



The Limits of Arbitrator Immunity and Institutional Responsibility in the Annulment of Arbitration Awards: A Normative Study under Indonesian Arbitration Law

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Article History Received: 2026-05-16 Revised: 2026-05-24 Published: 2026-05-30 Keywords: <i>Arbitration; Annulment of Decision; Liability; Legal Procedure</i>	Arbitration has become a preferred mechanism for resolving commercial disputes because it offers confidentiality, procedural flexibility, efficiency, and finality of decisions. Although arbitral awards are generally final and binding, Indonesian law recognizes a limited mechanism for their annulment under Article 70 of Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, allowing judicial intervention where an award is based on forged documents, concealed decisive evidence, or fraudulent conduct during arbitral proceedings. This study examines the legal basis for annulment, the legal responsibility of arbitrators and arbitration institutions following annulment, the procedural framework governing annulment applications, and the implications of annulment for arbitral immunity, legal certainty, and public confidence in arbitration. The research employs normative legal research using statutory, conceptual, comparative, and case approaches. Primary legal materials consist of Indonesian arbitration legislation, while secondary materials include legal doctrines, scholarly books, journal articles, international arbitration principles, and selected judicial decisions. The collected materials are analyzed qualitatively through systematic, conceptual, and comparative legal interpretation. The study finds that annulment constitutes an exceptional form of judicial control rather than an appellate review of arbitral awards. It further demonstrates that arbitrators and arbitration institutions generally benefit from functional immunity derived from their quasi-judicial role, although such immunity is not absolute where fraud, bad faith, conflicts of interest, or acts exceeding arbitral authority are legally established. The study concludes that balancing the principle of finality with institutional accountability is essential to preserving legal certainty and public confidence, while strengthening ethical standards, institutional oversight, procedural transparency, and clearer regulation of arbitral immunity will enhance the credibility and accountability of Indonesia's arbitration system.

I. INTRODUCTION

Arbitration is a dispute resolution mechanism widely chosen in business and commercial relationships because it offers a more flexible and confidential process and provides certainty through a final and binding decision. The increasing utilization of arbitration is closely related to the development of international commercial transactions, where business actors require dispute resolution mechanisms that are independent from lengthy national court procedures. Unlike litigation, arbitration allows parties to determine procedural rules, select decision makers with specialized expertise, and maintain confidentiality regarding commercial information. These characteristics have

positioned arbitration as one of the central mechanisms in international trade dispute resolution. Nevertheless, the effectiveness of arbitration depends fundamentally on public confidence in arbitrators and arbitration institutions because their authority originates from the consent of the parties rather than direct state judicial power (Born, 2021).

The parties' trust in arbitrators and arbitration institutions is reflected in the delegation of dispute resolution authority to them, with the expectation that the decisions rendered will protect the interests of the parties fairly and in accordance with the law and the underlying agreement. However, the existence of a mechanism for annulling arbitration awards

through the courts indicates that the finality of arbitration awards is not completely absolute, as there is room for correction of certain errors or violations deemed detrimental to the arbitration process.

The relationship between finality and judicial intervention represents one of the most debated issues in arbitration law. On one hand, excessive judicial interference may undermine the fundamental purpose of arbitration by reducing efficiency and certainty. On the other hand, absolute immunity from judicial review may create the possibility of maintaining awards produced through procedural irregularities or violations of fundamental justice principles. Therefore, contemporary arbitration systems generally adopt a limited review approach, where courts are permitted to intervene only in exceptional circumstances relating to procedural validity rather than the substantive merits of the dispute (Redfern et al., 2022).

This situation raises an important academic issue: the extent to which arbitrators and arbitration institutions can be held legally accountable if their decisions are subsequently overturned by a court. The issue becomes increasingly significant because arbitrators occupy a unique legal position. They are not ordinary private actors, yet they are also not state judges. Their authority represents a contractual delegation of adjudicative power from disputing parties. Consequently, determining liability requires distinguishing between errors of judgment made within the legitimate exercise of arbitral authority and misconduct that violates professional obligations. International arbitration doctrine generally recognizes that arbitrators should not be personally liable merely because their decisions are later challenged or annulled, unless there is evidence of bad faith, fraud, intentional misconduct, or serious procedural violations (Moses, 2023).

