



Reconstructing Judicial Authority in the Annulment of Arbitral Awards: Between Finality and Substantive Justice

¹Khairunnisa Siregar, ²Arifuddin Muda Harahap, ³Suci Hidayati Malau, ⁴Raja Muda Pahlevi Siregar, ⁵Ahmad Yasin Dongoran

¹Universitas Negeri Yogyakarta

^{2,3,4,5}Universitas Islam Negeri Sumatera Utara

E-mail: ¹khairunnisasiregar.2021@student.uny.ac.id, ²arifuddinmudaharahap@uinsu.ac.id,
³sucihidayatimalau03@gmail.com, ⁴rajaapahlevisiregar@gmail.com, ⁵siregarjafar9@gmail.com

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Sejarah Artikel Received : 2026-04-02 Revised: 2026-04-10 Published: 2026-05-30 Kata kunci: <i>Arbitration; Annulment of Arbitral Awards; Final and Binding Principle</i>	This study examines the annulment of arbitral awards within the Indonesian legal system as an extraordinary legal remedy that lies at the intersection of arbitral autonomy, the principle of finality, and the pursuit of substantive justice. The research is motivated by the persistent tension between the final and binding character of arbitral awards and the necessity of judicial intervention to address awards affected by fundamental procedural defects. Employing normative legal research, this study adopts statutory, conceptual, and comparative approaches. Legal materials are collected through library research and analyzed using descriptive, systematic, and prescriptive legal reasoning. The findings reveal that Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution confines annulment to three narrowly defined procedural grounds document forgery, newly discovered decisive evidence, and fraud thereby excluding judicial review of the substantive merits of arbitral awards. Nevertheless, judicial practice demonstrates inconsistent interpretations that occasionally expand the scope of annulment beyond its statutory limits, resulting in judicial overreach and weakening the final and binding nature of arbitration. This study argues that the legitimacy of annulment should be understood as a procedural safeguard rather than a mechanism for substantive review and proposes a Balanced Annulment Doctrine, under which judicial intervention is justified only to preserve procedural integrity while respecting arbitral autonomy. The study concludes that maintaining a proportionate balance between legal certainty, minimum judicial intervention, and substantive justice is essential to strengthening the credibility of arbitration and enhancing Indonesia's legal certainty in commercial dispute resolution.

I. INTRODUCTION

The dynamics of contemporary business law demonstrate that arbitration has increasingly strengthened its position as an alternative dispute resolution mechanism outside the formal court system. Compared to conventional litigation, arbitration offers several advantages, including time efficiency, procedural flexibility adaptable to the parties' needs, confidentiality of disputes, and the freedom to appoint arbitrators with specific expertise relevant to the nature of the dispute. In the context of commercial activities and investment, arbitration is widely regarded as a strategic instrument for ensuring legal certainty while maintaining stability and sustainability in business relationships between contracting parties (Rafika, 2022).

Arbitral awards are founded upon the principle of *final and binding*, which constitutes their primary distinguishing feature from judgments

rendered by state courts. This principle affirms that arbitral awards possess conclusive and binding legal force upon the parties, without providing avenues for ordinary legal remedies such as appeals or cassation. The philosophical underpinning of this principle lies in ensuring legal certainty and preventing protracted dispute resolution resulting from multi-tiered judicial proceedings. Within the national legal system, recognition of the finality of arbitral awards is explicitly enshrined in Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution, which further confirms arbitration as an autonomous dispute resolution mechanism operating outside the structure of state judiciary institutions (Makarim, 2019).

Despite the final and binding nature of arbitral awards, the legal framework governing arbitration provides a narrowly defined opportunity for annulment applications before

the district courts under specific circumstances. Article 70 of Law Number 30 of 1999 restrictively stipulates that annulment may only be sought if it is proven that documents used in the arbitration process were forged, if newly discovered evidence of a decisive nature emerges, or if fraudulent conduct was committed by one of the parties during the arbitral proceedings. This regulation underscores that annulment of arbitral awards is constructed as an extraordinary and exceptional legal remedy, rather than as an instrument to re-examine the merits of the dispute or the legal reasoning adopted by the arbitral tribunal (Mangei, 2020).

