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Contract Translation in International Civil Agreement Disputes: A Juridical Analysis of Legal Certainty in the Case of PT Citra Abadi Kota Persada and MDS Investment Holding Ltd

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ABSTRACT

This study aims to analyze the function of contract translation in ensuring legal certainty in international civil agreement disputes, particularly in the case between PT Citra Abadi Kota Persada and MDS Investment Holding Ltd. It uses a normative legal research method with a case study approach, supported by an analysis of relevant legislation, court decisions, and legal doctrines. The results of the study show that official contract translation is an absolute formal requirement in the Indonesian court of law. Non-compliance with the official translation obligation as stipulated in Law Number 24 of 2009 and Supreme Court Circular Letter Number 7 of 2012 resulted in the lawsuit being declared inadmissible (*niet ontvankelijk verklaard*) due to formal defects. This study also found that the principles of choice of law and *locus regit actum* play an important role in determining the separation between substantive law and procedural law, whereby the freedom to choose substantive law cannot override the obligation to comply with the procedural law of the forum. The significance of this study lies in its contribution to providing a legal understanding of the importance of official translation as an instrument for protecting legal certainty for the parties to an international contract.

Keywords: choice of law; contract translation; legal certainty.

INTRODUCTION

The rapidly developing era of globalization has had various effects that greatly influence world developments, one of which is the highly complex developments in the business world, involving various legal aspects that differ from country to country, making this known as international business. Contracts are very important due to the increase in cross-border trade transactions. Therefore, understanding contract law in an international context is crucial. Contract law provides a framework that ensures that the agreements between the parties are fulfilled, both nationally and internationally.¹

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¹ Kusnadi Nandang, et all, "Penerapan Hukum Kontrak Dalam Bisnis Internasional", *Yustisi Jurnal Hukum & Hukum Islam*, 12 (2), (2025), hlm. 135.

International contract law not only regulates the creation and implementation of agreements, but also covers various issues related to the settlement of disputes or conflicts between parties from countries with different legal systems. This means that the application of contract law in the world of international business often faces challenges. One issue that often arises in international business contracts is differences in understanding of contract terms, which are often influenced by the use of foreign languages, resulting in differences in interpretation of the contract's content. Although many countries have established regulations regarding domestic contracts, the implementation of international contract law is not yet entirely clear, one of which relates to the use of language in international contracts.

In everyday life, humans cannot be separated from the use of language to communicate with each other. Language as a means of communication plays an interpersonal role, namely the ability to foster and establish working relationships between social relationships with other people. In Indonesia, referring to the principle of freedom of contract in Article 1338 paragraph (1) of the Civil Code, every individual is free to make agreements or contracts with anyone as long as the agreement does not conflict with regulations or laws. For an agreement to be considered valid, it must contain subjective and objective conditions as stipulated in Article 1320 of the Civil Code. However, it is necessary to pay attention to regulations outside the Civil Code, such as the provisions in Law No. 24 of 2009 Article 25 paragraph (3) and Article 31 paragraph (1), which read:

Article 25 paragraph (3)

"Indonesian as the official language of the state as referred to in paragraph (1) functions as the official language of the state, the medium of education, national communication, national cultural development, commercial transactions and documentation, as well as a means of developing and utilizing science, technology, arts, and mass media language."

Article 31 paragraph (1)

*"Indonesian shall be used in memoranda of understanding or agreements involving state institutions, government agencies of the Republic of Indonesia, Indonesian private institutions, or individual Indonesian citizens."*²

Both articles require the use of Indonesian in an agreement, with the result that this agreement may render the contract invalid as evidence in legal proceedings in Indonesia, and the lawsuit may be dismissed due to a formal error.³ Therefore, when drafting an agreement or contract, especially an international business contract, it is

² Undang-Undang Nomor 24 Tahun 2009 tentang Bendera, Bahasa, dan Lambang Negara, serta Lagu Kebangsaan.

³ Dani Safangaturrohman Aziz, et all, "Peran penerjemah Resmi dalam Hukum Perdata Internasional", *Jurnal Ilmiah Multidisiplin*, 1(3), (2023), hlm. 91.

necessary to pay attention to the legal provisions outside the Civil Code regarding contract drafting, such as using Indonesian to avoid cases such as those experienced by PT Citra Abadi and MDS Investment Holding Ltd. Thus, to reduce the occurrence of injustice or legal unfairness, the role of an official contract translator is necessary.

