

## Legal Implications of Supreme Court Decision No. 396 K/Pdt.Sus/2010: Case Study of Special Civil Dispute Resolution and Protection of the Rights of the Parties

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### Abstract

Supreme Court Decision Number 396 K/Pdt.Sus/2010 constitutes a fundamental jurisprudence affirming restrictive interpretation towards arbitral award annulment mechanisms in Indonesia. This research aims to analyze the Supreme Court's ratio decidendi in adjudicating the BANI award annulment case, identify juridical implications on parties' rights protection, and formulate ideal construction for arbitral award annulment regulation ensuring legal certainty and justice. Normative juridical research method with statutory, case, and conceptual approaches was employed to analyze Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution and court decisions as research objects. Research findings demonstrate that the Supreme Court consistently applies limited judicial review principle by affirming Article 70 as the sole basis for arbitral award annulment, rejecting arguments of Article 54 and 57 violations which contain no nullity sanctions. This decision provides fundamental correction to formal legal application error in utilizing court order (determination) in contentious cases which should have been rendered as judgment (putusan) with panel examination. Legal implications encompass strengthening non-intervention principle, recognition of party autonomy in procedural agreements, and necessity for comprehensive documentation of arbitration hearing schedule modifications to guarantee legal certainty and parties' rights protection in commercial dispute resolution.

**Keywords: Arbitral Award Annulment; Judicial Review; Parties' Rights Protection.**



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### INTRODUCTION

The development of arbitration mechanisms in the Indonesian legal system shows a significant change in the pattern of business dispute resolution. Since the enactment of Law No. 30 of 1999, arbitration as an alternative dispute resolution has begun to undergo a transformation from just a forum of choice to a strategic forum that offers time efficiency, process confidentiality, and arbitrator expertise in certain technical fields (Certainty et al., 2023). This transformation is taking place as the business community needs a dispute resolution mechanism that is responsive to contemporary economic dynamics. However, not all arbitration proceedings run smoothly. In practice, court intervention through an application for annulment of the arbitration award is still a problem that arises, as reflected in the Supreme Court Decision Number 396 K/Pdt.Sus/2010. The case between PT. Cipta Kridatama and Bulk Trading SA show that there is a tug-of-war between the finality of the arbitration award and the protection

of the rights of the parties, thus placing arbitration in a position that continues to deal with changes in value and demands for legal certainty (Fitri & Almaududi, 2023).

So far, many studies on the annulment of arbitral awards have been conducted, but they tend to be limited to normative aspects and do not touch on the dynamics of the transformation of the court's authority in examining arbitral awards. Existing studies can be mapped into at least three trends. First, a study that highlights the limitations of the cancellation of arbitration based on Article 70 of Law No. 30 of 1999 which expressly closes the expansion of grounds for cancellation beyond falsehood, discovery of new documents, or deception. These studies generally emphasize the importance of maintaining the principle of *Non-intervention* in order to maintain the existence of arbitration as a final and binding forum (Trihandayani, 2025). Second, research that looks at problems from the perspective of the development of court authority, especially the shift from *Voluntary jurisdiction* become *contentious jurisdiction*, which often creates legal uncertainty (Raymond Marxon Hutahaean, 2024). Third, a study of arbitration jurisprudence that examines the conflict of interpretation between the district court and the Supreme Court, but generally has not provided an in-depth analysis of the ratio decidendi of cassation decisions that play a role in setting a precedent (Arrasyid et al., 2025). From these three tendencies, it appears that the analysis that specifically examines Supreme Court Decision No. 396 K/Pdt.Sus/2010 as an important precedent has not been carried out much, especially regarding the limits of procedural interpretation and the meaning of finality of arbitration in the context of modern practice.

