of how legal norms are interpreted and applied within arbitration dispute mechanisms. Data were collected through library research, in line with Irwansyah's description of normative legal inquiry, utilizing secondary legal materials such as legislation, scholarly books, peer-reviewed journal

²⁰ Pardamean Harahap, *Arbitrase Penyelesaian Sengketa Konsumen Final Mengikat Jilid 2: Pelaksanaan Putusan Arbitrase Badan Penyelesaian Sengketa Konsumen Yang Bersifat Final Mengikat* (Kuningan: Jakarta, 2025), hal. 89-90.

²¹ Kory Febrian Lestari, "Antara Kepastian dan Keadilan Perspektif Hukum Islam Terhadap Legislasi Dokumen Asing dan Peran Notari," *Tasyri Journal of Islamic law* 4, no. 1 (2025), <https://doi.org/10.53038/tsyr.v4i1.419>.

²² Fuller, *The Morality of Law*, hal. 36.

²³ Soerjono Soekanto dan Sri Mamudji, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat* (Jakarta: RajaGrafindo Persada, 2009), hal. 25.

articles, and other authoritative legal documents.²⁴ These sources provide the conceptual and analytical foundation necessary to identify patterns, inconsistencies, and normative gaps within the existing legal framework governing the setting aside of arbitration awards. Overall, the study aims to offer a systematic and coherent understanding of the issue.

3. RESULT AND DISCUSSION

3.1. Procedures for the Annulment of an Arbitral Award

The mechanism for annulling an arbitral award within the Indonesian legal system constitutes an exception to the principle of finality and binding effect inherent in every arbitral decision. Annulment is not an ordinary legal remedy but an extraordinary one that may be invoked only under limited circumstances prescribed by law.²⁵ Pursuant to Article 70 of Law Number 30 of 1999, an arbitral award may be challenged before the district court solely on three grounds: (1) the award is based on a document that is acknowledged or declared to be forged; (2) a decisive document is discovered after the award is issued; or (3) the award is rendered through deception by one of the parties.²⁶ These grounds reflect that annulment is intended exclusively to safeguard the integrity of the arbitral process rather than to reassess the substance of the dispute already adjudicated by the arbitrator. Normatively, therefore, annulment is not designed to reopen legal debate between the parties but to correct fundamental procedural defects that undermine fairness.

The annulment process is initiated by filing a petition with the district court having jurisdiction over the domicile of the disputing parties or the place where the arbitrator issued the award.²⁷ The petition must be submitted within thirty days of the delivery or notification of the award; failure to meet this deadline results in forfeiture of the right to seek annulment as a consequence of the principle of legal certainty in arbitration. Upon filing, the court examines the petition as in ordinary civil proceedings, though the scope of review is strictly confined to the grounds enumerated in Article 70. A district court decision on annulment may be appealed to the Supreme Court, which functions as the final authority in assessing the legality of the lower court's reasoning. If the annulment is granted, the arbitral award loses its binding legal force; if denied, the award remains effective and must be enforced accordingly. This framework reflects a balance between preserving the integrity of the arbitral process and providing recourse for parties harmed by serious procedural defects.

²⁴ Irwansyah, *Penelitian Hukum Pilihan Metode & Praktik Penulisan Artikel (Edisi Revisi)*, ed. oleh Ahsan Yunus, Cetakan 5 (Yogyakarta: Mitra Buana Media, 2022), hal. 78.

²⁵ Andriani, "AKibat Hukum Pembatal Putusan Arbitrase dalam Kaitannya dengan Prinsip Final and Binding."

²⁶ Ilhami Ginag Pratidina, "Interpretasi Mahkamah Agung Terhadap Alasan Pembatalan Putusan Arbitrase Dalam Pasal 70 UU No. 30/1999," *Yuridika* 29, no. 3 (2014): 310–29, <https://doi.org/10.20473/ydk.v29i3.374>.

²⁷ RM, *Arbitrase dan Mediasi di Indonesia*, hal. 67.

