


Application of Pacta Sunt Servanda Principle in District Court Decision

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Abstract

The Pacta Sunt Servanda principle is one of the fundamental principles in the law of agreements which emphasizes that every agreement made legally binds the parties like a law. This research aims to analyze the application of the Pacta Sunt Servanda principle in the Indonesian legal system, especially in court decisions, and identify exceptions to the principle. The research method used is a normative juridical approach by analyzing laws and regulations, court decisions, and relevant legal literature. The results showed that this principle is regulated in Article 1338 paragraph (1) of the Civil Code, which emphasizes that a valid agreement must be carried out in good faith. However, there are exceptions in certain circumstances, such as force majeure (Article 1245 of the Civil Code) and the principle of justice in Article 1339 of the Civil Code. Case studies of court decisions show that although the principle of Pacta Sunt Servanda is generally applied consistently, there are variations in its interpretation, especially in cases involving public interest and consumer protection. The implication of this research is the need for caution in drafting contracts so that they do not only fulfill the elements of legality, but also consider aspects of justice and propriety. Thus, this research provides insights for academics, legal practitioners, and policy makers in understanding the dynamics of the application of Pacta Sunt Servanda in Indonesian treaty law.

Keywords : Pacta Sunt Servanda, Agreement Law, Court Decision, Civil Code

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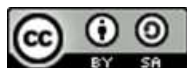
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1. Introduction

Agreement is one of the fundamental aspects in civil law that plays an important role in regulating legal relationships between individuals and legal entities. In daily life and the business world, agreements are the basis for various transactions, ranging from buying and selling, leasing, to more complex business cooperation. The existence of an agreement provides legal certainty for the parties involved, so that the rights and obligations of each can be enforced in accordance with the agreement that has been made, implicitly providing guidance that in contracting the parties are assumed to have a balanced position.¹ Agreement law in the Indonesian legal system is based on basic principles that guide the formation and implementation of contracts. One of the main principles

¹ Hernoko, A. Y. (2019). *Hukum Perjanjian*. Prenada Media.



is the principle of freedom of contract, which is regulated in Article 1338 paragraph (1) of the Civil Code. This principle provides freedom for the parties to determine the contents of the agreement, provided that it does not conflict with laws and regulations, public order, and decency. In addition, there is the principle of legal certainty, which ensures that every valid agreement binds the parties like a law. These two principles form the basis for the Pacta Sunt Servanda principle, which emphasizes that legally made agreements must be respected and implemented in good faith².

The principle of Pacta Sunt Servanda comes from the Latin meaning “the agreement must be fulfilled.” In civil law, this principle is the main basis in binding the parties to the agreements they have made. This principle guarantees that every valid agreement applies as a law to the parties who make it, as confirmed in Article 1338 paragraph (1) of the Civil Code. Thus, no party can unilaterally renege or change the terms of the contract without the consent of the other party. The legal basis for this principle is not only found in the Civil Code, but also in various other regulations governing agreements, such as Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution. In addition, this principle is also part of international treaty law, as stated in the 1969 Vienna Convention on the Law of International Treaties. The main function of Pacta Sunt Servanda is to ensure stability in legal relations, so that each party has confidence that the agreement that has been made will be respected and carried out properly. In practice, the principle of Pacta Sunt Servanda is often the basis for judges' consideration in resolving contract disputes in court. The judge will assess whether the disputed agreement has been made legally in accordance with the provisions of the law, and whether the parties involved have fulfilled their obligations as stated in the agreement³. If it is found that one of the parties breached the agreement, then the principle of Pacta Sunt Servanda becomes the basis for a judgment requiring the party to comply with the agreement or provide compensation.

Several District Court decisions show how this principle is applied in business, banking and lease disputes. For example, in default cases related to credit agreements, courts generally adhere to this principle to uphold the creditor's right to repayment of the debt in accordance with the agreed agreement. However, in certain cases, judges also consider other factors, such as force majeure, principles of justice, and public interest, which may affect the absolute application of this principle. Although the Pacta Sunt Servanda principle guarantees legal certainty, in practice there are several problems that arise in its application. One of the main challenges is the existence of exceptions to this principle, especially in exceptional circumstances such as force majeure or unforeseen changes in circumstances (*rebus sic stantibus*). In such cases, the court may grant leniency to a party who is unable to fulfill an agreement due to conditions beyond its control. In addition, differences in judges' interpretation of this principle in various decisions can lead to legal uncertainty. For example, in some cases, judges may focus more on legal certainty, while in other cases, judges may consider fairness and the socio-economic conditions of the disputing parties. This difference in approach can affect the predictability of court decisions related to contract disputes. Another challenge is balancing legal certainty and justice in judicial practice. On the one hand, strict application of this principle can provide certainty for the parties to the agreement. However, on the other hand, overly rigid application can potentially lead to injustice, especially in circumstances where one party experiences unforeseen difficulties in performing its obligations.

