



Legal Liability Of Arbitrators And Arbitral Institutions In The Annulment Of An Arbitral Award

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<p>Article History Received: 2026-01-05 Revised: 2026-01-15 Published: 2026-01-30</p> <p>Keywords: <i>Copyright; Digital Age; Piracy; Legal Protection</i></p>	<p>The annulment of an arbitration award in Indonesia is an exceptional legal mechanism and is strictly regulated in Article 70 of Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (AAPS Law). Although the arbitral award is final and binding, cancellation can be made if a false document, a concealed decisive document, or a judgment born of deception is found. The submission mechanism is carried out in writing to the District Court within a period of 30 days from the registration of the decision, with supporting evidence. Arbitrators and arbitrators acquire legal immunity, but liability may arise in the event of a serious breach of the integrity of the process. This study discusses the legal basis of annulment, the form of accountability of arbitrators and arbitration institutions, the filing mechanism, and the legal consequences of annulment of an award, to provide a comprehensive understanding of legal protection and legal certainty in arbitration.</p>

I. INTRODUCTION

Arbitration has long been recognized as a preferred dispute resolution mechanism in business and commercial relationships, particularly due to its procedural flexibility, confidentiality, expertise-driven adjudication, and the principle of final and binding awards. These characteristics distinguish arbitration from court litigation and position it as an efficient forum capable of accommodating the specific needs of commercial actors operating in complex and fast-moving economic environments. The delegation of dispute resolution authority to arbitrators and arbitral institutions reflects the parties' confidence in their neutrality, professionalism, and ability to render decisions that are legally sound and commercially fair, based on both the parties' agreement and the applicable legal framework.

Nevertheless, the ideal of arbitral finality is not entirely absolute. Most modern legal systems, while respecting the autonomy of arbitration, still provide a limited judicial mechanism for the annulment or setting aside of arbitral awards. Such mechanisms are generally justified as

safeguards to protect fundamental legal principles, including due process, public order, and procedural fairness. The availability of annulment underscores the tension between two core values of arbitration: on the one hand, finality and efficiency; on the other hand, accountability and legal correctness. This tension becomes particularly evident when an arbitral award is annulled by a court, raising questions not only about the validity of the award itself but also about the conduct and responsibility of the arbitrators and the arbitral institution involved.

From an academic and practical perspective, the annulment of an arbitral award does not automatically signify misconduct, negligence, or bad faith on the part of arbitrators or arbitral institutions. Judicial intervention may arise from a variety of factors, including divergent interpretations of procedural norms, jurisdictional issues, or public policy considerations that fall outside the arbitrators' direct control. However, repeated or substantial annulments may indirectly affect the credibility of arbitrators and institutions, potentially eroding parties' trust in arbitration as a reliable dispute

resolution mechanism. In this context, the absence of clear and comprehensive regulation regarding the scope and limits of legal accountability for arbitrators and arbitral institutions creates legal uncertainty and opens the door to broad and sometimes inconsistent interpretations.

This legal ambiguity gives rise to a fundamental question: to what extent can arbitrators and arbitral institutions be held legally accountable when an arbitral award they produce is annulled by a court? More specifically, does annulment merely reflect a corrective function of judicial oversight, or can it constitute an indicator of a breach of professional duties, ethical standards, or core principles of arbitration that may trigger legal liability? Addressing this question requires a careful distinction between substantive judicial disagreement and demonstrable violations of procedural obligations, impartiality, or competence on the part of arbitral actors.

Departing from the need to preserve the delicate balance between arbitral finality and institutional accountability, this study seeks to examine the legal foundations of liability for arbitrators and arbitral institutions in the context of annulled arbitral awards. By employing a normative juridical approach grounded in statutory interpretation, doctrinal analysis, and the examination of relevant judicial decisions, this research conceptualizes annulment not merely as a procedural outcome, but as a potential analytical gateway for assessing professional responsibility within arbitration. Such an approach allows for a more nuanced understanding of whether, and under what circumstances, annulment may be linked to legal accountability.