Official contract translators are essential in cross-border law to avoid misunderstandings and legal uncertainty due to specific legal terminology that is influenced by the legal system and culture of the country of origin. Translation errors can lead to different interpretations and serious legal consequences. Therefore, the role of professional legal translators is crucial in handling the translation of official cross-border legal documents. Legal certainty is essential in contracts drawn up to resolve legal disputes that may arise in the execution of contracts, as it guarantees legal certainty in the business activities of the parties involved.⁴ Some of the roles of translators in the drafting of international business contracts from a legal perspective include:

1. Translate contracts into a language that all parties understand;
2. Ensure that contracts comply with applicable laws;
3. Prevent misunderstandings in contracts;
4. Increase legal certainty;
5. Avoid copyright infringement in contracts.

In international civil contract disputes, contract translation cannot be separated from the principle of choice of law, which gives the parties the freedom to determine the law governing their contract. The choice of law determines the legal system used in interpreting the contract clauses, including the language version that is legally binding. Therefore, the ambiguity or absence of an official translation of the contract has the potential to cause disputes over interpretation, which may affect the legal certainty of the parties.⁵

In addition to choice of law, the *locus regit actum* principle also plays an important role in the settlement of international contract disputes, particularly in assessing the formal validity of an agreement. This principle emphasizes that the applicable law is the law of the place where the legal act is performed, so that the obligation to use Indonesian and the existence of a contract translation become relevant when the contract is made or performed in Indonesia.⁶ In the context of the dispute between PT Citra Abadi Kota Persada and MDS Investment Holding Ltd, the application of this principle reinforces

⁴ Ramziati, et all, *Kontrak Bisnis: Dalam Dinamika Teori dan Praktis*, Lhokseumawe: UnimalPress, 2019, hlm. 43.

⁵ Saefullah, "Choice of Law Dalam Penyelesaian Sengketa Perjanjian Internasional", *Jurnal Binamulia Hukum*, 11(2), (2022), hlm. 124.

⁶ Aziz, *Op.Cit.*, hlm. 96.

the urgency of contract translation to ensure legal certainty and protection for parties based in Indonesia.

The objective of this study is to analyze the role of contract translation as an important instrument in ensuring legal certainty and preventing misunderstandings in international civil agreement disputes. Specifically, this study examines the relationship between the obligation to translate contracts and the application of the principles of choice of law and *locus regit actum* in the settlement of disputes between PT Citra Abadi Kota Persada and MDS Investment Holding Ltd. The results of this study are expected to provide an understanding that compliance with legal formalities, including the official translation of contracts, has the same status as the substantive validity of contracts. In addition, this study can be used as a benchmark for international business actors to understand the importance of drafting contracts with accurate translations in order to minimize the risk of disputes, and can be used as a reference in drafting international business contracts to comply with legal regulations, especially those related to the use of language in contracts.

RESEARCH METHODS

This study applies a normative legal method with a case study approach to the conflict between PT Citra Abadi Kota Persada and MDS Investment Holding Ltd. The type of research applied is a literature review with descriptive analytical characteristics. The data used comes from primary and secondary legal materials. Primary legal materials include the East Jakarta District Court Decision, the DKI Jakarta High Court Decision, and the Supreme Court of the Republic of Indonesia Decisions Number 135/PDT/2020/PT.DKI, Number 3635 K/Pdt/2021, and Number 783 PK/Pdt/2023, along with relevant laws and regulations such as the Civil Code, Law No. 24 of 2009 concerning the Flag, Language, and State Emblem, Law No. 2 of 2014 concerning Notary Positions, and Supreme Court Circular Letter No. 7 of 2012. Secondary legal sources include legal journals, books, scientific articles, and other academic writings related to the topic being studied. Data collection was carried out through document review and content analysis of various legal materials. For data analysis, qualitative techniques were used in a deductive approach to apply general legal principles to the specific cases of PT Citra Abadi Kota Persada and MDS Investment Holding Ltd, hereinafter referred to as PT CAKP and MDS.

