



LEGAL REVIEW OF COURT DECISION NUMBER 26/PDT.G/2024/PN SBR: CASE STUDY OF DEFAULT IN CONTRACT AGREEMENT

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ABSTRACT

This journal analyzes the legal aspects of default in a land title release agreement based on Court Decision Number 26/Pdt.G/2024/PN Sbr. The case involves the Plaintiff seeking compensation after Defendants PT Caruban Jaya Persada and two individuals failed to fulfill obligations in a land rights release agreement concerning parcels of land in Warugede Village, Depok Subdistrict, Cirebon Regency, valued at Rp3,311,182,000.00. The Defendants allegedly failed to make full payments and neglected other agreed terms, prompting the Plaintiff to file a claim under Article 1239 of the Indonesian Civil Code (KUH Perdata). This study employs a juridical analysis of legal documents, including the court decision and relevant legal provisions such as Article 1239 of the Indonesian Civil Code. Legal interpretation methods were used to assess the contractual dispute and its resolution. The court found the Defendants in default and ordered them to vacate the land and compensate the Plaintiff for financial losses incurred. The court's ruling emphasized the legal consequences of breaching contractual agreements, highlighting the enforceability of legally binding agreements under Indonesian civil law. The study concludes that Indonesian civil law provides robust protection for aggrieved parties in contractual disputes through Article 1239, ensuring that contract defaults lead to legally enforceable remedies. Adherence to contractual obligations is essential to avoid severe legal and financial consequences.

Keywords: agreement; breach; compensation; contract law; default; land rights; legal remedies

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INTRODUCTION

In living social life, humans must obey the rules and legal norms that apply in society. Therefore, the government also strives for the realization of a just law and provides welfare for citizens (Dimiyati et al., 2021; Irawan et al., 2022). Humans, as social beings, cannot be separated from interactions with other fellow humans (Habibullah, 2024; Setyonugroho & Maki, 2024; Triatmanto & Bawono, 2023). Sometimes, a conflict arises in these interactions. Conflict can occur if there is a mismatch between one another, a violation of the rights of others, and so on (Pradnyawati & Laba, 2018).

Contractual agreements are the main foundation of the civil law system, particularly in business relationships and economic transactions. In the modern context, contracts are the primary tool individuals and business entities use to regulate their rights and obligations in an agreement (Dalimunthe, 2018; Karima, 2021). With a contract, parties can clearly define their terms and responsibilities, create binding legal relationships, and provide legal certainty. However, in many cases, a breach of contract or default often occurs (Boer, 2019; Gaffar et al., 2021; Purnamasari et al., 2024; Setyowati & Quist, 2022). Default is a violation of the obligations agreed upon in the contract, where one party fails to fulfill its obligations in accordance with the contents of the

agreement. This condition often causes losses to other parties who carry out their obligations in good faith.

In the Indonesian legal context, default is regulated in the Civil Code (KUHPerdata), specifically in Article 1238, which stipulates that a debtor is declared in default if he fails to fulfill his obligations after being given a summons unless there is an express time provision in the agreement (Iwanti, 2022). However, although the Civil Code has provided a legal framework related to default, applying this concept in practice often creates complex problems. This is due to various factors, such as the dynamic nature of the contract, the diversity of the parties' interests, and evidence that is not always easy to understand legally (Nugroho et al., 2022; Virnandes et al., 2024).

Several studies have previously examined the implications of such breaches in the context of contractual agreement default. For instance, research conducted by Pradnyawati and Laba (2018) highlighted the critical role of legal frameworks in resolving disputes arising from contract defaults, emphasizing that the clarity of contractual terms significantly influences judicial outcomes. Another significant study by Dalimunthe (2018) analyzed the legal consequences of default under Indonesian civil law, demonstrating that the courts often face challenges in balancing the interests of the parties involved, particularly in high-stakes transactions.

This study introduces a novel perspective by specifically applying Article 1239 of the Indonesian Civil Code in real-life court cases. It aims to provide an in-depth analysis of how judicial interpretations of contractual obligations impact business practices. By examining Court Decision No. 26/Pdt.G/2024/PN Sbr, this research not only sheds light on the complexities of default disputes but also seeks to contribute to the development of jurisprudence in Indonesia, offering insights that could enhance legal certainty and protect the rights of aggrieved parties in contractual agreements. However, although the previous literature provides a basic understanding of default, some limitations still arise in the existing research. First, many studies focus only on the theoretical aspects without linking the application of the default concept in the context of concrete cases. Second, most legal studies tend to provide a general approach without considering the specific factors that affect contract disputes, such as the business situation, the parties' intentions, and the complexity of evidence. Third, there are limitations in evaluating how court decisions in default cases can contribute to developing jurisprudence and legal practice in Indonesia.