Ultimately, this research aims to contribute to the development of a clearer and more structured framework regarding the limits of arbitrator and institutional liability, without undermining the essential principle of finality that defines arbitration. By clarifying this relationship, the study is expected to strengthen legal certainty, enhance parties' confidence in arbitration, and support the evolution of arbitration as a credible, accountable, and effective mechanism for resolving commercial disputes in both national and international contexts.

II. RESEARCH METHODS

The research conducted by the author uses a qualitative descriptive approach. Qualitative examination techniques, including descriptive data, come from the observed actors or objects and can be recorded in written or unwritten form. The exploration technique used in this research is a qualitative examination using a descriptive model. This approach outlines the observed problems and then conducts an analysis to produce appropriate exploratory findings. Sugiono stated that the purpose of the qualitative approach is to analyze and then characterize existing things based on behaviors, attitudes, and social opinions or perceptions.

III. RESULTS AND DISCUSSION

A. Legal Basis for Annulment of Arbitral Awards

The annulment of arbitral awards in Indonesia is expressly regulated in Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (AAPS Law), especially through Article 70. In principle, the arbitral award is final and binding for the parties, so it cannot be appealed or appealed as a court decision. However, the law still leaves a very limited room for correction through the mechanism of cancellation if certain circumstances are found that are considered contrary to the principles of justice or undermine the integrity of the arbitration process. In other words, cancellation is a limiting exception, not a means to reassess the substance of the dispute, but to assess the validity of the process and the basis for its realization (Saragih, 2025).

Although the arbitration award is in principle final and binding on the parties, the Act provides limited legal space to apply for annulment. This space is contained in Article 70 of Law No. 30 of 1999, which is the juridical basis for the aggrieved party to request that the court annul the arbitral award for certain reasons that are exceptional or extraordinary. This means that a request for annulment is not a way to reassess the subject matter or substance of the dispute, but rather a mechanism to take action against serious violations related to the integrity of the arbitration process (Berutu et al., 2024).

It is important to understand the characteristics of arbitration as a basis for assessing the advantages of this mechanism. Arbitration is one of the dispute resolution approaches that is often used and can be used as a humanist settlement model, because it prioritizes agreement, justice, and certainty for the parties to the dispute (Rigel & Soermartono, 2025). Normatively, Article 70 of the AAPS Law mentions three main reasons that can be used as the basis for a cancellation request, namely:

1. An arbitration award is based on a document or letter that is later proven to be false. The first ground refers to a condition in which a document, letter, or written evidence submitted in the arbitration examination process turns out to be a forged document, or is only declared false through legal proceedings after the arbitral award has been rendered. In this context, forged documents become crucial because written evidence is often the primary basis for the arbitral tribunal's consideration in assessing the facts and arguments of the parties. If the document turns out to be invalid or fabricated, then the position of the arbitration award becomes tainted because it is based on evidence that is not in accordance with legal reality. Therefore, cancellation is relevant as an effort to maintain the purity of the dispute resolution process and avoid giving legal legitimacy to fraudulent acts (Taufik, 2024).
2. The discovery of decisive documents but hidden by the opponent. The second reason relates to the discovery of important documents that at the time of the arbitration examination were not submitted or deliberately concealed by either party. The document in question must have decisive evidence, namely documents whose existence can significantly change or affect the direction of the decision if considered by the arbitration panel. The concealment of documents is an act contrary to the principles of fair trial and good faith, which are the main foundations of dispute resolution through arbitration. So if it is

proven that a party withheld or concealed documents with the aim of influencing the results of the examination, then the annulment of the decision is a corrective means to restore the balance of justice and ensure that the arbitration process is not abused to gain unilateral advantage (Felina et al. 2023).

3. An arbitration award is born from the trickery or engineering of one of the parties during the examination process. The third reason emphasizes that an application for cancellation can be filed if it is proven that the arbitration examination process took place with fraud, fabrication, manipulation, false information, or other forms of deception committed by one of the parties. Deception in this context is not only limited to falsifying documents, but can also include systematic actions to deceive the arbitral tribunal, such as giving false testimony, fabricating facts, influencing witnesses, or other actions that ultimately mislead the examination and result in a verdict that does not reflect the true circumstances. Because arbitration upholds the principles of trust, confidentiality, and consensus of the parties, the existence of deception is a serious violation of the integrity of the arbitration forum, so the sustainability of the award born from such actions is not worth defending (Putri & Hartanto 2019).