DISCUSSION

The Role of Contract Translation in International Agreement Disputes

As a country that upholds the principle of the rule of law and is active in international legal affairs, Indonesia is often involved in agreements and contracts with international aspects. In the implementation of contracts at the international level, the use of foreign languages is an essential element, from drafting and implementation to the settlement of contract disputes. Differences in language and legal systems in various countries can lead to different interpretations of the contents of agreements, making contract translation very important to ensure legal certainty and protect the interests of the parties involved in international treaty disputes.⁷

In relation to cross-border contract practices, international contracts can be understood as agreements involving two or more countries, and such agreements can occur between countries, between countries and private entities, or between private entities. Meanwhile, Sudargo Gautama defines international contracts based on the presence of foreign elements within them. In theory, foreign elements that can be found in international contracts include:

- a. Different nationalities;
- b. Parties with different legal domiciles;
- c. The chosen law is foreign law;
- d. Contract execution outside the country of origin;
- e. Contract dispute resolution is carried out in another country;
- f. Contracts signed abroad;
- g. The object of the contract is located abroad;
- h. The language used in the contract is a foreign language;
- i. The use of foreign currency in the contract.⁸

There are two types of international contracts: written and verbal. The forms and contents of contracts vary widely and continue to evolve rapidly. Although the forms of contracts are becoming more diverse, official regulations have not kept pace with these developments. Contracts play a very significant role in the context of international business. The importance of this role is reflected in the increase in trade transactions that now cross national borders. These trade transactions are usually recorded in contract documents. Contract makers, both national and international, must pay attention to these documents before signing the contract, during the contract period, and after the

⁷ Langit Shyntanulloh Septi Songgo, et al, "The Validity of The Absence of An Indonesian Translation in International Business Contracts", *International Journal of Educational Research & Social Sciences*, 6(6), (2025), hlm. 579-580.

⁸ Samuel Hutabarat, "Harmonisasi Hukum Kontrak dan Dampaknya pada Hukum Kontrak Indonesia", *Jurnal Ilmu Hukum Veritas et Justitia*, 2(1), (2016), hlm. 113-114.

contract is agreed upon. Often, practice shows that both national and international contracts are written in a foreign language, even if only one of the parties involved has foreign elements. Indonesian national law regulates this through legislation, such as Law No. 24 of 2009 concerning the Flag, Language, State Emblem, and National Anthem. Therefore, the role of the government or dispute resolution institutions is needed to handle disputes between business actors bound by international contracts in this case, namely official translation because the contract must be drafted in Indonesian, so the position and role of sworn translators in international contracts becomes very important.⁹

Sworn contract translators play a strategic role in ensuring the accuracy and validity of legal document translations, particularly international contracts used in litigation and non-litigation processes. Sworn translators do not simply translate word for word, but are also required to have excellent language skills and in-depth knowledge of the legal systems in both the source and target countries. The official translations produced by sworn translators are essential as legally recognized evidence, supporting a fair and transparent dispute resolution process. Thus, the role of legal translators is not limited to language mediation, but also as guardians of the integrity of legal documents that form the basis for international dispute resolution.¹⁰

In the practice of agreements in Indonesia, business agreements drawn up as notarial documents must comply with the provisions stipulated in Law Number 2 of 2014 concerning the Notary Profession and Law Number 24 of 2009 concerning the Flag, Language, and National Emblem as well as the National Anthem, which emphasize that Indonesian must be used in the preparation of notarial deeds involving Indonesian citizens.¹¹ This provision underscores the importance of translating international contracts into Indonesian to ensure legal validity and certainty of understanding for the parties. It can be understood and implemented in accordance with the laws applicable in Indonesia.

In this case, the notary acts as the official who draws up authentic deeds and can facilitate the drafting of bilateral agreements between parties from Indonesia and abroad using Indonesian as the official language of the document, as well as ensuring the authenticity of the document.¹² This is in line with Article 43 paragraphs (3) and (4) of

⁹ Priyanto, *Loc. Cit.*

¹⁰ R. Diah Imaningrum Susanti, "Hak Cipta atas Terjemahan Dokumen Hukum", *Laporan Penelitian Fakultas Hukum, Unika Widya Karya Malam*, (2011), hlm. 8.

¹¹ Widi Nugrahaningsih, Marginingsih, "Kekuatan Hukum dari Perjanjian Bisnis dengan Akta Notaris antara Warga Negara Indonesia dan Warga Negara Asing", *Jurnal Seminar Nasional Riset Terapan Administrasi Bisnis & MICE IX*, 11(1), (2022), hlm. 379.