The Pacta Sunt Servanda principle, which holds that agreements are binding as law, plays a crucial role in arbitration and dispute resolution in Indonesia. While this principle emphasizes the binding nature of arbitration agreements⁴, courts may still intervene in limited circumstances, such as annulling arbitration awards without adjudicating the case themselves. The principle serves as a basis for judicial consideration in breach of contract cases, balancing legal certainty with the happiness of involved parties⁵. In arbitration, Pacta Sunt Servanda requires parties to respect and

² Salim, H. S. (2021). *Hukum kontrak: Teori dan teknik penyusunan kontrak*. Sinar Grafika.

³ Hernoko, A. Y. (2019). *Hukum Perjanjian*. Prenada Media.

⁴ Kurniawati, H., & Yunanto. (2022). The implementation of the Pacta Sunt Servanda principle to annul the arbitration award by court. *International Journal of Social Science and Human Research*

⁵ Cahyo, Y. T., & Kurnianingsih, M. (2023). Pacta Sunt Servanda: Legal dynamics in Indonesian context. *Walisongo Law Review*

follow arbitration settlements⁶. However, challenges arise when bankruptcy lawsuits are filed, as commercial courts may have jurisdiction despite existing arbitration clauses⁷. This creates tension between the principle's application in arbitration agreements and the legal provisions for bankruptcy cases.

The objective of this study is to analyze the application of the *Pacta Sunt Servanda* principle in District Court decisions and how this principle influences legal certainty in contract dispute resolution. This research aims to identify the extent to which judges apply this principle in civil case rulings, particularly in contract disputes that meet the validity requirements under Article 1320 of the Indonesian Civil Code (KUHPPerdata). Furthermore, the study seeks to evaluate the factors affecting the implementation of the *Pacta Sunt Servanda* principle, including exceptions that may arise in certain conditions such as *force majeure* or contractual imbalances. By understanding the application of this principle in judicial practice, this research is expected to provide insights for academics, legal practitioners, and policymakers in enhancing legal certainty and protecting the rights of parties involved in agreements.

2. Method

This study employs a normative juridical approach to analyze the application of the *Pacta Sunt Servanda* principle in district court decisions. The normative juridical approach involves examining relevant legislation, court decisions, and legal doctrines related to the *Pacta Sunt Servanda* principle in contract law and arbitration. The primary data sources for this research include legal regulations such as the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata* or KUHPPerdata) and Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution, as well as legally binding court rulings. Additionally, this study reviews legal literature, academic journals, and expert opinions to enrich the analysis of the implementation of the *Pacta Sunt Servanda* principle in judicial practice. The analytical technique used in this study is qualitative normative analysis, which involves interpreting applicable legal norms and examining the extent to which the *Pacta Sunt Servanda* principle is upheld or restricted in district court decisions. Through this approach, the study aims to provide a comprehensive understanding of the consistency of *Pacta Sunt Servanda* application within Indonesia's civil law system and to identify factors influencing its implementation in contractual disputes brought before district courts.

This research employs multiple approaches to analyze the legal issues under review. The statutory approach is used to examine regulations related to *Pacta Sunt Servanda* in Indonesian civil law. In addition, a conceptual approach is applied to explore the legal theories underlying the *Pacta Sunt Servanda* principle within the legal system. Data collection is conducted through legal research on relevant regulations, such as the Indonesian Civil Code (KUHPPerdata) and Supreme Court or District Court rulings on contract-related cases. Moreover, academic literature discussing the *Pacta Sunt Servanda* principle is analyzed to understand how this concept has been developed in legal theory. If the research includes empirical elements, interviews with legal practitioners, such

⁶ Harjono, D. K. (2022). Application of the *Pacta Sunt Servanda* principles in the settlement of business disputes through arbitration. *International Journal of Law and Politics Studies*

⁷ Andreas, D., & Gunadi, A. (2021). Analisis penerapan asas *Pacta Sunt Servanda* dalam perjanjian yang terdapat klausula arbitrase apabila adanya gugatan kepailitan dan penundaan kewajiban pembayaran utang.



as judges or lawyers, may be conducted to gain direct insights into the practical application of this principle in judicial proceedings.