Empirical practice in Indonesia reveals that the mechanism for annulling arbitral awards frequently generates legal controversy. In several cases, annulment applications have not been grounded solely on procedural defects as prescribed by statute, but have instead targeted substantive aspects of the dispute, such as objections to the arbitral tribunal's legal reasoning or alleged misapplication of legal norms. This phenomenon raises concerns regarding the expansion of judicial authority that may erode the principle of finality and the autonomy of arbitration. Should judicial intervention extend excessively into the substance of arbitral awards, arbitration risks losing its fundamental characteristics as an independent, efficient, and effective forum for dispute resolution.

Nevertheless, it cannot be denied that the annulment mechanism plays a crucial role in safeguarding substantive justice. Under certain circumstances, arbitral awards may result from fundamentally flawed proceedings, such as those involving fraud, manipulation of evidence, or serious violations of the principle of *due process of law*. From this perspective, annulment functions as a corrective mechanism to prevent the legitimization of injustice under the guise of finality. Accordingly, the annulment of arbitral awards should not be perceived merely as a threat to the existence of arbitration, but also as a protective mechanism aimed at preserving the integrity, fairness, and credibility of the overall dispute resolution process (Juliana, n.d.).

The fundamental issue that subsequently arises concerns the absence of a clear demarcation between annulment as a safeguard of justice and annulment that instead distorts the very existence of arbitration. Uncertainty in the application of Article 70 of Law Number 30 of

1999, exacerbated by divergent judicial interpretations, has the potential to generate significant legal uncertainty. Such conditions may undermine business actors' confidence in arbitration as an effective and reliable dispute resolution mechanism. From an investment climate perspective, this situation poses a risk of diminishing Indonesia's attractiveness as an arbitration-friendly jurisdiction for business interests (Asnawi et al., 2024).

Moreover, the discourse on the annulment of arbitral awards also intersects with the relationship between private autonomy and state authority. Arbitration fundamentally arises from the parties' agreement as an embodiment of the principle of freedom of contract. Nevertheless, the state retains a legitimate interest in ensuring that arbitral proceedings do not conflict with law, public order, or principles of justice. Consequently, judicial involvement in the annulment of arbitral awards must be positioned proportionally to avoid excessive state dominance over private dispute resolution mechanisms (Sutrisno, 1994).

II. RESEARCH METHODS

This study employs a normative legal research method, focusing on two primary approaches: the statutory approach and the conceptual approach. The statutory approach is directed toward examining positive legal norms governing the annulment of arbitral awards, particularly the provisions of Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution, along with other relevant regulations (Rizkia & Fardiansyah, 2023). Meanwhile, the conceptual approach is utilized to analyze in depth the concepts of extraordinary legal remedies, the principle of final and binding, the principle of freedom of contract, and the relationship between arbitral autonomy and judicial authority. The legal materials used consist of primary legal materials in the form of statutes and court decisions, as well as secondary legal materials including scholarly literature, journal articles, and expert opinions in the field of arbitration law.

The research is conducted through a series of systematically arranged stages. The first stage involves the formulation and identification of legal issues, namely the annulment of arbitral awards as an extraordinary legal remedy. The subsequent stage encompasses the tracing and collection of relevant primary and secondary legal materials. These materials are then classified and

documented according to thematic relevance and their significance to the research focus. At the analysis stage, a normative juridical approach is applied through legal interpretation and legal reasoning to assess whether the practice of annulling arbitral awards functions as a mechanism for safeguarding justice or instead constitutes a deviation from the principle of arbitral finality. The final stage of the research culminates in the formulation of conclusions drawn deductively. Schematically, the research process can be described as follows: Identification of Legal Issues, Collection of Legal Materials, Normative Analysis, Critical Evaluation, Drawing of Conclusions.

