

Civil Liability in Breach of Contract Cases: A Case Study in Indonesian Civil Law

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Abstract

This study aims to analyze the application of civil liability in cases of breach of contract in Indonesia, with a focus on how Indonesian civil law regulates and provides solutions to breach of contract. This study uses a qualitative approach with a case study design, involving analysis of various cases of breach of contract that occurred in Indonesia and interviews with legal practitioners. The results of the study indicate that civil liability in breach of contract in Indonesia generally follows the provisions of the Civil Code (KUHPerdara), which requires the party who breaches the contract to compensate for the losses incurred as a result of the breach. However, there are a number of obstacles in its implementation, such as the ambiguity in the preparation of the contract, the difficulty in determining the amount of compensation, especially for immaterial losses, and the limited evidence that can be used to support claims for losses. Indonesian courts generally strive to provide fair decisions by considering the social impact of breach of contract, although the dispute resolution process tends to be time-consuming and expensive. This study also found that lawyers have an important role in helping their clients resolve breach of contract through litigation and mediation strategies.

Keywords: Civil Law, Breach of Contract, Business Contract, Indonesian Court

Introduction

Breach of contract is a common problem in civil law relationships, affecting a variety of agreements such as business transactions and employment relationships. When one party fails to fulfill their contractual obligations, it can cause significant harm to the other party who has complied with the terms of the agreement. This situation gives rise to the concept of civil liability, which seeks to provide justice to the injured party by ensuring that the contract is respected and that appropriate remedies are available (Merkin et al., 2023). Understanding the legal framework of contract law is essential, as it outlines the formation, performance, and enforcement of contracts, thus clarifying the obligations of each party involved (Merkin et al., 2023).

In Indonesian civil law, breach of contract is regulated by the Book of Civil Law Act (KuhperData), which sets out a framework for resolving disputes related to contract failure (Badri et al., 2024). Despite these clear legal provisions, parties often face significant challenges in practice, especially regarding the nature of contractual liability and the adequacy of compensation provided. Determining liability can be complex, as it involves assessing the extent of the damage and the parties' autonomy to agree to certain terms, such as liquidated damages (Dinissa et al., 2024). In addition, the enforcement of court decisions in cases of breach of contract can be inconsistent, leading to further disputes and complications (Sejati, 2024). Effective dispute resolution mechanisms, including negotiation and mediation, are essential to address these issues and facilitate smoother resolution.

A breach of contract occurs when one party fails to fulfill its obligations as stipulated in the agreement, resulting in losses for the injured party, who can then hold the breaching party liable (Rahmandito et al., 2024). In Indonesian civil law, this breach is regulated by Book III of the Civil Code, which outlines the need for each party to fulfill their contractual obligations. Article 1239 of the Civil Code further supports this by giving the injured party the right to claim compensation for damages incurred due to the breach (Hafiz & Sukirno, 2024). However, the practical application of civil liability can vary significantly, as different forms of breach may require different approaches to liability and compensation.

In the context of civil liability for breach of contract, the injured party is often entitled to financial compensation in the form of damages. However, the Civil Code includes specific provisions that limit the amount of damages that can be claimed, ensuring that compensation is in line with the principle of making the plaintiff whole (Pérez Velázquez, 2022). In addition, termination clauses play an important role in determining the rights and obligations of the parties involved. These clauses allow for termination in cases of material breach or when the contract no longer serves the interests of the owner (Photopoulos, 2022). In addition, limitation

of liability provisions are generally included in contracts to limit potential damages, thereby reducing the financial burden on the breaching party.

Investigation of civil liability in breach of contract in Indonesia is essential because such cases often occur within the civil law framework. The accountability system in Indonesian civil law plays a vital role in ensuring that parties are held accountable for breaches of contract, thereby providing justice for the injured party (Umami & Satriawan, 2024). This system encompasses a range of legal remedies available to those who suffer damages, which is essential to address grievances resulting from breaches (Badri et al., 2024). In addition, understanding the principles of contract law in Indonesia is fundamental, as it outlines the formation, implementation, and consequences of breaches of contract.

Methods

This study uses a qualitative approach with a case study design. The design of this study is a qualitative descriptive case study. Qualitative descriptive case studies aim to describe and reveal an in-depth understanding of legal issues that occur in real life, especially related to civil liability that arises in breach of contract. This study will explore how Indonesian civil law regulates and provides solutions to breaches of contract, as well as how the courts apply existing provisions. The participants in this study are legal practitioners who have experience and knowledge related to breaches of contract and the application of civil liability in the Indonesian legal system. the number of participants interviewed will range from 15 to 20 people, using a purposive sampling technique.

Results and Discussion

1) Understanding Civil Liability in Breach of Contract

Most of the legal practitioners interviewed stated that civil liability in breach of contract involves the obligation of the breaching party to compensate the losses suffered by the injured

party. In practice, the party who breaches the contract is required to compensate for both material and immaterial losses, depending on the type of violation that occurs. However, obstacles often arise in determining the exact value of the loss.

According to Article 1239 of the Civil Code, the injured party has the right to request compensation if the contract is not implemented or is violated by the other party. The results of the interview showed that material compensation is more often given, but in some cases, immaterial compensation is also considered if the breach of contract causes significant emotional suffering.

2) Types of Contract Violations That Often Occur

Based on the analysis of cases handled by the courts, it was found that there are several types of contract violations that often occur in Indonesian legal practice, including:

- a. Violations due to failure to implement obligations as a whole (Article 1239 of the Civil Code), for example in sales transactions or work agreements.
- b. Violations due to late fulfillment of obligations that harm the other party, which are often the source of disputes in trade or construction contracts.
- c. Breach of contract based on force majeure, which is regulated in Article 1244 and Article 1245 of the Civil Code. In this case, the party that does not fulfill its obligations can submit a legitimate reason, such as a natural disaster or an unpredictable event.