An application for the cancellation of the arbitral award can only be made after the arbitral award is registered first at the District Court in accordance with the provisions of Article 59 of Law No. 30 of 1999. After that, the aggrieved party may submit a written request for cancellation to the competent Chief Justice of the District Court, by stating the reasons for cancellation as stipulated in Article 70 of the AAPS Law and attaching relevant supporting evidence. This application must be submitted no later than 30 days after the judgment is registered (Septiyanda & Abdurrahim, 2025).

Once the application is received, the District Court will examine the formal completeness and assess whether the reason for the cancellation can

be proven. This examination does not aim to reassess the subject matter of the dispute, but rather to ensure the integrity of the arbitration process. If the reasons are proven, the court may annul the arbitral award in whole or in part; However, if it is not proven, the application will be rejected and the arbitration award will remain valid and binding on the parties.

B. Forms of Accountability of Arbitrators and Arbitral Institutions

The liability of arbitrators and arbitration institutions in Indonesia is basically limited because they obtain legal immunity in exercising their authority. This protection is regulated in Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (AAPS Law), which emphasizes that arbitrators cannot be held civilly or criminally liable for actions, judgments, or decisions taken during the dispute resolution process, as long as the arbitrator carries out his duties independently, impartially, and is guided by the principle of prudence. The immunity is intended to maintain the arbitrator's freedom to render an award without pressure from any party so that the integrity of the arbitration process is maintained (Fulena & Chittoo 2023).

However, this limitation of liability is not absolute. Immunity does not negate the possibility of liability if it is proven that there has been a serious violation of the integrity of the examination process, such as falsification of documents, concealment of important evidence, or acts of deception that manifestly affect the material correctness of the decision. In such conditions, the parties can take the mechanism of cancellation of the decision based on the provisions of Article 70 of the AAPS Law. This means that even though arbitrators and arbitration institutions are protected from direct lawsuits, the resulting legal product can still be tested for its validity through the process of cancellation if there is an element of violation that can be legally proven. This shows that accountability in arbitration is not directed at individual arbitrators, but rather at the legitimacy of the process and the results of the award (Scientific Journal of Publika, 2022).

The arbitrator is responsible for maintaining neutrality, independence, and compliance with procedures as stipulated in Article 16 of Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (AAPS Law). Violations such as conflicts of interest may result in the denial or resignation of the arbitrator, which is subsequently replaced according to the mechanism of the arbitration institution. However, the arbitrator does not bear direct responsibility for the substance of the award because quasi-judicial status grants immunity as long as the arbitrator acts independently and impartially (Mubarok, Mutolip & Sasi, 2025).

The arbitration institution is responsible for conducting the arbitration process in a fair and orderly manner through administrative functions, such as the appointment of arbitrators, the regulation of examination procedures, and the handling of arbitrator denials if there is an allegation of non-neutrality. However, the arbitration institution is not responsible for the substance of the award because its position is only as the organizer of the forum, not the party to decide the case. The institutional immunity of the arbitration institution also limits direct legal liability, so its responsibilities focus more on ensuring compliance with internal rules, maintaining the integrity of the process, and conducting preventive oversight to prevent ethical violations or conflicts of interest. Thus, the role of the arbitration institution is organizational and supportive, while the juridical responsibility for the content of the award remains with the arbitrator ((Limpong & Soemartono, 2025).

Legal liability to arbitrators and arbitral institutions is in principle limited by the scope of arbitration's authority. As long as the actions taken are within the corridor of dispute resolution tasks, both of them obtain immunity protection so that they cannot be sued civilly or criminally for the content of the decision. However, this immunity is not absolute. Liability may arise if there are actions that exceed the authority of arbitration (*ultra vires*), such as falsification of documents, manipulation of evidence, or other unlawful acts that stand outside the function of arbitration. In such a condition, liability is not

associated with the arbitration award itself, but with individual acts that violate the common law and can be prosecuted through civil or criminal mechanisms. Meanwhile, the arbitral award remains final and binding, unless it is canceled through an application for annulment in court based on the reasons specified by law, without automatically dragging the arbitrator or the arbitration institution as a personally responsible party (Sinaga & Susanti, 2025).