The object of sampling in this study does not consist of respondents but rather legal materials selected through purposive sampling based on their relevance to the research focus. These samples include normative provisions regulating the annulment of arbitral awards, doctrines in arbitration law, and decisions of district courts and the Supreme Court that are pertinent to the issue of arbitral award annulment. This research is classified as library research, conducted through the examination of literature available in university libraries, national and international legal journal databases, and officially accessible online legal sources. With these characteristics, the study is expected to produce an in-depth, systematic, and argumentative analysis of the practice of annulling arbitral awards within the framework of the Indonesian legal system.

III. RESULTS AND DISCUSSION

A. Legal Regulation of the Annulment of Arbitral Awards as an Extraordinary Legal Remedy

Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution (hereinafter referred to as the Arbitration Law) constructs arbitration as an autonomous dispute resolution mechanism operating outside the structure of the general judiciary. This conception is reflected in the state's recognition of the parties' freedom to choose arbitration as their forum for dispute settlement, as well as in the limitation imposed on the authority of state courts to intervene in both the arbitral process and the resulting arbitral awards. One of the fundamental principles affirmed under the Arbitration Law is the *final and binding* nature of arbitral awards, which precludes the availability of

ordinary legal remedies such as appeal, cassation, or judicial review as commonly recognized in the civil justice system (Nopiandri, 2018).

The principle of finality of arbitral awards is explicitly stipulated in Article 60 of the Arbitration Law, which affirms that arbitral awards are final, possess permanent legal force, and are binding upon the disputing parties. This regulation is intended to ensure legal certainty, enhance procedural efficiency, and prevent the protraction of disputes caused by multi-tiered legal remedies. Within this framework, arbitration is conceptualized as a swift and effective dispute resolution mechanism that simultaneously reflects respect for party autonomy as an expression of the principle of freedom of contract.

From the perspective of legal theory, the doctrine of finality reflects the broader principle of legal certainty, according to which disputes must eventually reach a definitive conclusion to preserve stability within legal and commercial relations. Without finality, arbitration would merely replicate ordinary litigation by exposing parties to prolonged judicial review. Consequently, the final and binding character of arbitral awards constitutes not merely a procedural rule but the fundamental normative justification for arbitration as an autonomous dispute resolution mechanism.

Notwithstanding the strong emphasis on finality, the Arbitration Law nevertheless provides a narrowly confined avenue for judicial supervision through the mechanism of annulment of arbitral awards. This mechanism is restrictively regulated under Article 70 of the Arbitration Law, which stipulates that an application for annulment may only be submitted if the arbitral award is alleged to meet one of three specific conditions. These conditions include: first, the use of documents or letters in the arbitral proceedings that, after the award is rendered, are acknowledged or declared to be forged; second, the discovery of decisive written evidence after the award has been issued, which had previously been concealed by the opposing party; and third, the existence of fraudulent conduct committed by one of the parties that influenced the issuance of the arbitral award (Ngantung, 2017).

These provisions demonstrate that the annulment of arbitral awards is not intended as

a mechanism for correcting the substance of the dispute or the legal reasoning adopted by the arbitral tribunal. All grounds for annulment enumerated in Article 70 of the Arbitration Law pertain to fundamental defects in the evidentiary process and the good faith of the parties, rather than to the legal or factual assessments made by the arbitrators. Accordingly, the annulment of arbitral awards is positioned as an extraordinary legal remedy (*extraordinary remedy*) that may only be invoked under highly exceptional circumstances (Mantili, 2021b).

Furthermore, Article 71 of the Arbitration Law provides that an application for the annulment of an arbitral award must be submitted in writing to the Chairman of the District Court within a maximum period of thirty (30) days from the date the arbitral award is delivered to the parties and registered with the court registry. The imposition of this strict time limit is intended to prevent abuse of the annulment mechanism and to safeguard legal certainty. Once the prescribed time limit has elapsed, the parties' right to file an annulment application is deemed extinguished by operation of law.

Article 72 of the Arbitration Law subsequently confers authority upon the Chairman of the District Court to examine and adjudicate applications for the annulment of arbitral awards. Where an annulment application is granted, the court may annul the arbitral award either in whole or in part. Nevertheless, such authority must be exercised restrictively and must not extend beyond the grounds for annulment expressly stipulated by law. This provision reflects the legislature's effort to strike a balance between the protection of justice and respect for the independence of arbitration.