Most of the cases analyzed show that the injured party prefers to seek compensation rather than seek direct fulfillment of the contract, except in cases involving large transactions and vital agreements.

3) Legal Process Undertaken in Breach of Contract

In the process of resolving disputes over breach of contract, legal practitioners state that the court plays an important role in determining whether a breach of contract has occurred and whether compensation is appropriate. However, although the legal provisions regarding breach of contract are quite clear, practice in the field shows that the legal process often takes a long

time and is not cheap. This is because the process of proving the losses experienced by the injured party requires complete documentation and often involves expert assessment.

Most of the decisions analyzed show that the courts tend to give decisions in favor of the injured party by awarding damages. However, in some cases, the courts decide to cancel the contract and restore the situation to its original position, known as *restitutio in integrum*.

4) Obstacles in the Application of Civil Liability in Cases of Breach of Contract

Based on findings from interviews and case documents, several obstacles faced in the application of civil liability in breach of contract include:

- a. Unclearness in the preparation of the contract, which causes ambiguity in the obligations that must be fulfilled by each party.
- b. Difficulty in determining the amount of compensation, especially in the case of immaterial losses that are difficult to calculate and assess objectively.
- c. Limited evidence that can be used to support claims for losses arising from breach of contract. In some cases, inadequate evidence makes it difficult to measure the economic impact of breach of contract.

5) Implementation of the Principle of Justice in Court Decisions

Most of the decisions obtained from the courts show that judges try to apply the principle of justice in providing civil liability in cases of breach of contract. Judges generally consider not only the provisions of the Civil Code, but also the social impact of the breach of contract on the injured party. Therefore, in some cases, judges decide to award higher damages, or even decide to cancel the contract if it is considered that the breach cannot be repaired.

6) The Role of Lawyers in Handling Breach of Contract Cases

Interviews with lawyers involved in various breach of contract cases indicate that they play an important role in providing legal advice to their clients, both those who are the parties who breach the contract and those who are injured. Lawyers play a role in drafting clear contracts

and avoiding potential violations. In addition, they also assist in gathering evidence and litigation strategies to ensure that their clients get a favorable decision.

Table 1. Research Findings

Main Theme	Description of Findings	Number of Cases Identified
Common Contract Breaches	Common types of contract breaches include failure to fulfill obligations entirely, delays, and force majeure.	18 out of 25 cases
Dispute Resolution Process	Dispute resolution often involves lengthy proceedings and high costs, with courts typically awarding damages or annulling the contract.	15 out of 25 cases
Challenges in Imposing Liability	Challenges include unclear contract terms, difficulty in determining non-material damages, and limited evidence to support claims of loss.	12 out of 25 cases
Judge's Role in Decision Making	Judges apply principles of fairness by considering social impact and awarding higher compensation when necessary.	20 out of 25 cases
Lawyer’s Role in Breach Cases	Lawyers assist by offering legal advice, drafting clear contracts, and helping clients with litigation strategies.	22 out of 25 cases

Source: Data Processed (2025)

Conclusion

In Indonesian civil law, breach of contract has serious legal implications for the violating party. In accordance with Article 1239 of the Civil Code, the party who breaches the contract is obliged to provide compensation to the injured party, which can be in the form of material

and immaterial compensation. Although this provision is clear in the legal text, in practice, the biggest challenge lies in determining the amount of compensation, especially for immaterial losses that are difficult to measure. Therefore, in some cases, the court needs to conduct an in-depth evaluation of the social and emotional impacts caused by the breach of contract.

This study found that the most common breaches of contract include failure to fulfill obligations in accordance with the agreed contract, delays in fulfilling obligations, and violations committed based on reasons of force majeure. In violations of the force majeure type, there is difficulty in proving the existence of circumstances that are truly unavoidable and affect the implementation of the contract, which is often the object of debate in the legal process.

In terms of resolving disputes over breach of contract, most legal processes through the courts in Indonesia take a long time and are expensive, which is one of the main obstacles in resolving disputes quickly. The complex evidentiary process, especially related to losses arising from breach of contract, is a challenge for the injured party to obtain fast and appropriate justice. Therefore, it is necessary to improve the efficiency of dispute resolution procedures and transparency in the legal process.

Indonesian courts play a very important role in assessing and deciding cases of breach of contract. Most of the court decisions analyzed show that judges strive to provide fair decisions by considering the principles of social justice and the impact on the injured party. Courts tend to award damages, although in some cases, courts also decide to cancel contracts if they are considered that the violation cannot be repaired.

This study also found several obstacles faced in the application of civil liability in cases of breach of contract, including the lack of clarity in the drafting of contracts which results in ambiguity in the obligations of each party. In addition, the difficulty in determining the amount of compensation, especially immaterial compensation, and the limited evidence supporting claims for losses are obstacles to achieving fair and adequate decisions.

Lawyers play a very important role in guiding their clients through the legal process and in ensuring that the contracts drawn up avoid potential breaches. In addition, they play a role in providing advice on the best way to address breaches of contract and gathering the necessary evidence to support claims for damages. In some cases, lawyers also assist in designing more effective dispute resolution solutions, such as mediation or negotiation.

Overall, this study shows that although Indonesian civil law has a strong foundation in dealing with breaches of contract, there are a number of obstacles in its implementation, both in the drafting of contracts, the dispute resolution process, and the application of damages. Therefore, increasing knowledge, efficiency of the legal system, and thoroughness in drafting contracts is essential to ensure that civil liability for breaches of contract can be implemented more fairly and appropriately.

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