¹² Michael Frederijk Tampubolon, "Peran Notaris Dalam Rangka Memperkuat Akta Perjanjian Kerjasama Internasional Konservasi Orangutan di Kalimantan", *Jurnal Indonesian Notary Universitas Indonesia*, 6(3), (2024), hlm. 131.

the Notary Positions, which provides the opportunity to draft deeds in a foreign language if all parties agree, with the condition that the notary must translate the deed back into Indonesian. However, if the notary is unable to translate the deed themselves, it must be translated by an official translator with the authority as stipulated in Article 43 paragraph (5) of the Notary Positions. This provision is intended to ensure that every legal document remains easy to understand and has legal force in Indonesia by providing an official translation in the language of the country.¹³

The significance of notarial deeds in the context of international contracts lies in their ability to strengthen agreements so that they have solid evidentiary value and are legally binding in Indonesia. Notarial deeds are authentic documents signed by trained public officials and have perfect evidentiary value, which is very useful in resolving legal disputes in the event of a breach of contract. Notaries are also authorized to perform *waarmerking*, which is the informal recording of deeds.¹⁴ In addition, the legalization of notarial deeds that follow official language and translation standards is also very important to provide effective legal force and facilitate their recognition both domestically and abroad. This is particularly relevant in resolving international disputes, where language ambiguities or inconsistencies with Indonesian legal norms can complicate disputes or cause documents to be deemed invalid by Indonesian courts.

The dispute between PT CAKP and MDS is a clear illustration of how negligence in fulfilling formal requirements, namely the use of an official translator, can have serious consequences, even if the substance has a strong legal basis. This case stems from a dispute over a Term Sheet agreement written on June 3, 2014, entirely in English, concerning the sale and purchase of PT Perdana Gapuraprima Tbk shares in two stages. When the dispute arose and was brought to court, PT CAKP, as the plaintiff, relied on an unofficial translation of the Term Sheet, instead of using a translation prepared by a sworn official translator.

In the initial stage, the East Jakarta District Court granted the compensation requested by MDS. However, this decision was overturned on appeal on the strong grounds that PT CAKP used an unofficial translation of the English Term Sheet, rather than an official translation by a sworn translator as stipulated by Supreme Court Circular Letter No. 7 of 2012 and Article 31 of Law No. 24 of 2009 concerning the Flag, Language, and National Emblem.

The court ruled that the use of an unofficial translation rendered the complaint unclear and obscure. The judge found significant differences in meaning between

¹³ Aprianti Rita Wulandari, "Kewajiban Penggunaan Bahasa Indonesia dalam Akta Notaris berdasarkan Studi Kasus Amar Putusan Pengadilan Negeri Jakarta Barat Nomor 451/PDT.G/2013/PN/JKT.BRT", *Jurnal Ilmiah Nusantara*, 1(5), (2024), hlm. 171.

¹⁴ Tampubolon, *Op. Cit.*, hlm. 134.

the plaintiff's free translation and the official translation submitted as evidence. This can be seen in:

Unofficial Translation PT CAKP: "MDS purchased shares. . ." (indicating a definite and completed obligation).

Official Translation: "MDS will purchase shares. . ." (indicating a future obligation that is still uncertain).

The difference between the terms "purchasing" and "will purchase" is also considered to have very different legal implications.¹⁵ Between the terms "purchasing" and "will purchase" in the context of PT CAKP and MDS, it is not just a variation in meaning, but also a fundamental legal error related to the doctrine of certainty of terms in contract law. The expression "will purchase" reflects a future and uncertain obligation, while "purchasing" indicates an obligation that is already in effect and enforceable. This discrepancy creates legal uncertainty that directly contradicts the principle of legal certainty contained in Article 1338 of the Civil Code.