B. Application and Interpretation of the Grounds for Annulment of Arbitral Awards in Indonesian Judicial Practice

Normatively, Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution has formulated the grounds for annulment of arbitral awards in a strict and exhaustive manner, as set forth in Article 70. This regulation is intended to affirm that the annulment of arbitral awards is not positioned as an ordinary legal remedy, but rather as an extraordinary mechanism that may only be

pursued under specific circumstances affecting the fundamental aspects of the arbitral process. However, in Indonesian judicial practice, the implementation and interpretation of these annulment provisions frequently exhibit inconsistencies, giving rise to juridical debates regarding the extent to which judicial authority may be exercised in reviewing and assessing arbitral awards (Nova, 2023).

In practice, district courts authorized to examine applications for annulment of arbitral awards often encounter petitions that do not merely allege document forgery, discovery of decisive new evidence, or fraudulent conduct, but also challenge the legal reasoning and conclusions reached by the arbitral tribunal. Several court decisions reveal a tendency toward expansive interpretations of the concepts of "fraud" or "procedural defect," extending them to encompass alleged errors in the application of legal norms or inaccuracies in factual assessment. Such interpretative patterns risk shifting the function of annulment from an instrument of procedural protection into a mechanism for substantive review of arbitral awards themselves (Sulat, 2016).

Such interpretative expansion reflects what contemporary legal scholars frequently describe as judicial overreach, namely the exercise of judicial authority beyond the limits intended by legislation. In the context of arbitration, judicial overreach does not merely affect individual disputes; rather, it alters the institutional balance between arbitral autonomy and judicial supervision. Consequently, the issue extends beyond statutory interpretation and becomes one concerning the constitutional allocation of adjudicative authority between arbitral tribunals and state courts.

A recurring interpretative pattern in judicial practice is the tendency to ascribe an excessively broad meaning to the element of fraud. In numerous annulment applications, petitioners frequently associate allegations of fraud with issues such as the integrity of arbitrators, perceived deficiencies in legal reasoning, or suspicions of partiality on the part of the arbitral tribunal toward one of the disputing parties. In some instances, courts have accommodated such arguments without subjecting them to rigorous scrutiny regarding the existence of substantive fraudulent conduct and its causal nexus with the issuance of the

arbitral award. Doctrinally, however, the concept of fraud as contemplated under Article 70 of the Arbitration Law refers to deceptive conduct committed by one of the parties during the arbitral proceedings and is not intended to encompass errors of judgment or legal reasoning that fall within the arbitrators' adjudicative authority (Diansari, 2021).

In addition to issues surrounding fraud, the interpretation of the ground relating to the discovery of new evidence (*novum*) also presents similar problems. In several decisions, courts appear inclined to classify evidence that was in fact available and could have been submitted during the arbitral proceedings as *novum*. Such practices raise fundamental concerns, as they are inconsistent with the principles of due diligence and good faith that should underpin the parties' decision to resort to arbitration as their chosen dispute resolution forum. Essentially, new evidence as referred to in Article 70 of the Arbitration Law denotes evidence that was factually unknown or unobtainable during the arbitral proceedings and that possesses a decisive character with respect to the dispositive ruling. The adoption of an overly lenient interpretative standard regarding *novum* risks opening the door for parties dissatisfied with arbitral outcomes to engage in disguised relitigation through the annulment mechanism (Makarim, 2019).

With regard to allegations of document forgery, courts are frequently confronted with complex issues relating to standards of proof. A number of decisions indicate a judicial tendency to accept claims of document forgery based merely on assumptions or disputes over document authenticity, even in the absence of a final and binding criminal judgment. Such practices have the potential to generate legal uncertainty, given that allegations of forgery should be established through stringent, clear, and conclusive evidentiary mechanisms, particularly in light of their significant implications for the principle of arbitral finality. If such evidentiary thresholds are not firmly enforced, the annulment mechanism risks being misused as a tool to delay or even obstruct the enforcement of arbitral awards.

