

Interpretation of Dispute Clauses and Liability Mechanisms for Breach of Contract in the Decision of the West Jakarta District Court no. 748/Pdt.G/2021/PN Jkt.Brt

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ABSTRACT

This study analyzes two key legal issues in maritime transport service agreement disputes: the interpretation of dispute clauses under contract law principles and the liability and claims for damages resulting from breach of contract. The research focuses on the case between PT Cahaya Energy Farhana and PT Garuda Agung Resources, as adjudicated in West Jakarta District Court Decision No. 748/Pdt.G/2021/PN Jkt.Brt. Using normative legal research with conceptual and case study approaches, this study draws on primary sources (court decisions, Civil Code) and secondary literature. The findings show that dispute clause interpretation and contract cancellation must adhere to the principles of *pacta sunt servanda* and good faith (Article 1338, Civil Code). In this case, the defendant's unilateral cancellation citing force majeure did not qualify as a compelling circumstance, as the disruption was caused by administrative negligence rather than unforeseen external factors. Moreover, liability for breach of contract, based on Article 1243 of the Civil Code, allows the aggrieved party to claim compensation for costs, losses, and interest (kosten, schaden en interesten). This decision thus sets an important precedent for applying civil liability principles in maritime contract disputes in Indonesia.

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INTRODUCTION

An agreement serves as the primary foundation in civil law relationships, binding the parties to fulfill their rights and obligations as mutually agreed. In the Indonesian legal system, the binding force of an agreement is regulated under Article 1338 paragraph (1) of the Civil Code (KUHPerdata), which states that "all agreements made lawfully shall be valid as law for those who make them." This provision gives rise to a fundamental principle in civil law, namely the principle of *pacta sunt servanda*, which emphasizes that an agreement cannot be unilaterally canceled without valid legal grounds, and the parties are bound to execute the agreement with full responsibility.

In modern business practice, agreements not only function as formal instruments to regulate legal relationships but also as tools to create certainty and legal protection for the parties involved. In the business context, agreements become the primary instrument to ensure the smooth flow of

economic activities, including in the shipping and sea transportation services sector, which has complex characteristics, involves multiple parties, and is highly dependent on weather conditions, port facilities, and government policies. Therefore, clarity in contract clauses, including dispute clauses and the execution of obligations, is crucial.

However, in practice, contractual disputes are often unavoidable. Disputes typically arise from violations of agreements, either due to errors or negligence by one party or due to external conditions that hinder the execution of the agreement. Failure to fulfill the contents of the agreement is known as wanprestasi (breach of contract), which occurs when the party bound by the agreement (the debtor) does not perform its obligations as agreed, performs them but not on time, or does something prohibited in the contract.

In the Indonesian legal context, breach of contract has clear juridical consequences, granting the injured party the right to demand compensation for damages, cancellation of the agreement, or fulfillment of performance. Nevertheless, in practice, the breaching party often attempts to avoid liability by claiming force majeure. Force majeure is regulated under Articles 1244 and 1245 of the KUHPerdata, which state that the debtor may be exempt from the obligation to compensate for damages if it can prove that the failure to execute the agreement was caused by unforeseen, unavoidable circumstances beyond its control.

One example of a case illustrating this issue is the dispute between PT Cahaya Energy Farhana (the plaintiff) as the sea transportation service provider and PT Garuda Agung Resources (the defendant) as the service user. The two companies entered into Sea Transportation Service Agreement No. 013/PJAL/CEF-GAR/I/2021, aimed at transporting coal from Jetty Kasmari Tiar Raya to Jetty VDNI-Morosi. The agreement covered technical provisions, responsibilities of each party, execution schedules, and payment mechanisms. However, on February 3, 2021, the defendant unilaterally canceled the contract, citing a temporary closure notice for Jetty Kasmari Tiar Raya issued by the Ministry of Transportation.

This cancellation action triggered a dispute because the plaintiff argued that the jetty closure was administrative and temporary, thus not qualifying as force majeure. Additionally, the defendant was deemed to have failed to demonstrate concrete efforts to find alternative ways to fulfill its obligations, such as diverting cargo to another port or rescheduling the loading process. As a result of the cancellation, the plaintiff suffered significant financial losses, including vessel travel costs, waiting costs at the port, agency fees, ramp door rental, and crew premiums. Ultimately, the plaintiff pursued legal recourse by filing a lawsuit at the West Jakarta District Court, which decided the case in Decision No. 748/Pdt.G/2021/PN Jkt.Brt.