This study adopts a descriptive-analytical method, aiming to describe and analyze the application of the *Pacta Sunt Servanda* principle in court decisions. If the study involves comparisons of its application across various rulings or legal systems, a comparative method is used. Additionally, this research applies legal interpretation methods, including grammatical interpretation (based on the text of legislation), systematic interpretation (considering its relation to other legal norms), and sociological interpretation (taking into account the social impact and fairness of legal implementation).

3. Results and Discussion

The *Pacta Sunt Servanda* principle is explicitly regulated in Article 1338(1) of the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata* or KUHPerdata), which states:

"All legally made agreements shall apply as law to those who have made them."

This article emphasizes that any agreement made in compliance with the legal requirements must be respected and adhered to by the parties involved. This principle serves as the foundation for legal certainty in contracts, ensuring that agreements cannot be unilaterally revoked without legitimate reasons. However, in practice, various legal considerations influence the application of this principle, particularly in contractual disputes brought before the court. Judges often take into account the principle of fairness, *force majeure* (unforeseeable circumstances preventing contract fulfillment), and the doctrine of *rebus sic stantibus* (fundamental change of circumstances) before determining whether a contract should be upheld or may be set aside.

Table 1. Recapitulation Of The Court Decision

No.	Decision Number	Year	Party in Dispute	Judge's Reasoning
1	Verdict No. 65/Pdt.G/2024/PN.Kwg	2024	PT A (Penggugat) vs PT B (Tergugat)	The judge emphasized that the agreed agreement must be carried out because it fulfills the legal requirements of the agreement according to Article 1320 of the Civil Code.
2	Verdict No. 45/Pdt.G/2019/PN.Sng	2019	CV X (Penggugat) vs PT Y (Tergugat)	Contracts are canceled due to force majeure which causes one party to be unable to perform its contractual obligations.
3	Verdict No. 88/Pdt.G/2021/PN.Bdg	2021	Individu A (Penggugat) vs Individu B (Tergugat)	The judge ruled that although the agreement was valid, a significant change in economic circumstances rendered the agreement unenforceable on an equitable basis.

Note: Specific party names have been redacted to maintain confidentiality.

From the table above, it can be seen that not all treaty disputes are resolved by strict application of the *Pacta Sunt Servanda* principle. In some cases, the court considers the principle of fairness and

external conditions to decide whether the contract remains valid or is voidable. The principle of *Pacta Sunt Servanda* is a key foundation in contract law, but in its application, the court must still consider aspects of morality and justice⁸. In line with this, in certain cases, this principle can be limited if its application results in real injustice to one of the parties.⁹ This opinion is in line with the findings in various court decisions which show that although the principle of *Pacta Sunt Servanda* guarantees legal certainty, courts must still be flexible in applying this principle to avoid injustice in business transactions and other agreements.

The results of this study show that the principle of *Pacta Sunt Servanda* is fundamentally applied in Indonesian treaty law, as stipulated in Article 1338 of the Civil Code. The court decisions analyzed in this study show that the majority of judges enforce agreements based on the principle that legally made contracts bind the parties as laws. Thus, the parties to the agreement have a legal obligation to carry out the contents of the contract in accordance with the agreed terms.

However, this research also found that in some cases, the application of the *Pacta Sunt Servanda* principle is not always absolute. There are certain legal considerations that allow judges to grant exceptions to this principle, such as in force majeure conditions, significant changes in circumstances (*rebus sic stantibus*), or the existence of glaring elements of injustice in the implementation of the contract. This situation shows that in practice, the application of the *Pacta Sunt Servanda* principle still considers aspects of justice and legal balance for the parties involved in the agreement dispute. In addition, this study also found variations in court decisions regarding the application of this principle. Some judges tend to apply the *Pacta Sunt Servanda* principle strictly to maintain stability and legal certainty in business transactions. Meanwhile, there are also judges who are more flexible by considering socio-economic factors, public interest, and the principle of justice in deciding a contract case¹⁰. This variation reflects that the legal interpretation of the *Pacta Sunt Servanda* principle is still dynamic and contextual, depending on the characteristics of each case.