The legal implications of this matter are definitive and irrevocable. The Jakarta High Court declared PT CAKP lawsuit inadmissible (*niet ontvankelijk verklaard*) on the grounds that the claim was deemed *obscuur libel*.¹⁶ This decision was later upheld by the Supreme Court at the Review stage, indicating that violations in this procedure resulted in the termination of the case without considering the substance of the dispute. As a result, both PT CAKP main lawsuit and MDS action for damages were declared void, and the five-year legal process (2018-2023) ended without any substantive resolution. Therefore, this situation clearly illustrates that ignoring the requirement for an official translator is not merely a minor procedural error, but a fundamental flaw that can undermine the entire legal process.¹⁷

The connection between contract translation and the principles of choice of law and *locus regit actum* is based on the fundamental difference between substantive law and procedural law. The principle of choice of law gives the parties the freedom to determine the substantive law that will govern the content of the contract, but they remain bound by the formal obligations of procedural law at the location of dispute resolution. This is where the *locus regit actum* principle is very important because it determines that all litigation procedures, including the obligation to use an official translator for documents written in a foreign language, must follow the law of the place where the trial is held. Therefore, even though the parties in the PT CAKP and MDS case chose Indonesian law as the substantive law, non-compliance with Indonesian

¹⁵ Putusan Mahkamah Agung Nomor: 135/PDT/2020/PT.DKI.

¹⁶ Putusan Mahkamah Agung Nomor: 3635 K/Pdt/2021.

¹⁷ Putusan Mahkamah Agung Nomor: 783 PK/Pdt/2023.

procedural law (the obligation to translate officially) could have serious consequences for their claims.

The Influence of the Choice of Law Principle and the Locus Regit Actum Principle on the Jurisdiction of Indonesian Courts

In international contracts, the choice of law principle is a legal mechanism that allows parties to determine which law will be applied in resolving conflicts in a legal relationship, which in this case is a business contract between countries. This freedom includes determining the legal authority that is considered most beneficial to the parties and provides strong legal certainty because the legal consequences of the contract have been agreed upon by the parties from the outset.¹⁸ Thus, with the right choice of law, the parties can anticipate the legal consequences of their actions and make agreements more effectively.¹⁹

Choice of law clauses are often included in international trade agreements because they play a role in determining the applicable law (*lex causae*), providing legal certainty, and facilitating dispute resolution.²⁰ Schmitthof even argues that agreements that do not include a choice of law clause can be considered defective contracts, as they can cause confusion in the event of a legal conflict in the future.²¹

However, the application of the choice of law principle is not without obstacles, especially when contracts involve differences in legal systems and judicial procedures between countries. Differences between common law and civil law systems, as well as variations in the recognition and enforcement of foreign judgments, often hinder the effectiveness of the choice of law agreed upon by the parties.²² This situation shows that the freedom to choose substantive law is not always in line with the procedural power of national courts, thus opening up opportunities for the application of other principles, such as *locus regit actum*, in determining the applicability of procedural law in dispute resolution forums.²³

¹⁸ Made Ariyuda, "Pentingnya Klausul Choice of Law dalam Kontrak Bisnis Internasional", *Jurnal Locus Delicti*, 4(2), (2023), hlm. 5.

¹⁹ Milthon Herman Laturette, Tri Budiyo, "Asas Keadilan Berkontrak Jual Beli Internasional dalam Kasus Sengketa Marina Bay", *Jurnal Ilmu Hukum ALETHEA*, 5(1), (2021), hlm. 3.

²⁰ Ronald Fadly Sopamena, "Choice of Law in International Business Contracts", *BALOBEL Law Journal*, 2(2), (2022), hlm. 4.

²¹ Nina Vernia Margaretha, et al, "Penerapan Klausula Pilihan Hukum (Choice of Law) dan Pilihan Forum (Choice of Forum) dalam Penyelesaian Sengketa Kontrak Internasional", *Diponegoro Law Journal*, 12(3), (2023), hlm. 4.

²² Dwi Anindya Harimurti, et al, "Penerapan Klausula Pilihan Hukum dan Pilihan Forum dalam Penyelesaian Sengketa Kontrak Internasional", *Jurnal Kolaboratif Sains*, 8(3), (2025), hlm. 1425.

²³ Geofani Lingga Meryadinata, et al, "Choice of Law in International Contracts Based on the Hague Principles 2015: Indonesian Positive Law Perspective", *JUSTISI*, 11(2), (2025), hlm. 641-642.

In Indonesia, current regulations on international civil law still use Dutch heritage, namely Article 18 paragraph (1) of the *Algemene Bepalingen van Wetgeving voor Nederlands Indie* (AB) Staatsblad 1847 No. 23 of 1847, which reads:

"De vorm van elke handeling wordt beoordeeld naar de wetten van het land of de plaats, alwaar die handeling is verricht."