This study aims to explain the dynamics of the transformation of the court's authority in the annulment of arbitration awards as seen in the Supreme Court Decision No. 396 K/Pdt.Sus/2010. There has been a change in the way the Supreme Court assesses the error of the application of the law by the district court, especially related to the dichotomy between determination and judgment, as well as the limiting reading of Article 70 of the Arbitration Law (Al-Anshori, 2023). This change has implications for the protection of the rights of the parties, as it directs the interpretation of the law not to expand the scope of cancellation beyond the mandate of the law. In line with that, this study asks three main questions. First, what is the ratio decidendi of the Supreme Court in Decision No. 396 K/Pdt.Sus/2010 when reviewed from procedural and substantial aspects? Second, what are the legal implications of the award for the protection of the rights of the parties in dispute resolution through arbitration? Third, what is the ideal construction of the annulment of an arbitral award that is able to guarantee legal certainty while providing justice for the parties?

The main argument in this study is that the development of arbitration cancellation mechanisms in Indonesia is influenced by the business community's need for legal certainty in the complex modern economic era. Commercial law practices that are increasingly integrated with international standards require consistency in court decisions in interpreting the finality of arbitration. Supreme Court Decision No. 396 K/Pdt.Sus/2010 shows how the Supreme Court seeks to correct the use of authority by district courts to maintain the final principle and bind arbitral awards. Thus, this study further explores the relationship between arbitration law, court authority, and the demand for legal certainty in contemporary business transactions, as well as

contributing to the development of civil procedure law and arbitration practice in Indonesia (Arrasyid et al., 2025).

## RESEARCH METHODS

This study uses a normative juridical method with a qualitative approach oriented to the analysis of legal documents and literature materials as primary and secondary data sources (Bahder Johan Nasution, 2008). The type of research chosen is doctrinal law research that examines positive legal principles, legal principles, legal doctrine, and court decisions as the main object of study. The research approach used includes a statute approach by analyzing Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution and its implementing regulations, a case approach by conducting an in-depth analysis of the Supreme Court Decision Number 396 K/Pdt.Sus/2010 as the main case study, and a conceptual approach to examine related fundamental legal concepts arbitration, annulment of arbitral awards, and protection of the rights of the parties (Fitri & Almaududi, 2023). The data collection technique is carried out through literature studies by identifying, inventorying, and classifying primary legal materials in the form of laws and regulations and court decisions, secondary legal materials in the form of textbooks, scientific journals, legal articles, and previous research results, as well as tertiary legal materials in the form of legal dictionaries and encyclopedias. Data analysis is carried out qualitatively by descriptive-analytical method, namely describing the legal facts contained in the decision and then analyzing them using relevant legal theories and doctrines. The analysis process is carried out through the stages of identifying legal issues, inventorying applicable legal norms, analyzing ratio decidendi and obiter dictum in the judge's consideration, and constructing legal arguments to answer the formulation of research problems. The validity of the data is guaranteed through triangulation of sources by comparing various legal materials that have accountable academic authority and credibility (Apriadi, 2025).

## RESULTS AND DISCUSSION

### Ratio Decidendi of the Supreme Court in Decision No. 396 K/Pdt.Sus/2010 Regarding the Annulment of the Arbitration Award

The ratio decidendi of the Supreme Court in Decision No. 396 K/Pdt.Sus/2010 shows the application of a very restrictive interpretation of the reasons for the cancellation of the arbitral award as stipulated limitatively in Article 70 of Law No. 30 of 1999 (Fadah et al., 2025). The Supreme Court affirmed through its legal considerations that "Article 70 of the Arbitration Law is limitative and cannot be extended. Violations of procedural procedures in Article 54 and Article 57 are not cited as grounds for annulment, so they cannot be used as grounds for annulling the arbitral award." This quote shows the Supreme Court's firm stance that the annulment of the arbitral award can only be made based on three main reasons, namely the use of false documents, the discovery of decisive hidden documents, or the existence of deception by one of the parties in the examination process. This approach is in line with the principle *finality of award* which is the fundamental character of the arbitration mechanism (Sugandi & Fathoni, 2023). In the case of a quo, PT. Cipta Kridatama argued that the arbitration award had been read out beyond the thirty-day deadline as stipulated in Article 57, which was only read on October 22, 2009 from the ideal deadline of October 17, 2009. However, the Supreme Court

rejected this reason because Article 54 and Article 57 do not contain the consequences of annulling the decision explicitly.