However, Previous literature has provided a foundational understanding of default, focusing on the theoretical aspects without linking them to practical applications. For instance, studies have emphasized the basic principles of contracts, such as agreement, capacity, and lawful cause, while others highlighted the importance of contract freedom (Dsalimunthe Dermina, 2017; Karima, 2021). Additionally, some research has explored liability and damages in tort, detailing the provisions on damages that can be claimed by parties aggrieved by a breach of contract.

Court Decision No. 26/Pdt.G/2024/PN Sbr shows that the plaintiff filed a lawsuit on May 30, 2024, regarding the ownership of several plots of land in Warugede Village, Depok Subdistrict, Cirebon Regency. The lands had a total area of more than 50,000 m² and were registered under the plaintiff's name. Plaintiff had agreed to relinquish the rights to these lands to Defendant, a development company, for a total price of Rp3,311,182,000.00. Several title release deeds have been signed, but Plaintiff claims that Defendant's actions have caused damage. In accordance with Article 1239 of the Civil Code, the Plaintiff seeks compensation for the losses suffered.

The judge's decision showed that the 1st Defendant PT CARUBAN JAYA PERSADA, 2nd Defendant WIDYO ADI WICAKSONO, and 2nd Defendant AFIAN ANJARYANI had committed default.

In addition, the judge also ordered the defendants to hand over the disputed land in an empty condition and any burden to the plaintiff.

The loss suffered by the Plaintiff arose because the Defendants defaulted, i.e., did not fulfill their obligations as agreed upon in the land title release agreement. The Defendants, a development company, failed to make full payment, did not carry out their obligations per the agreement, or took other actions that harmed the Plaintiff financially. As a result, the Plaintiff felt aggrieved and demanded reimbursement of costs, losses, and interest in accordance with Article 1239 of the Civil Code.

This case offers valuable insights into contract law by raising critical questions about how courts interpret valid agreements, present and evaluate evidence of default, and determine just compensation for injured parties. It also highlights the challenges courts face in applying default law, particularly in complex and high-stakes contracts. Balancing the interests of both parties can be difficult, especially when there is an imbalance of negotiating power, leading to potential abuse or exploitation that results in legal disputes.

Additionally, this research aims to assess how the court's decision could serve as a significant precedent for the development of civil law, particularly in addressing default disputes. The court plays a crucial role in ensuring justice through the proper interpretation and application of the law. By resolving the current dispute, the court not only addressed the immediate issue but also set a direction for future legal developments in contract law and default cases. Although several studies have highlighted the important role of courts in interpreting contracts and resolving disputes, few studies specifically address how court decisions can influence business dynamics and legal certainty in contract practice. This study hopes to find answers to how courts assess contractual obligations, how default is proven, and how just compensation is determined.

As such, this research seeks to make a new contribution to the development of default law studies by offering an in-depth analysis of the application of the law in concrete cases, as well as evaluating the implications of court decisions on business and contractual practices in Indonesia. The importance of this research lies in identifying weaknesses in the application of default law and providing better solutions for the future. Ultimately, the main objective of this research is to provide recommendations that can be used as a reference in formulating legal policies that are more fair and responsive to the needs of society, especially in the settlement of contract disputes in the future.

METHODS

This research uses a normative juridical method that analyzes written legal rules and court decisions related to default in contracts. The main data sources come from primary legal materials, such as the Civil Code (KUHPPerdata) and Court Decision Number 26/Pdt.G/2024/PN Sbr, as well as secondary legal materials from legal literature. The analysis is carried out descriptively and qualitatively by examining the validity of the contract, proof of default, and determination of compensation, as well as comparing with similar cases to understand the consistency of the application of the law. This approach aims to identify how courts apply the law and provide justice in contract disputes. Qualitative analysis is a method of analysis that analyzes decisions related to the formulation of the problem (Sugiyono, 2018).

RESULTS AND DISCUSSION

In Indonesian civil law, default is the failure to carry out contractual obligations agreed upon by the parties involved in an agreement. Default comes from Dutch, which means poor performance (Dalimunthe, 2018). According to the Legal dictionary, default means negligence, negligence, breach of promise, or not fulfilling obligations in the agreement (Sasmita et al., 2023). The regulation of default is explicitly explained in Article 1239 of the Civil Code (KUH Perdata), which states that "every obligation to give something, to do something, or not to do something, if it is not carried out, the person who owes it is obliged to pay compensation for costs, losses, and interest." In this case, the Defendants, namely PT Caruban Jaya Persada, Widyo Adi Wicaksono, and Afian Anjaryani, acted as parties who had failed to fulfill the contractual obligations agreed with the Plaintiff relating to a land title release agreement in Warugede Village, Depok Sub-District, Cirebon Regency. Although several title release deeds had been signed between the Plaintiff and the Defendants, the main problem arose when the Defendants could not fully pay for the acquired land. This payment failure, coupled with other actions that resulted in losses to the Plaintiff, met the definition of default as set out in Article 1239 of the Civil Code.