C. Mechanism for Submission and Limitation of Cancellation of Arbitral Awards

The mechanism for submitting the annulment of an arbitration award in Indonesia is regulated in Articles 70 to 72 of Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (AAPS Law). The application is submitted in writing to the competent Chief Justice of the District Court, namely the court in the jurisdiction where the arbitral award is registered. Submissions can only be made after the arbitral award has been recorded in court and must be accompanied by evidence supporting the reasons for cancellation as stipulated by law. After the application is accepted, the court checks the fulfillment of the formal and material requirements, including whether the reason for cancellation submitted is valid according to Article 70. If the proof is successful, the court can declare the arbitration award null and void, so it does not have binding legal force for the parties (SIP LAW FIRM, 2024).

The application for annulment of the arbitral award shall be submitted in writing to the Registrar of the District Court whose jurisdiction includes the location of registration of the arbitration award. Based on Article 59 paragraph (1) of Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (AAPS Law), the application must be submitted within 30 days from the date the decision is submitted and recorded to the court. In the application, the aggrieved party is required to include the reasons for cancellation in accordance with Article 70 of the AAPS Law, complete with supporting evidence, such as an admission of falsification of documents stipulated in other court decisions or other

relevant evidence. Once accepted, the court will conduct a formal and material examination to assess whether the application meets the legal requirements. This process is generally decided within 30 days, and a court award may be a total or partial reversal of the arbitral award if the grounds presented are proven to be valid under law.

The submission of an application for annulment of an arbitral award is limited to a period of 30 days from the time the arbitral award is recorded with the Registrar of the District Court. The reason for the cancellation must be legally proven, for example through a previous court judgment or relevant supporting documents. If the arbitration award has not been registered, then an application for annulment cannot be filed, as the legal mechanism requires registration as the basis of the court's jurisdiction. The court's decision on the application for cancellation is final, so it cannot be appealed, unless there is a special provision that allows for further legal remedies.

If the court grants the request for annulment, the arbitration award becomes null and void, either in whole or in part, so that the dispute resolution process can be repeated according to the applicable procedures. Conversely, if the court rejects the application, then the arbitral award remains valid and enforceable, reinforcing the principle of finality and binding the arbitral award. This cancellation mechanism aims to prevent abuse of the arbitration procedure while maintaining the integrity of the process, so that legal certainty for the parties is guaranteed.

IV. CONCLUSION AND SUGGESTIONS

A. Conclusion

The annulment of the arbitral award is exceptional and limited, with a clear legal basis in Article 70 of the AAPS Law. This mechanism maintains a balance between the finality of the arbitration award and legal protection for the aggrieved party. Arbitrators and arbitrators gain legal immunity, but liability may arise in the event of serious breaches. Thus, the cancellation mechanism serves as a corrective tool that ensures that justice, process integrity, and legal certainty are maintained.

B. Suggestion

Based on the results of the discussion, it is recommended that arbitrators and arbitrators improve compliance with the code of ethics, internal procedures, and good faith principles, including through regular training and performance evaluations, in order to minimize the risk of overturning a decision and maintain the integrity of the arbitration forum. In addition, strengthening legal mechanisms, especially related to the deadline for filing for cancellation and evidentiary requirements, needs to be considered to be more adaptive to modern arbitration practices, including online arbitration. Education and socialization to the parties about rights, obligations, and cancellation mechanisms are also important to reduce potential disputes due to miscommunication or abuse of procedures. Furthermore, further research on the practical implications of annulment of an arbitral award on legal certainty, dispute resolution efficiency, and reputation of arbitration institutions in Indonesia is highly recommended, including comparative studies with other countries as a basis for recommendations for improving national arbitration law.

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