The annulment of an arbitration award does not necessarily indicate negligence or error on the part of the arbitrator or arbitration institution, but it can have legal implications that affect the trust of the parties and the credibility of arbitration as a dispute resolution forum. Furthermore, the lack of clear regulations regarding the limits and forms of arbitrator and arbitration institution liability leaves room for wide interpretation, necessitating a more in-depth study to understand the relationship between the annulment of an arbitration award

and the legal responsibility of those exercising arbitration authority.

In the Indonesian legal system, this issue becomes more complex because Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution provides specific grounds for annulment but does not comprehensively regulate the consequences of annulment for arbitrators or arbitration institutions. Article 70 establishes the circumstances allowing annulment, while provisions concerning arbitrator responsibility remain limited and largely depend on principles of professional ethics, independence, and good faith. This regulatory gap creates uncertainty regarding whether annulment should merely invalidate the award or also trigger legal consequences against the actors involved in producing the award (Saragih, 2025).

Previous studies have primarily focused on the procedural requirements for annulment of arbitration awards, including the interpretation of Article 70 of Law Number 30 of 1999 and the evidentiary requirements regarding fraud, forged documents, and concealed decisive evidence. However, limited research has examined the relationship between annulment and the legal responsibility of arbitrators and arbitration institutions. This study therefore contributes a different perspective by analyzing annulment not merely as a procedural remedy, but as a mechanism for evaluating the accountability boundaries of arbitration actors while preserving the fundamental principle of arbitral autonomy (Felina et al., 2023; Limpong & Soemartono, 2025).

Based on the importance of maintaining a balance between the principles of finality and accountability, this study attempts to unravel the legal basis that establishes the accountability of arbitrators and arbitral institutions in the context of annulling arbitral awards. The research is conducted through a normative juridical approach based on the interpretation of laws and regulations, legal literature, and a review of relevant court decisions. Through this approach, annulling an arbitral award is understood not merely as the result of procedural corrections, but as a gateway to analyzing whether there has been a violation of professional obligations or principles of dispute resolution that could have implications for legal accountability.

Accordingly, this research aims to answer three fundamental questions: first, what legal standards

justify the annulment of arbitration awards under Indonesian arbitration law; second, what forms and limitations of legal responsibility apply to arbitrators and arbitration institutions following annulment; and third, how the annulment mechanism influences the balance between arbitral finality, procedural integrity, and legal certainty. These questions are important to develop a more coherent framework of accountability within Indonesian arbitration practice.

Thus, this research is expected to provide a clearer picture of the limits of arbitrator and arbitral institution accountability without eliminating the finality that is a fundamental characteristic of arbitration. A more structured understanding of the relationship between annulment of an award and legal accountability is expected to strengthen the parties' trust in arbitration and contribute to the development of more accountable and effective dispute resolution practices.

II. RESEARCH METHODS

This research employs a normative juridical research method with a qualitative approach. Normative juridical research examines legal norms, principles, doctrines, and judicial considerations to analyze the relationship between legal rules and their application within a particular legal issue. This approach is appropriate because the research focuses on the legal responsibility of arbitrators and arbitration institutions following the annulment of arbitration awards, which requires an examination of statutory provisions, legal concepts, and judicial interpretations rather than empirical measurement (Marzuki, 2021).

The research applies several legal approaches, namely the statute approach, conceptual approach, and case approach. The statute approach is conducted by examining relevant legal provisions, particularly Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, especially provisions relating to the finality of arbitration awards, registration procedures, annulment mechanisms, and the authority of courts in reviewing arbitral awards. This approach is used to identify the normative framework governing the relationship between arbitration autonomy and judicial supervision in Indonesia (Marzuki, 2021).

The conceptual approach is used to analyze fundamental concepts underlying arbitration law,

including arbitral immunity, arbitrator independence, procedural integrity, legal accountability, and the principle of finality of arbitral awards. Through this approach, the research evaluates whether the protection granted to arbitrators and arbitration institutions constitutes absolute immunity or whether certain circumstances may create legal responsibility when professional obligations are violated (Born, 2021).