That the form of every legal action is assessed according to the laws of the country and the place where the action is carried out (*locus regit actum*).²⁴

The *locus regit actum* principle is a principle that determines the applicability of law in a contract depending on where the contract was made. The application of this principle can affect the dispute resolution process, including determining which jurisdiction has the authority to resolve disputes between countries, so that the court where the contract was made has the authority to assess the formal validity of the contract.²⁵

In international civil law, the principle of *locus regit actum* has a derivative, namely the principle of *lex loci actus*, which in Indonesian law can be interpreted as the form, formality, and validity of a legal action being determined by the place where the legal action was carried out. Thus, questions regarding whether a legal action is valid or invalid, whether the formalities of a legal action have been fulfilled, the legal consequences of a particular legal action, and the use of language and the validity of evidence in court are all determined based on the law of the place where the action occurred.

Therefore, the principle of choice of law and the principle of *locus regit actum* are complementary. The principle of choice of law as substantive law governs the content of a contract in accordance with the agreement of the parties, while the principle of *locus regit actum* determines the procedural law and formalities that must be complied with by the parties in the dispute resolution forum. Both collaborate to provide legal certainty and justice in resolving disputes between jurisdictions.²⁶

This is evident in Decisions Number 135/PDT/2020/PT.DKI, Number 3635 K/Pdt/2021, and Number 783 PK/Pdt/2023 involving PT CAKP and MDS. The parties agreed to be subject to Indonesian law and signed a contract written in English and legalized by a notary public. Based on the contract, any disputes arising shall be settled under Indonesian law, in other words, the court with jurisdiction to hear the breach of

²⁴ Naskah Akademik RUU tentang Hukum Perdata Internasional, Badan Pembinaan Hukum Nasional Kementerian Hukum dan Hak Asasi Manusia, hal. 4.

²⁵ Aziz, *Loc. Cit.*

²⁶ Rizky Amalia dan Fairuz Zahirah Zihni Hamdan, "The Limitation in Choice of Law and Choice of Forum Within International Business Contract", *International Journal of Social Science Research and Review*, 6(3), (2023), hlm. 147.

contract lawsuit filed by PT CAKP against MDS is the East Jakarta District Court. This case was then reviewed at the first level up to the appeal, cassation, and review stages.

In the case involving PT CAKP and MDS, the court held that the Term Sheet, which formed the basis of the dispute, did not contain a choice of law clause that explicitly specified the substantive law to be applied. The absence of this clause resulted in the application of Indonesian law as the law most relevant to the contract, based on the domicile of the parties, the subject matter of the agreement, and the agreed dispute resolution forum. Therefore, even though the Term Sheet was written in English and contained international elements, Indonesian law still applied as *lex causae* in assessing the rights and obligations of the parties involved. This situation shows that the freedom of the parties to determine the applicable law through the principle of choice of law is not entirely absolute, but is bound by certain limitations when the clause is not expressly stated in the contract.²⁷

After substantive law has been determined based on the principle of choice of law, the next determining factor in dispute resolution is the applicable procedural law, which in this context is bound by the principle of *locus regit actum*. Since the breach of contract case between PT CAKP and MDS was filed and examined in Indonesian jurisdiction, all stages of the proceedings, including the procedure for filing a lawsuit and the evidence process, must follow Indonesian procedural law. The application of the *locus regit actum* principle in this situation confirms that even though the contract is written in English and has international elements, the legal formalities applied in the trial are still determined by the law of the forum, namely Indonesian law. As a result, any contract document in a foreign language submitted as evidence must meet the formal requirements in accordance with Indonesian procedural law, including the obligation to be accompanied by an official translation from a sworn translator as stipulated in Law Number 24 of 2009 and Supreme Court Circular Letter Number 7 of 2012.