The findings of this study conclude that although the *Pacta Sunt Servanda* principle remains the primary foundation in resolving contractual disputes, its application in court rulings may vary depending on the legal circumstances and factual conditions surrounding a case. Therefore, a deeper understanding of the factors influencing the implementation of this principle is essential for legal practitioners, academics, and business actors in drafting and enforcing fair and legally binding agreements.

Based on the research findings, the *Pacta Sunt Servanda* principle is generally applied in contract law in Indonesia, as regulated in Article 1338 of the Indonesian Civil Code (*KUHPerdata*). Court rulings analyzed in this study demonstrate that this principle serves as the basis for enforcing valid agreements, where parties are legally bound to fulfill their obligations as agreed. However, this study also reveals variations in the application of the principle, depending on the context and conditions surrounding a particular case.

An analysis of several District Court rulings indicates that in most cases, judges enforce agreements in accordance with the *Pacta Sunt Servanda* principle. However, in certain cases, judges consider exceptions, such as *force majeure* or significant changes in circumstances (*rebus sic stantibus*), which may render a contract unenforceable as originally intended. Factors such as the principle of fairness, the balance of rights and obligations between parties, and public interest play a role in some decisions where this principle is not applied strictly. Additionally, the study found inconsistencies in the

⁸ Subekti. (2018). Hukum perjanjian. Intermasa.

⁹ Mertokusumo, S. (2010). Penemuan hukum: Sebuah pengantar. Universitas Atma Jaya Yogyakarta.

¹⁰ Cahyo, Y. T., & Kurnianingsih, M. (2023). *Pacta Sunt Servanda: Legal Dynamics in Indonesian Context*. Walisongo Law Review (Walrev)



application of the *Pacta Sunt Servanda* principle across different court rulings. In some cases, the principle is strictly enforced to maintain legal certainty and contractual stability, while in others, judges take a more flexible approach by considering social and economic aspects. These differences indicate that the legal interpretation of the *Pacta Sunt Servanda* principle remains contextual and depends on judicial discretion in resolving cases.

The findings also highlight that in business legal practice, business actors and legal practitioners are increasingly cautious in drafting contracts, particularly by including *force majeure* and renegotiation clauses to anticipate unforeseen circumstances. This reflects the importance of understanding the *Pacta Sunt Servanda* principle in contract law practice, not only for courts and lawyers but also for parties involved in agreements.

Overall, the study indicates that while the *Pacta Sunt Servanda* principle is fundamental in contract law, its application in court decisions is not always absolute. A comprehensive understanding of the factors influencing its interpretation and implementation within Indonesia's contractual legal system is necessary.

The study reaffirms that the *Pacta Sunt Servanda* principle is a cornerstone of contract law in Indonesia, as outlined in Article 1338(1) of the *KUHPerdata*, which states that every legally valid contract binds the parties as law. This principle ensures legal certainty and stability in business transactions and contractual relationships. However, in practice, the application of this principle is not always absolute, as certain legal considerations allow for the modification or annulment of agreements under specific circumstances.

Court rulings analyzed in this study reveal that judges frequently refer to Article 1339 of the *KUHPerdata*, which states that an agreement not only binds parties to what has been explicitly agreed upon but also to everything that, by the nature of the agreement, must be fulfilled in good faith, according to customary practices or legal provisions. Therefore, in resolving contractual disputes, judges do not solely rely on the textual interpretation of agreements but also consider fairness and the reasonable expectations of the parties involved.

Furthermore, under certain conditions, the *Pacta Sunt Servanda* principle may be overridden by *force majeure*, as regulated in Article 1245 of the *KUHPerdata*, which states that a debtor may be released from obligations if performance is impossible due to circumstances beyond their control. Several court rulings have considered *force majeure* factors, such as natural disasters, unforeseen regulatory changes, or drastic economic conditions, as legitimate grounds for contract modification or annulment.

Thus, this study reveals that the application of the *Pacta Sunt Servanda* principle in Indonesia's legal system must be balanced with the principles of fairness and evolving realities in contractual agreements. While the principle aims to ensure legal certainty, flexibility in its enforcement is sometimes necessary to prevent unjust outcomes for either party. Therefore, a comprehensive understanding of contract law, including its exceptions and limitations, is crucial for legal practitioners, academics, and stakeholders engaged in business contracts and other agreements.