Furthermore, the case approach is applied by examining relevant court decisions concerning the annulment of arbitration awards in Indonesia. Judicial decisions are analyzed to understand how courts interpret the requirements stipulated in Article 70 of Law Number 30 of 1999, particularly regarding forged documents, concealed decisive evidence, and fraud affecting arbitration proceedings. The case approach is important because arbitration annulment provisions often require judicial interpretation to determine whether alleged procedural violations are sufficiently serious to invalidate an arbitration award (Redfern et al., 2022).

The legal materials used in this research consist of primary, secondary, and tertiary legal materials. Primary legal materials include legislation and judicial decisions relating to arbitration annulment. Secondary legal materials consist of academic books, international arbitration literature, journal articles, and scholarly opinions concerning arbitrator liability and arbitral immunity. Meanwhile, tertiary legal materials include legal dictionaries and supporting references used to clarify legal terminology.

The collected legal materials are analyzed qualitatively through legal interpretation and systematic analysis. The analysis process is conducted by identifying relevant legal norms, examining their relationship with arbitration principles, and constructing arguments regarding the appropriate boundaries between arbitral immunity and accountability. Therefore, this research does not merely describe the annulment mechanism but seeks to formulate a theoretical understanding of how Indonesian arbitration law should balance the need to protect arbitrators' independence with the necessity of ensuring accountability for serious procedural misconduct.

III. RESULTS AND DISCUSSION

A. The Exceptional Nature of Arbitration Award Annulment: Balancing Arbitral Finality and Judicial Control

Arbitration operates based on the principle of party autonomy, where disputing parties voluntarily transfer authority to resolve their disputes to private adjudicators. One of the fundamental consequences of this principle is the recognition that arbitral awards possess final and binding characteristics. Finality is considered essential because the effectiveness of arbitration depends on certainty that the dispute will be resolved without prolonged judicial intervention. However, finality does not mean that arbitration awards are immune from any form of legal supervision. Modern arbitration systems recognize that limited judicial intervention remains necessary to prevent arbitration from becoming a mechanism that legitimizes procedural injustice or violations of fundamental legal principles (Born, 2021).

The annulment of arbitration awards in Indonesia is expressly regulated in Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (AAPS Law), particularly through Article 70. In principle, arbitration awards are final and binding on the parties, and therefore cannot be appealed or cassated, unlike court decisions. However, the law still allows for very limited room for correction through an annulment mechanism if certain circumstances are found that are deemed contrary to the principle of justice or damage the integrity of the arbitration process. The annulment mechanism therefore serves a different function from appellate review. In appellate proceedings, courts generally examine whether the decision-maker correctly applied substantive and procedural law. Conversely, annulment proceedings examine whether the arbitration process itself complied with minimum standards of legality and fairness. Consequently, courts reviewing annulment applications should avoid examining the merits of the dispute because doing so would transform annulment into a disguised appeal mechanism and undermine the autonomy of arbitration (Moses, 2023). In other words, annulment is a limited exception, not a means to reassess the substance of the dispute, but rather to assess the validity of the process and the basis for its realization (Saragih, 2025).

Although arbitration awards are, in principle, final and binding on the parties, the law provides limited legal space for filing an annulment

request. This space is contained in Article 70 of Law No. 30 of 1999, which provides the legal basis for an aggrieved party to request that the court annul the arbitration award for certain exceptional or extraordinary reasons. This means that an annulment request is not a means of reassessing the merits of the case or the substance of the dispute, but rather a mechanism for addressing serious violations of 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 merits of this mechanism. Arbitration is a frequently used dispute resolution approach and can be used as a model for humane resolution, as it prioritizes agreement, justice, and certainty for the disputing parties (Rigel & Soermartono, 2025). Normatively, Article 70 of the AAPS Law outlines three main grounds that can be used as a basis for a request for annulment.

The limited grounds provided in Article 70 reflect the legislative intention to preserve the balance between two competing interests. The first interest is maintaining the authority and effectiveness of arbitration awards, while the second is ensuring that arbitration proceedings remain consistent with principles of justice, honesty, and procedural fairness. Therefore, Article 70 should be interpreted restrictively because expanding the grounds for annulment may weaken confidence in arbitration as an efficient alternative dispute resolution mechanism (Redfern et al., 2022).