The application of the principles of choice of law and *locus regit actum* to this case provides a clear separation between substantive law and procedural law in the jurisdiction of Indonesian courts. From the perspective of the principle of choice of law, Indonesian law functions as substantive law that determines the rights and obligations of the parties to a contract. However, in the dispute resolution process in Indonesia, all court procedures and evidence must comply with Indonesian procedural law based on the *locus regit actum* principle. This separation has implications that even though the substance of the contract is assessed based on Indonesian law, the examination of the

²⁷ Mahkamah Agung Republik Indonesia, *Pendekatan Hukum Perdata Internasional dalam Penyelesaian Sengketa Kontrak Komersial Internasional Berbahasa Asing*, (2021), <https://www.mahkamahagung.go.id/id/artikel/4641/pentingnya-terjemahan-resmi-dalam-pembuktian-perkara-perdata> (01 Oktober, 2025).

main case can only be carried out if all formal requirements for evidence have been met first.

In the case of PT CAKP and MDS, the court found that the absence of an official translation of the contract document into English did not meet the formal requirements for evidence as stipulated in Indonesian procedural law. As a result, the lawsuit was declared inadmissible (*niet ontvankelijk verklaard/NO*) without having to assess the validity of the breach of contract argument submitted by PT CAKP. This mechanism shows that compliance with procedural formalities is an absolute requirement before the court can assess the merits of an international contract dispute, so that the combination of the choice of law principle and the *locus regit actum* principle directly influences the determination of the jurisdiction of the East Jakarta District Court as the competent forum to examine and decide the case in question.²⁸

The case between PT CAKP and MDS ultimately has important legal implications for understanding the limits of the parties' autonomy in international contracts. The freedom to determine substantive law through the principle of choice of law cannot be separated from the obligation to comply with the procedural law applicable in the dispute resolution forum. In this context, the procedural authority of Indonesian courts remains the main framework that binds all parties involved in litigation within Indonesian territory, regardless of the presence of foreign elements in the contract. In addition, this case also illustrates that the fulfillment of formalities, particularly the obligation to use official translations of foreign-language documents, is an integral part of the evidentiary process that cannot be ignored. Thus, the decision shows that in international contract disputes, formal validity before the court is as important as the material validity of the contract, and places the translation of documents not merely as an administrative aspect, but as an important mechanism in ensuring legal certainty and procedural order.²⁹

CONCLUSION

Based on the review of the conflict between PT Citra Abadi Kota Persada and MDS Investment Holding Ltd, it can be concluded that the existence of an official and accurate translation of the contract is a very important procedural requirement in making agreements and resolving international agreement disputes in Indonesia. Non-compliance with the obligation to use a certified translator, as stipulated in Law No. 24 of 2009 and Supreme Court Circular Letter No. 7 of 2012, will have a negative impact on

²⁸ Aziz, *Op. Cit.*, hlm. 97-98.

²⁹ Muhammad Fariq Heemal Attruk et al, "A Critical Review of Foreign Language Interpreter Practices in Indonesian Courts", *International Journal of Sustainable Law*, 2(1), (2025), hlm. 20-21.

the validity of claims even if they have a strong legal basis in substance, as seen in this case where the lawsuit was declared inadmissible (niet ontvankelijke verklaard) due to formal defects, which in judicial practice are classified as obscuur libel.

The principles of choice of law and locus regit actum form a comprehensive legal framework in which the freedom of the parties to determine the applicable law cannot override the obligation to follow the legal procedures of the forum. This case demonstrates the power of the procedural sovereignty of Indonesian courts through the application of the locus regit actum principle, which requires compliance with legal formalities in Indonesia, including the obligation to provide official translations.

Finally, this study reinforces that in international contracts involving parties from Indonesia, formal validity before the law has an equal position to substantive validity. Legal certainty can only be achieved when there is harmony between compliance with the chosen substantive law (choice of law) and compliance with the procedural law where the dispute is resolved (locus regit actum).

Based on the results of this study, it is recommended that international businesses always supplement their contracts with official translations that have been legalized in accordance with the applicable laws in Indonesia. This preventive measure not only reduces the risk of misinterpretation but also ensures that the formal requirements for evidence in Indonesian courts are met.

For legal practitioners, there is a need for comprehensive education on the impact of the locus regit actum principle in the drafting of international contracts. A thorough understanding of the hierarchy between substantive law and procedural law will help the parties reduce procedural risks that could lead to the loss of rights in court.

The Supreme Court and related institutions are advised to develop clear technical guidelines on official translation standards in international contract disputes. Regulatory harmonization and effective dissemination will create legal certainty and prevent similar disputes from recurring in the future.

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