The Supreme Court's view in this decision is consistent with several previous jurisprudence, such as Decision No. 116 PK/Pdt/2007 which rejected the expansion of the meaning of fraud as a basis for cancellation, Decision No. 915 K/Pdt/2007 which affirmed that administrative violations cannot be used as grounds for cancellation, and Decision No. 80 PK/Pdt.Sus-Arb/2015 which stated that not all violations of arbitration procedures render a judgment. Through this comparison, it can be seen that the Supreme Court maintains a stable and firm interpretation pattern that the reason for cancellation should not be extended beyond Article 70.

**Table 1: Comparison of Arbitration Cancellation Jurisprudence**

Supreme Court Decision	Root Issues	Cancellation Approach	Consistency with Article 70 of Law 30/1999
396 K/Pdt.Sus/2010 (a quo)	Delay in reading the verdict	Restrictive – Article 70 grounds only	Consistent
116 PK/Pdt/2007	Fraud and false documents	Assess the substance of fraud strictly and reject the expansion of the meaning of <i>fraud</i>	Consistent
915 K/Pdt/2007	Misapplication of arbitration law	Refusing cancellation despite administrative violations	Consistent
80 PK/Pdt.Sus-Arb/2015	Violation of BANI procedures	Affirm that not all violations of procedures lead to a verdict	Very consistent

Normatively, the ratio decidendi of the Supreme Court in this decision has two sides. On the one hand, a restrictive interpretation is indeed necessary to maintain the stability of arbitration as a forum for final dispute resolution and avoid the use of annulment of arbitration as a form of *quasi-appeal* that can disrupt legal certainty. However, on the other hand, an overly strict attitude can reduce the effectiveness of protection of the due *process principle* in the event of a serious procedural violation, because not all administrative violations can be considered without an impact on the fairness of the process. Normative criticism can be raised that the Supreme Court's approach should allow room for the assessment of *serious procedural irregularities* that in international practice have been considered as legitimate grounds for annulment.

From the perspective of international arbitration law, the Supreme Court's ratio in this decision has not been fully aligned with international standards. The Uncitral Model Law through Article 34 allows the annulment of an arbitral award if there is a serious violation of procedure or if one of the parties is not given a proper opportunity to be heard. Meanwhile, the 1958 New York Convention on Article V(1)(b) also recognizes that non-compliance with

procedures agreed upon by the parties or the failure to provide an opportunity for a defense can be grounds for annulment. Thus, while the Supreme Court's decision is consistent with the framework of Law 30/1999, it is relatively narrower than international standards that give greater space to the *due process aspect*.

In addition, the Supreme Court also corrected the fundamental error of the South Jakarta District Court in imposing a "determination" in this case, even though the cancellation of arbitration is a contentious matter that is contentious and cannot be decided through voluntary jurisdiction. The Supreme Court referred to Article 72 paragraphs (3) and (4) of Law 30/1999 which expressly mentions the term "annulment award", so that it doctrinally indicates that the annulment of arbitration must be decided through an adversarial mechanism. The PN's formal error has serious implications because it violates the principle of *audi alteram partem*, it is proven that the Respondent has never been called or heard in the process, which has the potential to cause procedural injustice.

### **Legal Implications of Awards on the Protection of the Rights of Parties in Arbitration**

The Supreme Court Decision No. 396 K/Pdt.Sus/2010 has multidimensional legal implications for the protection of the rights of the parties in dispute resolution through arbitration, especially with regard to the balance between the principle of non-judicial intervention and the need to protect fundamental legal interests (Apriadi, 2025). First, this decision strengthens the doctrine of limited judicial review of arbitral awards by emphasizing that the court is not authorized to examine the procedural or substantial aspects of the arbitration award beyond the grounds that are limitfully determined in Article 70 of Law Number 30 of 1999. This restriction provides legal certainty for parties who choose arbitration as a dispute resolution forum that the resulting award will be final and not easily reversed through protracted legal remedies in court (Devina et al., 2024). This legal construction is in line with the purpose of establishing an arbitration system that prioritizes efficiency, speed, and finality in the resolution of business disputes, thereby providing incentives for business actors to use alternative dispute resolution mechanisms without fear of excessive intervention from the formal justice system (Ritonga et al., 2024).