1) Arbitration awards are based on documents or letters that are later proven to be forged. The first reason refers to situations where documents, letters, or written evidence submitted during the arbitration hearing process are found to be forged, or are only declared forged through legal proceedings after the arbitration award has been rendered. In this context, forged documents are crucial because written evidence often forms the primary basis for the arbitration panel's considerations in assessing the facts and arguments of the parties. If such documents are found to be invalid or fabricated, the arbitration award becomes tainted because it is based on evidence that does not conform to legal reality. Therefore, annulment becomes relevant as an effort to maintain the integrity of the dispute resolution process and avoid granting legal legitimacy to fraudulent acts (Taufik, 2024). From a procedural justice

perspective, the use of forged documents fundamentally affects the legitimacy of arbitral decision-making because arbitrators rely heavily on evidence presented by the parties. Unlike court proceedings where judges may have broader investigative authority, arbitration is primarily dependent on party submissions. Therefore, when evidence forming the basis of an award is proven fraudulent, the legitimacy of the entire reasoning process becomes questionable. Similar approaches are recognized internationally, where fraud affecting the evidentiary foundation of an award may justify judicial intervention through annulment mechanisms (Born, 2021).

- 2) Discovery of a decisive document concealed by the opposing party. The second reason relates to the discovery of a crucial document that was not submitted or intentionally concealed by one of the parties during the arbitration hearing. The document in question must be decisive evidence, meaning its existence could significantly alter or influence the outcome of the decision when considered by the arbitration panel. Concealing documents violates the principles of fair trial and good faith, which are the primary foundations of dispute resolution through arbitration. Therefore, if it is proven that a party withheld or concealed documents with the intention of influencing the outcome of the hearing, annulling the award becomes a corrective measure to restore the balance of justice and ensure that the arbitration process is not abused for unilateral gain (Felina et al. 2023). The requirement that the concealed document must be "decisive" demonstrates that not every failure to disclose information automatically justifies annulment. The document must possess substantial relevance and have the potential to influence the arbitrator's reasoning if it had been available during the proceedings. This limitation prevents parties from using annulment proceedings as a strategy to reopen arbitration merely because they are dissatisfied with the outcome (Felina et al., 2023).
- 3) An arbitral award arises from deception or fabrication by one of the parties during the examination process. The third reason states that a request for annulment can be filed if it is proven that the arbitral examination

process took place with fraud, fabrication, manipulation, false statements, or other forms of deception perpetrated by one of the parties. Deception in this context is not only limited to document falsification, but can also include systematic actions to deceive the arbitral tribunal, such as providing false statements, fabricating facts, influencing witnesses, or other actions that ultimately mislead the examination and result in a decision that does not reflect the true situation. Because arbitration upholds the principles of trust, confidentiality, and consensus between the parties, the existence of deception is a serious violation of the integrity of the arbitral forum, making the continuation of a decision resulting from such actions untenable (Putri & Hartanto 2019). Fraud in arbitration represents a direct violation of the principle of good faith, which constitutes one of the foundations of contractual and procedural relationships between arbitration participants. Because arbitration authority originates from the consent of the parties, any manipulation that undermines genuine consent damages the legitimacy of the arbitration process itself. Therefore, annulment based on fraud is not intended to punish the losing party but to restore the reliability of arbitration as a legitimate dispute resolution mechanism (Putri & Hartanto, 2019).

An application for annulment of an arbitration award can only be made after the arbitration award has been registered first with the District Court in accordance with the provisions of Article 59 of Law No. 30 of 1999. After that, the aggrieved party can submit a written application for annulment to the Head of the authorized District Court, by stating the reasons for the annulment as regulated in Article 70 of the AAPS Law and attaching relevant supporting evidence. This application must be submitted no later than 30 days after the decision is registered (Septiyanda & Abdurrahim, 2025).