Analysis of the Pacta Sunt Servanda Principle in Indonesian Law

The *Pacta Sunt Servanda* principle is one of the fundamental principles in contract law in Indonesia, as stipulated in Article 1338 paragraph (1) of the Indonesian Civil Code (*KUHPerdata*), which states: "*All legally concluded agreements shall serve as law for those who have made them.*" This provision emphasizes that agreements made by the parties must be respected and adhered to, possessing binding force similar to law. This rule ensures legal certainty for parties in executing contracts, particularly in business and commercial transactions. Furthermore, this principle is reinforced by Article 1320 of the *KUHPerdata*, which establishes four essential requirements for a valid agreement: mutual consent of the parties, legal capacity, a specific object, and a lawful cause. If these four conditions are met, the agreement must be executed as initially agreed upon. This principle serves as the foundation for business transactions, employment contracts, credit agreements, and even international treaties binding between nations.

However, in Indonesian law, the *Pacta Sunt Servanda* principle is not absolute. There are several recognized exceptions under legal regulations. One major exception is the *force majeure* condition, as regulated in Article 1245 of the *KUHPerdata*, which states that a debtor may be released

from obligations if they are unable to fulfill the contract due to events beyond their control. For example, in cases of natural disasters, war, or drastic government policy changes, a contract may be canceled or adjusted to uphold fairness. Additionally, Article 1339 of the *KUHPerdata* stipulates that contracts are not only binding on what is explicitly agreed upon by the parties but also on customs and prevailing fairness standards. This allows judges to interpret agreements based on principles of justice and reasonableness, particularly in cases where the contract was made under imbalanced conditions or there are indications of exploitation. If an agreement is proven to have been made under coercion, mistake, or fraud, it may be annulled under Article 1321 of the *KUHPerdata*, which states that agreements made under such conditions are invalid.

In practice, the application of the Pacta Sunt Servanda principle is also linked to other sectoral regulations, such as Law No. 8 of 1999 on Consumer Protection. In the context of consumer protection, contractual clauses that disadvantage consumers can be annulled if they contradict fairness and public interest principles. This indicates that in certain cases, the law provides protection for the weaker party in a contract, ensuring that the Pacta Sunt Servanda principle is not rigidly applied. Thus, while the Pacta Sunt Servanda principle is a fundamental basis in contract law in Indonesia, its application still considers aspects of fairness, reasonableness, and public interest. Various provisions in the *KUHPerdata* and other laws demonstrate that Indonesian law accommodates flexibility in implementing this principle, ensuring not only legal certainty but also protection for parties who may be disadvantaged by a contract.

Consistency and Inconsistency in the Application of the Pacta Sunt Servanda Principle

In judicial practice, the application of the Pacta Sunt Servanda principle is not always consistent. Some rulings indicate that judges consider fairness and other factors when interpreting a contract. For instance, in certain cases, a judge may annul a contract if it is deemed contrary to the principle of fairness or if one party is found to have exploited the other party's situation (*misbruik van omstandigheden*). Additionally, in specific cases, judges may consider force majeure conditions that prevent a party from fulfilling contractual obligations. Judicial decisions that take these factors into account often result in discrepancies in the application of the Pacta Sunt Servanda principle, creating legal uncertainty for contracting parties.

Exceptions to Pacta Sunt Servanda

The Pacta Sunt Servanda principle, which asserts that every legally concluded contract must be honored and executed by the parties, is not absolute. Several exceptions allow a contract to be unenforceable or adjusted based on specific circumstances. One of the primary exceptions is the concept of force majeure, as regulated in Article 1245 of the *KUHPerdata*. This provision states that a debtor may be released from obligations if they can prove that their failure to fulfill the contract was caused by circumstances beyond their control, such as natural disasters, pandemics, or unforeseen regulatory changes. Additionally, exceptions to Pacta Sunt Servanda may arise when there is an element of imbalance or exploitation in the contract. For example, agreements made under duress, fraud, or undue influence may be annulled under Article 1321 of the *KUHPerdata*, which states that contracts concluded through coercion, mistake, or deceit have no legal force. In several court rulings, judges have invalidated contracts proven to have been made unfairly or unreasonably detrimental to one party.