This dispute highlights the importance of a deep understanding of the interpretation of dispute clauses in contracts and the mechanisms for liability due to breach of contract, particularly in cross-sector business contracts like sea transportation services. In civil law practice, debates often arise regarding the boundaries between breach of contract and force majeure, as well as how courts assess the evidence presented to determine whether an event truly qualifies as force majeure.

Furthermore, contract interpretation issues become a critical aspect because legal language in agreements often leads to multiple interpretations. Principles of contract law, such as good faith and contractual fairness, play an important role in assisting judges in assessing whether an action aligns with the true intent of the agreement. In this case, the judge had to evaluate whether the defendant's cancellation of the agreement on the grounds of the jetty closure reflected good faith or was merely an attempt to evade contractual obligations.

This research holds significant value both theoretically and practically. Theoretically, it provides a deep understanding of the interpretation of dispute clauses and the application of contract law principles in real cases, enriching civil law studies, particularly in business law. Practically, it offers a real illustration of how courts enforce the *pacta sunt servanda* principle and evaluate force majeure claims in the context of shipping contracts, serving as a guide for business actors in drafting agreements and resolving disputes legally.

Thus, this research focuses on two main aspects: The interpretation of dispute clauses in sea transportation service agreements according to contract law principles, and the mechanisms of liability and compensation claims due to breach of contract in the said dispute. These two aspects are

crucial to study as they not only reflect the application of civil law norms but also demonstrate how the judicial system upholds principles of justice and legal certainty in business practices in Indonesia, particularly in the sea transportation services sector.

METHOD

The method used in this research is normative legal research, which relies on the analysis of positive legal norms, legal principles, and doctrines developed in practice. A normative approach is employed because the primary focus of this research is to examine contract law regulations and principles that form the basis for resolving breach of contract disputes, rather than collecting empirical data in the field. Through normative legal research, the author seeks to examine how the application of the *pacta sunt servanda* principle, good faith, and civil liability principles are used to assess the validity of unilateral agreement cancellations and to determine the basis for compensation claims due to breach of contract in a contract.

In this normative legal research, two main approaches are used: the conceptual approach and the case approach. The conceptual approach is employed to understand and interpret important principles in contract law, including the freedom of contract principle, the *pacta sunt servanda* principle, the good faith principle, and the concept of force majeure or unavoidable circumstances. This approach assists the author in analyzing how these legal theories are applied in practice and how courts interpret dispute clauses and contractual liabilities in the case under study. Meanwhile, the case approach is used to analyze the Decision of the West Jakarta District Court No. 748/Pdt.G/2021/PN Jkt.Brt, which is the focus of this research. Through the case approach, this research traces the chronology of the case, the legal arguments of the parties, the considerations of the panel of judges, and the juridical implications of the decision on the application of contract law in Indonesia.

The legal materials used in this research are divided into primary and secondary legal materials. Primary legal materials consist of the Civil Code (KUHPerdata), particularly Article 1338 which regulates the binding force of agreements, and Articles 1243 to 1246 which regulate breach of contract and compensation, as well as the full text of the Decision of the West Jakarta District Court No. 748/Pdt.G/2021/PN Jkt.Brt, which serves as the main source of analysis. Secondary legal materials include legal literature such as civil law textbooks, scientific journals, and academic articles discussing contract law, agreement principles, and the concept of liability due to breach of contract. All these legal materials are used to build a theoretical framework and support the analysis of legal facts contained in the decision.

All legal materials obtained are analyzed using descriptive-qualitative methods, by systematically describing and illustrating the relationship between legal norms and legal facts in the studied case. Descriptive analysis aims to explain in depth how legal norms are applied by judges in deciding contractual disputes, while qualitative analysis is conducted by interpreting the contents of legislation and legal principles to draw relevant normative conclusions with the main issues. Thus, the results of this research are expected to provide a comprehensive overview of the application of contract law principles in resolving sea transportation service agreement disputes, as well as serve as an academic reference in understanding the mechanisms of liability and compensation claims due to breach of contract in Indonesia.

RESULTS AND DISCUSSION

Interpretation of Dispute Clauses Based on Contract Law Principles

In contract law, the interpretation of the contents of an agreement cannot be done unilaterally or solely based on the written text, but must be grounded in the principles of good faith and *pacta sunt servanda* as regulated in Articles 1338 paragraphs (1) and (3) of the KUHPerdata. The good faith principle carries moral and legal meaning that the parties to an agreement must perform their obligations with honesty, diligence, and without intent to harm the other party. Meanwhile, the *pacta sunt servanda* principle affirms that every lawfully made agreement binds the parties as if it were law and must therefore be executed as intended. These two principles form the fundamental basis for assessing the validity of the execution and cancellation of agreements, including determining whether an action is legally justifiable or constitutes a breach of contract.