The 30-day limitation period reflects the principle of legal certainty in arbitration proceedings. Since arbitration is designed to provide a final resolution within a predictable timeframe, unlimited opportunities to challenge awards would contradict the fundamental purpose of arbitration. Nevertheless, the strict limitation period also requires careful application because parties seeking annulment must have

sufficient opportunity to discover and prove exceptional circumstances such as fraud or concealed evidence. Therefore, the effectiveness of this limitation depends on the balance between procedural efficiency and access to justice (Born, 2021).

Once the application is received, the District Court will review the formalities and determine whether the grounds for annulment can be substantiated. This examination is not intended to re-evaluate the merits of the dispute, but rather to ensure the integrity of the arbitration process. If the grounds are substantiated, the court may annul the arbitration award in whole or in part; however, if they are not substantiated, the application will be rejected, and the arbitration award will remain valid and binding on the parties.

B. The Scope of Arbitral Immunity and the Threshold of Legal Responsibility of Arbitrators and Arbitration Institutions

The legal position of arbitrators represents a unique category within dispute resolution systems because arbitrators perform adjudicative functions without being state judges. Their authority derives from the agreement of the parties, yet their decisions possess legal consequences comparable to judicial decisions. This hybrid position creates a fundamental question regarding the extent to which arbitrators should be protected from legal claims and when such protection should be removed due to misconduct or abuse of authority. The concept of arbitral immunity has therefore developed as a mechanism to protect independence while maintaining accountability within the arbitration system (Born, 2021).

International arbitration practice demonstrates two competing approaches regarding arbitral immunity. The first approach recognizes absolute immunity, meaning that arbitrators cannot be held liable for any acts performed within their adjudicative functions. This approach emphasizes the need to protect arbitration independence and prevent excessive interference. The second approach adopts qualified immunity, where arbitrators remain protected for genuine judicial functions but may be held responsible for extraordinary misconduct, including fraud, bad faith, corruption, or intentional violation of procedural obligations. The qualified immunity approach attempts to

achieve a balance between independence and accountability (Fulena & Chitto, 2023).

The liability of arbitrators and arbitration institutions in Indonesia is essentially limited due to 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 stipulates that arbitrators cannot be held civilly or criminally liable for actions, assessments, or decisions taken during the dispute resolution process, as long as the arbitrator carries out their duties independently, impartially, and in accordance with the principle of prudence. This immunity is intended to maintain the arbitrator's freedom to render decisions without pressure from any party, thereby maintaining the integrity of the arbitration process (Fulena & Chitto, 2023).

Arbitral immunity is based on the rationale that arbitrators must be able to decide disputes objectively without fear of personal lawsuits from dissatisfied parties. Without such protection, arbitrators may become vulnerable to strategic litigation aimed at influencing their decisions or delaying enforcement of awards. Therefore, immunity functions as institutional protection for arbitration rather than personal privilege for arbitrators. However, contemporary arbitration theory increasingly recognizes that immunity must be balanced with accountability because unlimited protection may reduce incentives for professional responsibility and ethical compliance (Caron & Caplan, 2021).

However, this limitation of liability is not absolute. Immunity does not preclude liability if serious violations of the integrity of the examination process are proven, such as falsification of documents, concealment of important evidence, or acts of deceit that significantly affect the material truth of the decision. In such circumstances, the parties can pursue the annulment mechanism for the decision under Article 70 of the AAPS Law. This means that although arbitrators and arbitration institutions are protected from direct prosecution, the validity of the resulting legal product can still be tested through annulment if there are elements of a violation that can be legally proven. This demonstrates that accountability in arbitration is not directed at the individual arbitrator, but rather at the legitimacy of the process and the outcome of the decision (Publica Scientific Journal, 2022).

Nevertheless, limiting accountability solely to the annulment of awards may create insufficient protection for parties if misconduct originates from the arbitrator itself. For example, situations involving undisclosed conflicts of interest, intentional procedural discrimination, acceptance of improper benefits, or deliberate manipulation of proceedings represent conduct beyond ordinary adjudicative errors. In such circumstances, the issue is no longer whether the arbitrator made an incorrect decision, but whether the arbitrator violated fundamental professional obligations attached to the arbitral function (Mubarok et al., 2025).