Second, this decision affirms procedural flexibility in the arbitration process, especially regarding the extension of the time for the reading of the award based on the agreement of the parties. The Supreme Court recognized the validity of the agreement dated October nine two thousand nine between the parties to postpone the reading of the decision that was originally scheduled on that date to October twenty-two thousand nine, on the grounds that there were still calculations that had to be completed by the public accountant. The recognition of this procedural agreement shows that arbitration provides room for party autonomy in regulating the procedural mechanism as long as it does not conflict with the mandatory provisions of the law. This reflects the principle of freedom of contract that is the foundation of arbitration law, where the parties have the flexibility to determine the events and procedures that best suit their dispute resolution needs.

Third, the implications for the practice of conducting arbitration in Indonesia are the need for comprehensive documentation of any procedural agreements made during the trial process. The fact that the agreement to delay the reading of the award in this case was made simply

without adequate formalization caused controversy later on, so the arbitral institution needed to develop a more stringent standard of procedure in documenting any agreement of the parties regarding modifications to the trial schedule or extensions of certain grace periods (Bela Sukma Tri Nanda et al., 2023).

Fourth, from the perspective of preventive legal protection, this award provides an important lesson for the disputing parties to comprehensively understand the mechanisms and limitations of annulment of an arbitral award before filing an application for unfounded annulment. A misunderstanding of the grounds for cancellation can result in a waste of legal costs, time, and resources that could have been allocated to more productive interests. Therefore, legal education about the arbitration system and its limitations is crucial for legal practitioners and business actors who are potentially involved in business disputes (Aydelwais et al., 2023).

Fifth, this ruling also has implications for the development of jurisprudence regarding the relative authority between arbitration institutions and courts in the commercial dispute settlement ecosystem. By affirming that the court does not have the authority to examine the subject matter or legal considerations on which the arbitral award is based, the Supreme Court has strengthened the position of arbitration as an autonomous and independent jurisdiction in resolving disputes submitted to it by the parties under the arbitration agreement (Puspitasari & Prabowo, 2022). This legal construction is important to maintain the credibility and attractiveness of arbitration as an alternative to effective dispute resolution in Indonesia, especially in the context of competition with international arbitration forums in neighboring countries that have been more advanced in developing international commercial arbitration infrastructure. (Decision No. 396 K/PDT. SUS/2010, 2010).

## CONCLUSION

The ratio decidendi of the Supreme Court in Decision Number 396 K/Pdt.Sus/2010 emphasizes that the annulment of the arbitration award can only be carried out based on the reasons that are limitatively determined in Article 70 of Law Number 30 of 1999. With a restrictive interpretation, the Supreme Court rejected the expansion of the meaning of the reason for cancellation, including procedural violations such as delay in reading the decision, as at issue in this case. This attitude is in line with various other jurisprudence such as Decisions 116 PK/Pdt/2007, 915 K/Pdt/2007, and 80 PK/Pdt.Sus-Arb/2015 which both affirm the principle of *limited judicial review* and finality of arbitration. This decision also corrects the mistake of the South Jakarta District Court which processed the cancellation of arbitration voluntarily, even though it should have been examined as a *contentiosa* dispute in order to ensure the principle of *audi alteram partem* and the protection of the rights of the parties.

More broadly, Decision No. 396 K/Pdt.Sus/2010 makes an important contribution to strengthening the arbitration system in Indonesia by affirming the limits of authority between the arbitration institution and the court, while affirming the position of arbitration as an autonomous and credible dispute resolution forum. Although the Supreme Court's approach provides legal certainty through the limitation of the scope for intervention, this very strict stance leaves the potential for limited protection of *the due process principle*, especially regarding the possibility of serious procedural violations being ignored. This ruling also has

implications regarding the importance of documenting procedural agreements, increasing the parties' understanding of the arbitration cancellation mechanism, and strengthening procedural flexibility through *party autonomy*. Thus, this award plays a role in forming consistent jurisprudence and provides direction for more orderly, transparent, and sustainable arbitration practices.

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