In the case between PT Cahaya Energy Farhana and PT Garuda Agung Resources, the interpretation of the dispute clause is highly important because it directly relates to the core issue of the defendant's cancellation of the agreement. In this case, the defendant argued that the contract cancellation was due to force majeure in the form of the temporary closure of Jetty Kasmar Tiar Raya by the Ministry of Transportation, as stated in an official notice. However, from a contract law perspective, a force majeure claim must be strictly tested based on three main elements: (1) the event occurs outside the control of the relevant party, (2) the event was unforeseeable beforehand, and (3) the consequences of the event make the execution of the agreement impossible. If any of these elements are not met, the force majeure excuse cannot be accepted as a legal defense. In this case, the facts indicate that the jetty closure was administrative and temporary, thus not legally considered an extraordinary event that rendered contract performance impossible.

The judge in this case assessed that the defendant failed to prove any concrete efforts to seek alternative fulfillment of obligations, such as rescheduling loading, coordinating with port authorities, or finding an alternative port. The absence of such efforts indicates that the agreement cancellation was not based on genuine force majeure but rather on administrative negligence and lack of good faith by the defendant. On the other hand, the plaintiff demonstrated good faith by continuing coordination, waiting at the jetty location, and incurring various operational costs during the waiting period, which ultimately caused significant financial losses. Based on these conditions, the defendant's actions were deemed to violate the good faith principle and contradict the *pacta sunt servanda* principle, as the cancellation was done unilaterally without the other party's consent and without valid legal grounds.

Additionally, the interpretation of the dispute clause in this agreement also underscores the important role of the judge in assessing the intent and purpose of the parties at the time the agreement was made. In contract law doctrine, the interpretation of a clause should not be done rigidly based solely on its textual wording but must consider the entire content of the agreement, the background of the contractual relationship, and the parties' behavior during contract execution. In this case, the judge considered evidence of electronic communication in the form of conversations via WhatsApp Group between the plaintiff and defendant, which showed that the loading process could actually continue if the defendant undertook further coordination. This strengthens the conclusion that the defendant's cancellation was not due to unavoidable force majeure but rather a unilateral decision that harmed the plaintiff. Thus, the panel of judges affirmed that the agreement remained valid and binding, and the defendant's unilateral cancellation was declared a form of breach of contract.

From the results of this legal interpretation, it can be concluded that dispute clauses in sea transportation service agreements should not be interpreted as tools to avoid contractual liability but as mechanisms for resolving disputes when differences in interpretation of agreement execution arise. In other words, force majeure cannot be used as a "legal shield" to escape obligations unless it is proven that the event is truly beyond human control and makes agreement performance genuinely impossible. In this case, the court firmly rejected the force majeure excuse raised by the defendant because all evidence showed that the obstacles encountered were still within the defendant's ability to overcome. Therefore, the defendant's unilateral cancellation not only violated contractual obligations but also undermined the principles of justice, legal certainty, and good faith that underpin agreement law in Indonesia.

Liability Mechanisms and Compensation Claims Due to Breach of Contract

Liability mechanisms in contract law reflect the basic principles of justice and legal certainty. In every agreement, the parties have moral and legal obligations to perform the agreed performance. If one party fails to fulfill these obligations without valid reasons, that party is deemed to have committed a breach of contract. Based on Article 1243 of the KUHPerdata, compensation for costs, damages, and interest due to non-fulfillment of an obligation is mandatory if the debtor, even after being declared in default, still fails to perform its obligations. Thus, there are two main conditions that give rise to legal liability: negligence (default after warning) and actual damages to the other party. This principle forms the basis for the panel of judges in assessing the defendant's liability in this case.

In the dispute between PT Cahaya Energy Farhana and PT Garuda Agung Resources, the panel of judges found that the defendant had failed to execute its obligations to load and transport coal as agreed in Sea Transportation Service Agreement No. 013/PJAL/CEF-GAR/I/2021. The defendant's unilateral cancellation on the grounds of the jetty closure by the Ministry of Transportation could not be accepted as a force majeure excuse because, based on evidence of letters and communications between the parties, the closure was temporary and administrative, not due to natural factors or extraordinary events that made contract performance impossible. Thus, the defendant's actions were qualified as a breach of contract, as the negligence directly caused losses to the plaintiff who had prepared the vessel, crew, and all operational requirements.