Arbitrators are 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). The distinction between legal error and professional misconduct is essential in determining arbitrator liability. An incorrect interpretation of law or an unfavorable assessment of evidence generally falls within the protected area of arbitral decision-making because arbitration requires discretion and independent judgment. Holding arbitrators liable for every erroneous decision would undermine the purpose of arbitration and transform arbitrators into ordinary litigants. Conversely, actions involving intentional violations of neutrality, abuse of authority, or dishonest conduct cannot be justified as part of judicial discretion because they directly undermine the legitimacy of arbitration itself (Born, 2021).

Violations such as conflicts of interest can lead to the arbitrator's denial or resignation, who will then be replaced according to the arbitration institution's mechanism. The obligation of independence and impartiality represents the core ethical foundation of arbitration. Independence refers to the absence of external relationships or interests that may affect the arbitrator's judgment, while impartiality concerns the absence of bias toward any party. Failure to satisfy these requirements may not always result in personal liability, but it may constitute grounds for challenging the arbitrator or questioning the validity of the resulting award. Therefore, maintaining neutrality is not merely an ethical obligation but also a condition for preserving procedural legitimacy (Redfern et al., 2022).

However, arbitrators do not bear direct responsibility for the substance of the decision

because their quasi-judicial status provides immunity as long as the arbitrator acts independently and impartially (Mubarok, Mutolip & Sasi, 2025).

The arbitration institution is responsible for organizing the arbitration process fairly and orderly through administrative functions, such as appointing arbitrators, regulating examination procedures, and handling arbitrator objections in the event of alleged non-neutrality. Unlike arbitrators who directly exercise adjudicative authority, arbitration institutions primarily perform administrative and supervisory functions. Their responsibility therefore focuses on institutional governance, including ensuring transparent appointment procedures, maintaining lists of qualified arbitrators, managing procedural administration, and preventing conflicts of interest. The institution does not determine the substantive outcome of disputes; therefore, it generally cannot be held responsible merely because an arbitral award is annulled by a court. However, institutional liability may arise when the institution itself contributes to procedural violations through negligence, lack of transparency, or failure to implement mandatory ethical standards (Limpong & Soemartono, 2025).

However, the arbitration institution is not responsible for the substance of the decision because its position is only as a forum organizer, not a party deciding the case. The institutional immunity of the arbitration institution also limits direct legal liability, so that its responsibilities are more focused on ensuring compliance with internal rules, maintaining the integrity of the process, and conducting preventive supervision to prevent ethical violations or conflicts of interest. Thus, the role of the arbitration institution is organizational and supporting, while legal responsibility for the content of the decision remains with the arbitrator (Limpong & Soemartono, 2025).

The distinction between arbitrator liability and institutional liability is important because arbitration institutions represent the structural foundation of arbitration proceedings. Although institutions are generally protected from liability regarding the merits of arbitral decisions, they cannot completely avoid responsibility for administrative failures that affect procedural fairness. For instance, failure to disclose an arbitrator's conflict of interest during appointment procedures may constitute

institutional negligence because it directly affects the parties' right to obtain an independent and impartial tribunal (Caron & Caplan, 2021).

Legal liability for arbitrators and arbitration institutions is, in principle, limited by the scope of their arbitration authority. As long as their actions fall within the scope of their dispute resolution duties, both parties enjoy immunity protection, preventing them from being sued in civil or criminal proceedings for the content of their decisions. However, this immunity is not absolute. Liability can arise if there are actions that exceed the arbitration authority (*ultra vires*), such as document falsification, evidence manipulation, or other unlawful acts that fall outside the arbitration function. In such circumstances, liability is not linked to the arbitration award itself, but rather to individual actions that violate common law and can be prosecuted through civil or criminal mechanisms. Meanwhile, arbitration awards remain final and binding, unless annulled through a request for annulment in court for reasons stipulated by law, without automatically holding the arbitrator or arbitration institution personally liable (Sinaga & Susanti, 2025).

From a theoretical perspective, the relationship between immunity and accountability reflects a broader challenge in private adjudication systems. Excessive protection may weaken public confidence because parties may perceive arbitration as lacking effective control mechanisms. Conversely, excessive liability may discourage qualified professionals from accepting arbitral appointments due to litigation risks. Therefore, the appropriate model is not eliminating immunity but establishing a proportional accountability framework where liability is imposed only for serious misconduct that threatens the integrity of arbitration (Born, 2021).