The role of the Supreme Court in cases concerning the annulment of arbitral awards reveals noteworthy dynamics. Several decisions at the cassation level demonstrate

the Supreme Court's consistent stance in affirming the limits of judicial authority, which do not extend to reviewing the merits of the dispute or the substance of the reasoning contained in arbitral awards. The Supreme Court has emphasized that judicial supervision in annulment proceedings must be confined to procedural aspects and to the limited grounds expressly stipulated by statutory law. This line of jurisprudence reflects a corrective function aimed at realigning the annulment mechanism with the normative framework established by positive law (Subekti, 1987).

Nevertheless, inconsistent jurisprudence among lower courts demonstrates that statutory limitations alone are insufficient to ensure uniform judicial practice. The effectiveness of the annulment mechanism therefore depends not only upon legislative clarity but also upon the development of coherent judicial doctrine capable of maintaining consistency across different levels of the judiciary.

C. Annulment of Arbitral Awards: Protection of Justice or Distortion of the Final and Binding Principle

Normatively, the Indonesian legal system positions the annulment of arbitral awards as an exceptional legal protection mechanism. This character is clearly reflected in Article 70 of Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution, which explicitly and exhaustively stipulates the grounds upon which an arbitral award may be annulled (Prayuti et al., 2024). Such strict limitations demonstrate the legislature's intention to maintain a balance between the final and binding principle as the essence of arbitration and the necessity of a corrective legal instrument for awards resulting from proceedings tainted by fundamental defects. Within this framework, the annulment of arbitral awards essentially functions as a safeguard mechanism designed to prevent the legitimization of injustice where the principle of finality is applied rigidly without any corrective space.

Comparative arbitration regimes reveal differing approaches toward resolving this dilemma. Jurisdictions adhering to the UNCITRAL Model Law generally recognize annulment as an exceptional supervisory mechanism intended to preserve procedural

integrity rather than to facilitate substantive judicial review. Similarly, the New York Convention distinguishes between review of arbitral awards and annulment proceedings by emphasizing that judicial intervention should remain minimal. These comparative developments indicate that the legitimacy of annulment depends not upon the existence of judicial control itself, but upon the extent to which such control remains proportionate and procedurally confined.

The theoretical controversy surrounding the annulment of arbitral awards lies in the inherent tension between two competing legal values: the principle of finality and the principle of justice. While arbitration derives its legitimacy from the final and binding nature of its awards, legal systems simultaneously recognize that absolute finality may inadvertently legitimize awards obtained through fraud, procedural irregularities, or serious violations of due process. Consequently, the doctrine of annulment presents a fundamental jurisprudential dilemma: should legal certainty prevail over substantive justice, or should judicial intervention be permitted at the risk of undermining arbitral autonomy? This unresolved tension constitutes the central theoretical issue in contemporary arbitration law.

From the perspective of justice protection, the annulment mechanism possesses strong legitimacy insofar as it is applied in a strict and proportional manner. Annulment is legally justified where it can be concretely proven that document forgery occurred, decisive new evidence was discovered, or fraudulent conduct was committed by one of the parties during the arbitral proceedings. Such circumstances represent serious violations of the principle of good faith and the doctrine of due process of law, such that maintaining the enforceability of the arbitral award under these conditions would potentially negate substantive justice. Accordingly, in such contexts, the annulment of an arbitral award should not be regarded as excessive judicial intervention, but rather as a minimal protective measure aimed at preserving the integrity and credibility of the justice system as a whole (Undang-Undang (UU) No. 30 Tahun 1999 Arbitrase Dan Alternatif Penyelesaian Sengketa, 1999).

The relationship between justice and finality should therefore not be conceptualized as mutually exclusive. Rather, both principles should be understood as complementary dimensions of arbitration legitimacy. Finality protects procedural efficiency and legal certainty, whereas annulment safeguards the moral legitimacy of arbitral adjudication by ensuring that finality does not shield awards produced through procedural injustice. Accordingly, the legitimacy of arbitration depends upon maintaining equilibrium between these two competing values rather than privileging one at the complete expense of the other.