Another exception exists under the doctrine of *rebus sic stantibus*, which allows a contract to be modified or even terminated if significant and unforeseen changes occur, making contract execution unfair or impossible. Although the *KUHPerdata* does not explicitly regulate this doctrine, some Indonesian court decisions have considered it, particularly in long-term contracts affected by economic shifts or government policy changes. Finally, a contract may be set aside if it contradicts public interest and legal order. For example, an agreement made for illegal purposes or against public



morality may be declared void under Article 1337 of the *KUHPerdata*. In practice, courts frequently annul contracts containing clauses detrimental to the public, such as monopoly agreements violating competition law or employment contracts infringing workers' rights. Thus, while *Pacta Sunt Servanda* remains a fundamental principle in contract law, its implementation must consider broader legal factors, including conditions that may invalidate or modify a contract to ensure fairness and alignment with prevailing legal principles.

Legal Implications on Contractual Certainty

The application of the *Pacta Sunt Servanda* principle significantly impacts legal certainty in contracts in Indonesia. This principle serves as a cornerstone in enforcing contractual commitments, fostering trust and stability in business transactions. However, on the other hand, exceptions to this principle must also be considered to balance legal certainty with fairness in contract dispute resolution. For judges and legal practitioners, a deep understanding of this principle's application is crucial in handling contract disputes. Judges must carefully weigh the application of *Pacta Sunt Servanda* against its exceptions to ensure that court rulings remain just and proportional. Meanwhile, for business actors, understanding the limitations and exceptions of this principle can help them draft clearer contracts and anticipate potential legal risks in the future.

DISCUSSION

Pacta Sunt Servanda as the Legal Basis of Agreements

The principle of *Pacta Sunt Servanda* serves as the fundamental foundation of contract law, emphasizing that every legally established agreement must be honored and executed accordingly. This principle guarantees legal certainty in contractual relationships, both in civil and business contexts. In the Indonesian legal framework, this principle is explicitly stipulated in Article 1338(1) of the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata* or *KUHPerdata*), which states that "all legally made agreements shall act as law for those who have made them." Consequently, a mutually agreed-upon contract binds the involved parties just like a legal regulation that must be followed. Beyond ensuring legal certainty, *Pacta Sunt Servanda* also plays a crucial role in maintaining stability and trust in business transactions. Contracting parties can feel assured that the rights and obligations they have agreed upon will be upheld and enforced by law. However, despite its binding nature, the application of this principle in legal practice is not absolute. Certain exceptional conditions, such as the doctrine of *Rebus Sic Stantibus*, allow for contract modification or termination if unforeseen and fundamentally significant changes occur.

The Application of Pacta Sunt Servanda in Court Decisions

The *Pacta Sunt Servanda* principle is frequently used as a primary consideration by judges in resolving contract disputes in court. In various court rulings, judges generally affirm that legally established agreements must be executed in good faith. This aligns with Article 1338(1) of the Indonesian Civil Code, which establishes that agreements hold binding force akin to law for the contracting parties. In other words, courts ensure that agreements must be honored and enforced unless a valid legal reason justifies deviation from this rule. In certain court rulings, the *Pacta Sunt Servanda* principle has been strictly applied to uphold legal certainty in contracts. For example, in Supreme Court Decision No. 2814 K/Pdt/2018, the judge ruled that one party could not unilaterally terminate an agreement without a strong legal basis. In this case, the court rejected the contract annulment lawsuit filed by one party on the grounds of economic difficulties, as this did not qualify as *force majeure* that could exempt a party from its obligations. However, there are also cases where courts apply this principle with a more flexible approach. In some rulings, judges consider factors such as fairness, public interest, and *force majeure* as exceptions to the application of *Pacta Sunt Servanda*. For instance, in Supreme Court Decision No. 242 K/Pdt/2019, the court ruled that unforeseen and uncontrollable changes in circumstances could justify the adjustment or even annulment of an agreement. This decision demonstrates that while *Pacta Sunt Servanda* serves as a fundamental guideline in contract dispute resolution, its implementation must still account for fairness and a balance of interests between the parties involved. From various court rulings, it can be concluded that the application of *Pacta Sunt Servanda* in Indonesian contract law is not always absolute. Although legally binding agreements must be upheld, courts also consider specific conditions that may justify deviations from this principle. Therefore, in legal practice, the application

of *Pacta Sunt Servanda* must be carried out wisely, balancing legal certainty with justice for the disputing parties.