The concept of *ultra vires* action provides an important limitation to arbitral immunity. Actions performed within the legitimate scope of arbitral authority remain protected, even if the resulting award is later annulled. However, actions exceeding such authority cannot be considered part of arbitration functions and therefore fall outside the protection of immunity. Examples include intentional alteration of evidence, acceptance of improper influence, concealment of conflicts of interest, or fraudulent conduct during proceedings. In these circumstances, liability arises not because of the content of the award, but

because of independent unlawful conduct committed by the arbitrator or institution (Fulena & Chittoo, 2023).

C. Procedural Framework, Judicial Review Limits, and Legal Consequences of Annulled Arbitration Awards

The annulment procedure represents a limited judicial control mechanism designed to ensure that arbitration proceedings comply with minimum standards of procedural justice. Although arbitration is founded on party autonomy and private agreement, arbitral authority does not operate outside the legal framework of the state. Courts retain a supervisory function to prevent arbitration from producing legal consequences through procedures that violate fundamental principles of fairness, due process, or public legitimacy. However, such supervision must remain limited because excessive judicial intervention may undermine the essential characteristics of arbitration as an efficient and final dispute resolution mechanism (Redfern et al., 2022).

The mechanism for filing an 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 Head of the competent District Court, namely the court in the jurisdiction where the arbitration award is registered. The requirement that an arbitration award must first be registered with the District Court before a cancellation application can be submitted demonstrates the relationship between private arbitration and state judicial authority. Registration does not transform the arbitral award into a court judgment; rather, it serves as an administrative mechanism that enables judicial recognition and enforcement. Consequently, the court's involvement remains procedural and supervisory rather than constituting a reassessment of the dispute that has already been resolved through arbitration (Moses, 2023).

The Indonesian annulment mechanism shares similarities with the international framework established under Article 34 of the UNCITRAL Model Law on International Commercial Arbitration. Under this framework, courts may set aside arbitral awards only on limited grounds, including incapacity of parties, invalidity of arbitration agreements, procedural irregularities,

excess of arbitral authority, and violations of public policy. This comparative perspective demonstrates that annulment is internationally understood as an extraordinary remedy rather than an ordinary review mechanism. Indonesia's approach under Article 70 of Law Number 30 of 1999 reflects this international tendency by restricting annulment to serious defects affecting the legitimacy of the arbitration process (UNCITRAL, 2008).

The application can only be made after the arbitration award has been registered with the court and must be accompanied by evidence supporting the reasons for the annulment as stipulated by law. After the application is received, the court examines the fulfillment of formal and material requirements, including whether the reasons for the annulment submitted are valid according to Article 70. If the evidence is successful, the court can declare the arbitration award null and void, thereby having no binding legal force for the parties (SIP LAW FIRM, 2024).

An application to annul an arbitration award is submitted in writing to the Clerk of the District Court whose jurisdiction covers the location where the arbitration award was registered. 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 of the award being delivered and registered with the court. In the application, the aggrieved party must state the reasons for the annulment in accordance with Article 70 of the AAPS Law, complete with supporting evidence, such as an admission of falsification of documents stipulated in another court decision or other relevant evidence. Once received, the court will conduct a formal and material examination to assess whether the application meets legal requirements. This process is generally decided within 30 days, and the court's decision can be to annul all or part of the arbitration award if the reasons submitted are proven to be legally valid.

A fundamental limitation in annulment proceedings is that courts are prohibited from examining whether the arbitrator correctly interpreted facts or applied substantive law. Such examination would effectively transform annulment into an appellate process, contradicting the principle that arbitral awards are final and binding. Judicial review in annulment proceedings is therefore directed toward procedural legitimacy rather than substantive

correctness. This distinction protects arbitration autonomy while ensuring that arbitration remains consistent with the basic requirements of justice (Moses, 2023).