In practice, signs of abuse of process in annulment proceedings have begun to surface through post-award statistical trends. Data from BANI compiled by Era Fransiska et al. show that in construction disputes between 2019 and 2023, an average of 20–24% of arbitral awards each year were immediately followed by annulment petitions, despite the narrow grounds permitted under Article 70. During the same period, acceptance rates of arbitral awards ranged from 70–75%, while only 5–6% of cases proceeded to forced execution, with the total number of construction disputes rising from 76 cases in 2019 to 142 cases in 2023. This pattern suggests that a considerable proportion of losing parties continue to pursue annulment even though most awards are accepted and only a small number encounter difficulties at the enforcement stage.

This pattern is further reflected in a review of the Supreme Court Decisions Directory, which in November 2025 yielded approximately 127 cases using the keyword “suit for annulment of a decision.” Academic analyses of these cases indicate that most annulment petitions were denied because they failed to satisfy the narrowly defined grounds set forth in Article 70 of the Arbitration Law. Courts granted annulment only in situations where there was clear evidence of document falsification, the discovery of concealed documents, or serious fraud in the arbitration process. Statistically, the disparity between the high volume of petitions and the small number of granted requests is commonly regarded as an early indication of abuse of process—namely, the use of annulment not merely to address substantial procedural defects, but as a tactic to delay enforcement, exert pressure on the prevailing party, or preserve bargaining power despite minimal prospects of legal success.

Compared with arbitration regimes in jurisdictions that adopt the 1985 UNCITRAL Model Law on International Commercial Arbitration, Indonesia’s annulment mechanism is relatively narrow and formalistic. Under the Model Law, annulment (or setting aside) is governed by Article 34, which allows a challenge only in cases of serious violations of fundamental principles, such as the absence of a valid arbitration agreement, infringement of the parties’ right to be heard, or conflict with the public policy of the seat. By contrast, the Indonesian framework, as stipulated in Article 70 of the Arbitration Law, excludes public policy violations as grounds for annulment and limits the remedy to three specific conditions centered on fraud and falsification. In practice, although the Singapore Arbitration Act 2001 also provides for annulment, Singaporean courts apply the remedy with significant restraint, granting it only when there is evidence of a serious breach of procedural fairness. This comparison demonstrates that Indonesia maintains a conservative and closed approach to annulment while simultaneously leaving room for expansive judicial interpretation when assessing subjective elements such as alleged “trickery.”

3.2. Annulment of Arbitral Awards as an Abuse of Process

Theoretically, the mechanism for annulling an arbitral award is designed to ensure procedural fairness and to protect the parties from potential fraud or legal violations occurring during the arbitration process.²⁸ However, in Indonesian judicial practice, this mechanism often deviates from its ideal function and becomes a strategic tool for losing parties to delay or evade enforcement of an arbitral award. Such conduct constitutes an abuse of process—the misuse of legal procedures for illegitimate purposes in contravention of the principles of honesty and good faith. This misuse may take the form of filing annulment petitions without a sound legal basis, reiterating arguments already examined by the arbitrator, or manipulating evidence to postpone enforcement. This trend shows that annulment proceedings can be transformed into a vehicle for re-litigation, obscuring the distinction between a corrective mechanism and an obstructive legal strategy. In this context, abuse of process is not merely a breach of legal ethics but also a threat to the stability of the arbitration system and to public confidence in the effectiveness of extra-judicial dispute resolution.

In practice, indications of abuse of process in annulment proceedings in Indonesia can be observed in several patterns of conduct by losing parties. A common pattern involves filing repeated annulment petitions on grounds that do not satisfy the criteria under Article 70 of the Arbitration Law, but are framed as though they do. Such actions typically aim to delay enforcement of the arbitral award, as the prevailing party cannot execute the award while annulment proceedings are ongoing. Additionally, some petitions reiterate matters already adjudicated by the arbitrator, effectively turning the district court into a disguised appellate forum. In other cases, parties submit new documents that are not truly decisive or manipulate evidence to create the appearance of procedural violations. These patterns illustrate how a mechanism intended to preserve the integrity of arbitration can instead be distorted into a tactical tool to delay justice and undermine the principle of finality. As a consequence, the court's role, which should ensure the legality of arbitration procedures, shifts into a forum for strategic resistance that contravenes the principles of good faith and procedural fairness.