Subsequently, the plaintiff claimed compensation of Rp 474,683,300.00, consisting of various cost components, namely: vessel travel costs to the port, waiting costs at the port due to loading delays, agency and ramp door rental fees, and crew premiums during the waiting period. In addition, the plaintiff claimed immaterial damages due to reputational harm to the company and lost business opportunities with other clients during the delay process. All claims were supported by concrete evidence, including invoices, payment receipts, shipping administrative documents, and conversations via WhatsApp Group between representatives of both companies. This electronic evidence was crucial as it showed active communication between the parties before the cancellation, while also demonstrating that the defendant actually had the time and opportunity to resolve the administrative obstacles but chose to cancel the contract without the plaintiff's consent.

In the context of legal liability, there are three main elements that form the basis for the judge in determining the obligation to pay compensation due to breach of contract. First, the existence of a valid obligation, namely a written contract lawfully made and agreed upon by both parties and fulfilling the validity requirements of an agreement as regulated in Article 1320 of the KUHPerdata, i.e., agreement of the parties, legal capacity, specific object, and lawful cause. Second, proof of the defendant's failure to fulfill the performance as agreed, either in execution or timing. Third, the emergence of actual damages to the plaintiff that can be measured economically and proven through official documents. These three elements were proven to be fulfilled in the analyzed case, as the defendant admitted the contract cancellation and the plaintiff was able to prove the real losses arising from the incident.

The panel of judges in their decision also affirmed that the defendant is legally liable for the contract cancellation that caused losses to the plaintiff, as there was no strong evidence indicating that the jetty closure event constituted force majeure as regulated in Articles 1244 and 1245 of the KUHPerdata. In fact, during the trial examination, it was found that the plaintiff had demonstrated good faith by continuing communication and waiting for administrative resolution from the defendant. The plaintiff also sent graduated demand letters as a form of preventive legal effort to resolve the dispute amicably before bringing the case to court. The plaintiff's actions demonstrate adherence to the good faith principle in contract law, which is a moral and legal value that must be upheld by both parties in executing and resolving agreements.

The compensation claim mechanism raised by the plaintiff reflects the concrete application of contractual justice principles. This principle states that the injured party due to breach of contract has the right to be restored to the position as if the agreement had been performed as intended. In the Indonesian legal framework, forms of compensation that can be claimed include costs, damages, and interest (kosten, schaden en interesten) as mentioned in Article 1246 of the KUHPerdata. Costs

(kosten) cover all direct expenditures incurred by the injured party; damages (schaden) include economic value losses due to the other party's negligence; and interest (interesten) represents compensation for lost opportunities to gain profits. In this case, the plaintiff claimed all these forms cumulatively, including material and immaterial damages arising from the defendant's unilateral cancellation.

In addition to claiming material and immaterial compensation, the plaintiff also requested the court to impose a coercive penalty (dwangsom), i.e., a daily fine that the defendant must pay if it fails to execute the court's decision. This dwangsom request serves as additional legal protection to ensure the court's decision has effective executory force. In civil law practice, dwangsom is often imposed by judges as a coercion mechanism to ensure the losing party promptly fulfills its obligations without delay. The existence of dwangsom also shows that contract law not only emphasizes substantive justice (granting rights to the injured party) but also upholds procedural justice, i.e., ensuring that such rights can actually be enforced.

Thus, it can be understood that liability mechanisms due to breach of contract are not merely oriented toward financial loss recovery but also have broader moral and social dimensions. The defendant's unilateral cancellation without valid legal grounds reflects a violation of contractual justice and undermines trust in business relationships. Therefore, the West Jakarta District Court decision in this case serves as an important precedent in enforcing the principle that every party in a contract must be accountable for the consequences of its actions. The application of legal liability in this case demonstrates that Indonesian contract law remains oriented toward values of justice, legal certainty, and social utility. Parties who violate contractual obligations are not only required to compensate for the resulting damages but must also account morally for their actions as a form of respect for the *pacta sunt servanda* and good faith principles.