Default, in this case, relates not only to the failure to make payments but also to the Defendants' failure to carry out the responsibilities mandated by the title release agreement in its entirety. As a development company, PT Caruban Jaya Persada and the other two defendants were obligated to ensure full payment for the land acquired and to execute the release of rights per applicable legal procedures. However, the non-fulfillment of these obligations caused financial loss to the Plaintiff, who then sought compensation for costs, losses, and interest incurred as a result of the Defendants' negligence. Based on the facts revealed during the trial, the Defendants' failure to fulfill these obligations has caused them to be categorized as parties in default, thus paving the way for the Plaintiff to file a claim for compensation in accordance with applicable legal provisions.

The judge's consideration in this case is very relevant to the application of the principles of default in Indonesian civil law. The judge, after reviewing the evidence presented by both parties, found that the Defendants were legally and convincingly proven to have defaulted by failing to fulfill the obligations agreed upon in the land title release agreement. This decision was not only based on the failure of full payment but also covered other aspects of the agreement that the Defendants did not properly execute. The judge considered that although several title release deeds had been signed, the disputed land remained in a state that was not in accordance with the agreement, to the material detriment of the Plaintiff. Therefore, the judge ruled that the Defendants should hand over the land empty and free of any encumbrances, including debts or other obligations, to the Plaintiff. This decision reflected that the land ownership remained with Plaintiff until the Defendants fully met the pending obligations.

In addition to the surrender of the land, the judge also emphasized that the Defendants were responsible for the losses suffered by the Plaintiff. This is in line with the provisions of Article 1239 of the Civil Code, which gives creditors (in this case, the Plaintiff) the right to claim compensation for default. In this case, the Plaintiff suffered financial loss due to the failure of payment from the Defendants and the potential loss of opportunity to effectively use or develop the land due to the prolonged dispute status. These losses strengthened the basis for the claim for damages made by the Plaintiff, including a claim for interest under Article 1239 of the Civil Code.

The relevance of applying Article 1239 of the Civil Code in this case is clear. This article protects the injured party in an agreement by providing a legal mechanism to claim damages due to the other

party's failure to perform its obligations. The success of a sale and purchase agreement depends not only on the initial agreement but also on proper execution and compliance with existing provisions to avoid conflict and increase trust in business (Dalimunthe, 2018). In this case, the Defendants had breached the agreed release of rights agreement, thus opening up the right for the Plaintiff to claim compensation for the losses incurred. In his decision, the judge not only ordered the return of the land to its vacant state but also recognized the Plaintiff's right to compensation for the financial losses suffered. This shows that civil law protects parties involved in agreements, mainly when defaults occur. Contracting parties should be fully aware of the legal consequences of non-compliance with agreed obligations, especially in large transactions such as releasing land rights.

Thus, Court Decision Number 26/Pdt.G/2024/PN Sbr is not only an important precedent in handling cases of default in contractual agreements but also emphasizes the importance of integrity and compliance with agreements made by the parties. It is important to remember that the enforceability of agreements must be in accordance with applicable legal provisions and principles of justice, as well as uphold good faith and compliance with legal and ethical principles in every implementation (Karima, 2021). Failure to fulfill contractual obligations, whether in the form of payments or other responsibilities, will carry serious legal consequences, including the obligation to pay damages. This case is a strong example of how defaults in land rights release agreements can be addressed through unequivocal legal mechanisms.

CONCLUSION

Court Decision No. 26/Pdt.G/2024/PN Sbr, in a default case related to a land title release agreement, emphasized the importance of compliance with contractual obligations agreed upon by the parties. In this case, the Defendants failed to fulfill their full payment obligations and other obligations agreed upon in the agreement, so the judge found that they had defaulted. As a result, the judge ordered that the disputed land be returned to the Plaintiff empty and free of any encumbrance and entitled the Plaintiff to compensation for losses incurred due to the Defendants' negligence. This case is a clear example of how Article 1239 of the Civil Code protects the injured party in a contractual agreement, especially in the event of default. The article provides a legal basis for the Plaintiff to claim compensation for damages for the losses suffered. This decision confirms that non-compliance with contractual agreements carries severe legal consequences, including financial liability that can be imposed on the negligent party. This case also reinforces important precedents in civil law practice regarding enforcing relinquishment agreements and the importance of fulfilling any legally agreed obligations.

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