Nevertheless, in judicial practice, the application of the annulment mechanism frequently gives rise to deviations from the final and binding principle. Such deviations occur when courts expand the interpretation of annulment grounds to the point of encroaching upon the substantive assessment of arbitral awards, including re-examining the arbitral tribunal's legal reasoning or reassessing factual conclusions that have already been determined. This pattern of application effectively transforms the annulment mechanism into an implicit appellate remedy, which runs counter to the fundamental nature of arbitration as a dispute resolution mechanism characterized by finality, efficiency, and autonomy. If this tendency persists, arbitration risks losing its distinctive advantages as a more effective alternative to conventional litigation (Mantili, 2021a).

Distortions of the final and binding principle also carry serious implications for legal certainty and the level of confidence among business actors. When arbitral awards can be annulled relatively easily through judicial review, disputing parties face significant uncertainty regarding the validity and enforceability of such awards. This situation not only undermines the effectiveness of arbitration as a dispute resolution mechanism but also risks diminishing Indonesia's attractiveness as a favorable jurisdiction for commercial dispute resolution, particularly in the context of business transactions and the investment climate. Consequently, inconsistent application of the annulment mechanism becomes counterproductive to the fundamental objectives of arbitration as an

institution designed to deliver swift, certain, and reliable dispute resolution.

Excessive judicial intervention may also generate what may be described as institutional distortion, whereby arbitration gradually loses its distinctive identity and increasingly resembles ordinary civil litigation. Under such circumstances, parties selecting arbitration no longer obtain the procedural autonomy and efficiency that originally justified their contractual choice. Consequently, judicial expansion in annulment proceedings produces systemic consequences extending far beyond individual disputes.

D. The Ideal Limits of Judicial Authority in the Annulment of Arbitral Awards

Judicial authority in matters concerning the annulment of arbitral awards essentially constitutes an exception to the principle of arbitral autonomy and the final and binding nature inherent in arbitral awards. Consequently, the scope of such authority should be interpreted narrowly and applied proportionally. Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution explicitly restricts the grounds for annulment of arbitral awards through Article 70, which focuses on the existence of fundamental defects in the arbitral process rather than on an assessment of the substance or merits of the dispute (Adolf, 2015). This normative limitation indicates that the role of the courts is intended solely as a procedural safeguard mechanism to prevent injustice arising from arbitral proceedings tainted by dishonesty or fraudulent conduct.

Conceptually, the scope of judicial authority in annulment proceedings is constrained by the prohibition against conducting a merits review of the dispute or reassessing the legal reasoning formulated by the arbitral tribunal. Courts must not be positioned as appellate forums for arbitral awards, as such practice would erode the principle of finality and blur the fundamental distinction between arbitration and ordinary judicial proceedings. Within this framework, the role of the courts should be confined to a limited verification of whether the statutory grounds for annulment, as normatively prescribed by law, have been fulfilled. This verification is factual in nature, namely determining whether elements of document forgery exist, whether decisive new

evidence has been discovered, or whether fraudulent conduct attributable to one of the parties occurred during the arbitral proceedings (Astiti & Tarantang, 2018).

Modern arbitration theory increasingly recognizes that judicial supervision should operate according to the principle of minimum judicial intervention. Under this doctrine, courts are expected to exercise only residual supervisory jurisdiction aimed at protecting procedural legitimacy without interfering in the substantive autonomy of arbitral tribunals. This principle reflects an institutional division of authority in which arbitrators determine the merits of disputes while courts preserve the integrity of the arbitral process itself.

Furthermore, the limitation of judicial authority is inseparable from the application of stringent and multi-layered standards of proof. Each ground for annulment of an arbitral award must be established in a convincing and conclusive manner, given the serious consequences such annulment entails for legal certainty and the enforceability of arbitral awards. If the standard of proof is not set at a sufficiently high threshold, the annulment mechanism risks being misused as a vehicle for re-challenging arbitral outcomes by parties dissatisfied with the award. Accordingly, courts should firmly allocate the burden of proof to the annulment applicant in a proportional manner, while rejecting applications that rest merely on conjecture or differences in legal interpretation concerning the arbitral tribunal's decision (Al-Ghifari et al., 2025).