A request to annul an arbitration award must be submitted within 30 days of the date the arbitration award is registered with the District Court Clerk. The grounds for annulment must be legally substantiated, for example through a previous court decision or relevant supporting documents. The burden of proving the existence of annulment grounds rests upon the party requesting cancellation. This requirement prevents parties from using annulment proceedings as a second opportunity to challenge an unfavorable award. The applicant must demonstrate that the alleged violation directly affected the integrity of the arbitration process and had a substantial influence on the issuance of the award. Therefore, Indonesian arbitration law adopts a restrictive evidentiary approach consistent with the exceptional nature of annulment mechanisms (Felina et al., 2023).

If the arbitration award has not been registered, an annulment request cannot be submitted, as the legal mechanism requires registration as the basis for the court's jurisdiction. A court decision on an annulment request is final and cannot be appealed unless specific provisions permit further legal action.

If the court grants the annulment request, the arbitral award is void, either in whole or in part, allowing the dispute resolution process to be repeated according to applicable procedures. The legal consequences of annulment must be distinguished from the consequences of ordinary judicial appeal. Annulment does not necessarily determine that one party is legally correct or incorrect regarding the underlying dispute. Instead, annulment removes the legal effectiveness of an award because the decision-making process was considered defective. Therefore, after annulment, the parties may pursue alternative dispute resolution mechanisms, including recommencing arbitration if permitted by their agreement, unless the court determines otherwise according to applicable law (Born, 2021).

Importantly, the annulment of an arbitration award does not automatically establish personal liability of arbitrators or arbitration institutions. A distinction must be maintained between defective arbitration outcomes and wrongful conduct by arbitration actors. An award may be annulled

because procedural requirements were not fulfilled, while the arbitrator may still have acted honestly, independently, and within the scope of authority. Personal liability arises only when there is evidence of independent unlawful conduct, such as fraud, corruption, intentional procedural manipulation, or serious ethical violations. This distinction is essential to preserve the balance between accountability and the independence of arbitration (Fulena & Chitto, 2023).

Conversely, if the court rejects the request, the arbitral award remains valid and enforceable, reinforcing the principle of finality and bindingness of arbitral awards. This annulment mechanism aims to prevent abuse of arbitration procedures while maintaining the integrity of the process, thereby ensuring legal certainty for the parties.

Therefore, the annulment mechanism should be understood as a safeguard rather than a limitation against arbitration. Its existence strengthens arbitration legitimacy because it demonstrates that arbitral authority remains subject to fundamental legal standards. A well-designed annulment system does not weaken arbitration; instead, it reinforces confidence among users by ensuring that finality is achieved through a process that respects fairness, independence, and procedural integrity (Redfern et al., 2022).

IV. CONCLUSION AND SUGGESTIONS

A. Conclusion

The annulment of arbitration awards in Indonesia constitutes an exceptional legal mechanism designed to balance the principle of finality of arbitration with the necessity of maintaining procedural integrity and justice. Although arbitration awards are final and binding, Article 70 of Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution provides limited grounds for annulment, including the use of forged documents, the discovery of concealed decisive documents, and decisions obtained through fraud or deception. Therefore, annulment is not intended as an appeal mechanism to review the merits of disputes, but rather as a form of judicial supervision over serious procedural violations.

Arbitrators and arbitration institutions generally enjoy legal immunity to preserve independence and prevent excessive interference in the arbitration process. However, such

immunity is not absolute. Legal responsibility may arise when arbitrators or arbitration institutions commit actions beyond their authority, act in bad faith, violate neutrality obligations, or engage in conduct that damages the integrity of arbitration proceedings. Consequently, the annulment of an arbitration award does not automatically create personal liability for arbitrators or institutions, unless there is evidence of independent unlawful conduct.

B. Suggestion

It is recommended that arbitrators and arbitration institutions strengthen compliance with ethical standards, independence requirements, and procedural safeguards to prevent violations that may lead to annulment of awards. Furthermore, Indonesian arbitration regulations should provide clearer guidance regarding the boundaries between arbitral immunity and liability, particularly concerning misconduct, conflicts of interest, and institutional negligence. Strengthening these mechanisms is necessary to maintain public trust, legal certainty, and the effectiveness of arbitration as an alternative dispute resolution mechanism in Indonesia.

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