Legal and Practical Significance of the Decision

The Decision of the West Jakarta District Court No. 748/Pdt.G/2021/PN Jkt.Brt makes a significant contribution to strengthening legal certainty principles in shipping contract practices in Indonesia. In this decision, the court reaffirms the importance of the parties' responsibilities in executing agreements, particularly in the high-risk shipping business context involving multiple parties with substantial economic interests. The dispute underlying this case stemmed from one party's breach of contract attempting to evade liability by invoking force majeure or unavoidable circumstances. However, the court firmly stated that the use of force majeure excuses cannot be done arbitrarily and must be supported by strong and relevant evidence.

The force majeure principle in contract law is indeed intended to protect parties who genuinely cannot fulfill their obligations due to circumstances beyond their control. However, in practice, this excuse is often used as a justification to avoid contractual liability. This West Jakarta District Court decision provides clear boundaries that proof of unavoidable circumstances must be strictly tested based on concrete field facts. In other words, a circumstance can only be categorized as force majeure if it is truly unavoidable and not caused by the party's negligence. Thus, the court has provided new direction in the application of this principle to prevent its misuse by parties in a contract.

This decision also delivers a strong message that contractual justice is not measured solely by the textual content of the agreement but also by the parties' behavior in executing it. In the shipping context, which often involves charter agreements, transportation, and logistics, the emphasis on the good faith principle is particularly important. Many shipping contract disputes arise because one party unilaterally interprets clauses to avoid liability. With this decision, business actors in the shipping sector are expected to be more cautious and act in good faith in fulfilling their obligations to create healthy and fair business relationships.

The court also emphasizes that the rights of the injured party to claim compensation must be fully protected by law. In this case, the plaintiff, feeling aggrieved, has the right to receive compensation for the losses incurred due to the contract breach. Protecting the rights of the injured party reflects the court's commitment to upholding substantive justice, not just formal justice. By safeguarding the injured party's rights, the court ensures that parties who violate agreements cannot escape legal liability, thereby creating a deterrent effect for bad-faith business actors.

From the perspective of legal certainty, this decision has a positive impact on shipping contract practices in Indonesia. The court affirms that every lawfully made agreement must be respected and executed with full responsibility by the parties. The *pacta sunt servanda* principle, or that agreements must be honored, forms the basis of every civil legal relationship. With this affirmation, business actors will have clearer guidelines regarding the limits of using force majeure excuses and the importance of maintaining good faith in every business transaction, especially in the shipping sector, which heavily relies on trust and professionalism.

Moreover, this decision also strengthens Indonesia's legal position in the context of international trade, particularly in the cross-border shipping sector. In the global business world, legal certainty is one of the key factors considered by foreign investors and business actors. When Indonesian courts demonstrate that their legal system is firm in enforcing contracts and upholding principles of justice and responsibility, this will enhance Indonesia's credibility as a country with a trustworthy legal system. Thus, this decision not only impacts the resolution of domestic disputes but also contributes to improving the investment and national trade climate.

From an academic and legal practice perspective, the West Jakarta District Court Decision No. 748/Pdt.G/2021/PN Jkt.Brt can serve as an important precedent for legal practitioners, entrepreneurs, and academics in understanding and applying contract law principles in the shipping field. This decision enriches contract law studies by emphasizing the balance between the rights and obligations of the parties and strengthening the court's role as a guardian of legal certainty and justice. Moving forward, it is hoped that this decision can serve as a reference for other courts in handling similar cases, particularly those related to the misuse of force majeure excuses and violations of good faith in business agreements.

CONCLUSION

Based on the analysis results of the West Jakarta District Court Decision No. 748/Pdt.G/2021/PN Jkt.Brt, it can be concluded that the interpretation of dispute clauses in sea transportation service contracts must be grounded in the good faith (good faith) and *pacta sunt servanda* principles as regulated in Article 1338 of the KUHPerdata. In this case, the unilateral cancellation by PT Garuda Agung Resources under the pretext of force majeure was declared invalid because it did not meet the elements of unavoidable circumstances as intended in Articles 1244 and 1245 of the KUHPerdata.

The liability mechanism due to breach of contract is based on the provisions of Article 1243 of the KUHPerdata, which grants the injured party the right to demand compensation for costs, damages, and interest (kosten, schaden en interesten). The panel of judges assessed that the defendant had been negligent in fulfilling its obligations and therefore must compensate for the losses suffered by the plaintiff. This decision holds significant legal and practical value because it affirms that force majeure excuses cannot be used arbitrarily to avoid contractual liability. The court upholds principles of justice and legal certainty by rejecting the defendant's defense that lacked strong legal grounds and strengthening the legal position of the injured party due to breach of contract.

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