On the other hand, judicial authority continues to play a crucial role as a safeguard for the upholding of justice and the protection of public order. In certain circumstances, judicial intervention may be justified and even necessary where an arbitral award is demonstrably the product of proceedings that violate the principles of due process of law or good faith. Nevertheless, such intervention must remain limited in nature and must not exceed the corrective function delineated by the applicable normative framework. Under this construction, courts should be positioned as procedural guardians, rather than as reviewers of the substance or merits of disputes that have already been resolved through arbitration.

Building upon the foregoing analysis, this study proposes the Balanced Annulment Doctrine as a normative framework for defining the legitimate scope of judicial authority in annulment proceedings. Under this doctrine, judicial intervention remains permissible only where it serves to preserve procedural legitimacy rather than to reassess the substantive correctness of arbitral reasoning. The doctrine rests upon three cumulative principles: first, strict statutory interpretation of annulment grounds; second, prohibition of merits review; and third, application of a heightened evidentiary threshold before arbitral awards may be annulled. Through these principles, the doctrine seeks to reconcile legal certainty with substantive justice while preserving the institutional autonomy of arbitration.

IV. CONCLUSION AND SUGGESTIONS

A. Conclusion

Based on the foregoing analysis, it can be concluded that the annulment of arbitral awards within the Indonesian legal system is normatively designed as an extraordinary legal remedy of a highly limited nature. Law Number 30 of 1999 expressly positions the final and binding principle as the core foundation of arbitration, while simultaneously restricting judicial intervention to specific circumstances that concern fundamental defects in the arbitral process, such as document forgery, the discovery of decisive new evidence, or fraudulent conduct. Within this construction, the annulment of arbitral awards is not intended to serve as a mechanism for reviewing the substance of the dispute or the legal reasoning of the arbitral tribunal, but rather as a corrective instrument aimed at preserving procedural integrity, good faith, and substantive justice in arbitral proceedings.

Nevertheless, judicial practice demonstrates a tendency toward distortion in the application of the annulment mechanism, particularly when courts adopt expansive interpretations of annulment grounds that encroach upon the substantive assessment of arbitral awards. Such practices risk undermining the principle of arbitral finality and autonomy, thereby generating legal uncertainty and diminishing confidence among business actors and investors. Accordingly, it is imperative to reaffirm the ideal limits of

judicial authority in annulment proceedings by positioning courts solely as guardians of procedural justice, rather than as implicit appellate forums. Consistent interpretation of Article 70 of the Arbitration Law and the application of strict standards of proof are essential to ensure that the annulment of arbitral awards functions as a safeguard of justice, rather than as a distortion of the fundamental essence of arbitration.

B. Suggestions

To advance the development of arbitration law in Indonesia, it is recommended that judicial institutions consistently apply a restrictive and uniform interpretation of the grounds for annulment of arbitral awards as stipulated in Law Number 30 of 1999. Courts should reaffirm the principle that annulment constitutes an extraordinary legal remedy, limited strictly to procedural defects of a fundamental nature, and refrain from engaging in any form of substantive review of arbitral reasoning. The adoption of clear judicial guidelines or Supreme Court circulars regarding the standard of proof and the scope of judicial authority in annulment proceedings would contribute significantly to strengthening legal certainty and preserving the final and binding character of arbitral awards.

Furthermore, from an academic and doctrinal perspective, continued scholarly research is necessary to refine the conceptual boundaries between arbitral autonomy and judicial supervision. Such studies should focus on comparative arbitration practices and the development of coherent theoretical frameworks that support proportional judicial intervention. By doing so, arbitration law can evolve in a manner that balances the protection of justice with efficiency and autonomy, thereby reinforcing arbitration's role as a credible, reliable, and investor-friendly dispute resolution mechanism within the broader legal system.

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