The practice of abuse of process in annulment proceedings has a significant impact on the stability of the legal system and public confidence in alternative dispute resolution mechanisms. When district courts readily entertain annulment petitions without rigorously scrutinizing their legal basis, it creates the perception that arbitral awards are not genuinely final and binding but remain susceptible to judicial challenge.²⁹ This directly weakens business actors' confidence in arbitration as a forum that is expeditious, confidential, and anchored in legal certainty. In the broader economic

²⁸ Situmorang, "Pembatalan Putusan Arbitrase."

²⁹ Cicut Sutiarso, *Pelaksanaan Putusan Arbitrase dalam Sengketa Bisnis* (Jakarta: Yayasan Pustaka Obor Indonesia, 2011), hal. 189.

context, such uncertainty imposes substantial legal risks on investors, as any arbitral award may face delays in enforcement due to unmeritorious legal challenges. As a result, the core objective of arbitration—promoting a stable and efficient business environment—becomes difficult to realize. Moreover, abuse of process tarnishes the credibility of the judiciary by revealing inconsistencies between the principle of arbitral autonomy and interventionist judicial practices. If left unaddressed, arbitration—intended to embody contractual supremacy and business fairness—risks devolving into a setting for procedural manipulation that erodes the integrity of the Indonesian legal system.

From a normative standpoint, misuse of the annulment mechanism constitutes a violation of the principles of good faith and procedural fairness, both of which are foundational to any legal process. The principle of good faith requires not only honesty in legal conduct but also carries a moral dimension, mandating that parties exercise their rights for legitimate purposes and without causing undue harm. In the context of annulment, this principle obliges parties to submit petitions only on legitimate grounds as specified in Article 70 of the Arbitration Law, rather than for the purpose of delaying or evading legal obligations. Violations of this principle reflect a diminished application of procedural fairness, as the legal system must prevent its processes from being exploited to generate new forms of injustice. Consequently, abuse of process in annulment proceedings not only contravenes positive legal norms but also undermines the ethical foundation that supports the moral legitimacy of the judicial and dispute resolution systems.

In light of these concerns, preventing abuse of process in annulment proceedings requires reaffirming the principles of finality and arbitral autonomy as central pillars of commercial dispute resolution. District courts, as the institutions empowered to examine annulment petitions, must adopt a strict and narrow interpretation of Article 70 to prevent manipulative use of the mechanism. In addition, ethical standards in procedural conduct must be reinforced by obligating parties and their counsel to act in good faith, honesty, and propriety. Thus, courts are tasked not only with safeguarding procedural legality but also with upholding legal morality in arbitration practice. These measures will enhance the credibility of arbitration in Indonesia as a professional, efficient, and integrity-based dispute resolution forum, while underscoring that the legal process should not serve as a tool to evade justice but as a means to uphold it.

4. CONCLUSION

Normatively, the annulment of an arbitral award in the Indonesian legal system constitutes an extraordinary legal remedy, regulated narrowly under Article 70 of Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution. Its primary function is to safeguard procedural fairness when the arbitration process involves

elements of fraud, forgery, or the concealment of decisive documents. Accordingly, annulment is not intended to reopen the underlying dispute or reassess the merits of the case, but rather to serve as a limited corrective mechanism for serious violations that threaten the integrity of the arbitral process. In practice, however, courts often interpret this provision broadly, creating inconsistencies between the principle of finality of arbitral awards and its implementation. This indicates that the boundary between judicial authority and arbitral autonomy still requires clearer delineation to prevent the annulment mechanism from evolving into a disguised form of legal remedy.

From an empirical and moral–legal perspective, annulment of an arbitral award may amount to an abuse of process when invoked in bad faith by the losing party to delay or avoid enforcement. Such practices undermine the effectiveness of arbitration as a forum for expeditious and final dispute resolution and erode public confidence in legal certainty in Indonesia. To prevent this, courts must adhere to a restrictive interpretation of Article 70 and reinforce the application of good faith and procedural fairness as ethical standards in adjudication. In doing so, the annulment mechanism can reclaim its intended role as a safeguard of legal integrity rather than a manipulative instrument for evading justice. Arbitration thus remains an effective means of achieving certainty, justice, and practical benefits for business actors.

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