Variations in the Interpretation of Pacta Sunt Servanda

Generally, the *Pacta Sunt Servanda* principle implies that legally established agreements must be honored and executed by the contracting parties. However, in practice, there are variations in how courts interpret this principle. Some rulings adopt a strict approach, enforcing agreements without exceptions, while others allow flexibility by considering factors such as fairness, public interest, and extraordinary circumstances that may alter contractual obligations. A strict approach is evident in court decisions that reject changes in circumstances (*change of circumstances*) as grounds for contract modification or termination. In such cases, judges adhere to Article 1338 of the Civil Code, affirming that agreements have binding legal force equivalent to law for the contracting parties. This strict interpretation aims to maintain legal certainty and business stability, particularly in commercial agreements involving private parties and business entities. On the other hand, some rulings interpret *Pacta Sunt Servanda* more flexibly by incorporating principles of fairness and reasonableness. In certain cases, judges apply the *clausula rebus sic stantibus* principle, which allows for contract adjustments in response to extraordinary changes in circumstances to ensure continued fairness for both parties. For instance, in Supreme Court Decision No. 242 K/Pdt/2019, the court considered the impact of an economic crisis on one party's ability to fulfill contractual obligations and permitted contract renegotiation.

Apart from economic factors, social considerations and public interest also influence judicial interpretations of *Pacta Sunt Servanda*. In certain cases, courts may nullify contractual provisions that conflict with the law, public order, or moral standards, as outlined in Article 1337 of the Civil Code. This demonstrates that in specific situations, legal certainty may be set aside to achieve greater justice for society at large. Given the variations in interpreting *Pacta Sunt Servanda*, it can be concluded that the application of this principle is not always absolute. Courts take multiple factors into account in each case to ensure that contract law remains relevant and fair under diverse circumstances. Therefore, understanding judicial trends in interpreting this principle is crucial for legal practitioners and contracting parties.

Legal Implications for Contract Drafting and Legal Practice

The application of *Pacta Sunt Servanda* significantly impacts contract drafting and legal practice in Indonesia. Contracting parties must anticipate potential changes in circumstances that may affect the execution of agreements in the future. Consequently, drafting contractual clauses concerning *force majeure* or renegotiation mechanisms is essential to mitigate legal uncertainties. Additionally, understanding court rulings on the application of this principle can help legal practitioners provide better legal guidance to their clients. To enhance legal certainty, consistency in court decisions is necessary so that businesses and individuals can clearly anticipate how the law will be enforced in contract disputes.

Future Research Directions on Pacta Sunt Servanda

Further research on the application of *Pacta Sunt Servanda* in the Indonesian legal system is necessary to understand patterns and trends in court decisions. Analyzing the extent to which this principle is consistently applied across different judicial levels can provide a more comprehensive perspective on the dynamics of contract law in Indonesia. Moreover, comparative studies with legal systems in other countries can offer additional insights into best practices for enforcing agreements fairly and effectively.

Conclusions



Based on the analysis conducted, it can be concluded that the principle of *Pacta Sunt Servanda* is one of the fundamental principles in contract law in Indonesia, ensuring legal certainty for every legally binding contract. This principle is affirmed in Article 1338 of the Indonesian Civil Code (*KUHPerdata*), which states that a legally made agreement binds the parties as if it were law. In various court rulings, this principle has been consistently applied to ensure that parties to a contract fulfill their agreed obligations, thereby creating stability in legal relationships and business transactions. However, this study also finds that the application of the *Pacta Sunt Servanda* principle in judicial practice is not always absolute. In some rulings, judges have considered exceptions to this principle, particularly in cases involving *force majeure*, unforeseen changes in circumstances (*rebus sic stantibus*), and agreements made under coercion or unfair conditions. This indicates a degree of flexibility in the application of this principle to maintain a balance between legal certainty and substantive justice. Therefore, a deep understanding of *Pacta Sunt Servanda* and its exceptions is crucial for judges, legal practitioners, and business actors in drafting and enforcing contracts. Moving forward, further studies are needed to examine the patterns of this principle's application across different types of contracts and the consistency of court rulings to enhance legal certainty and protection for contracting parties.

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