

Legal Protection for Winners of Land Rights Auctions That Are the Object of Dispute in Court Cases

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Abstract. *This study aims to analyze: 1) Legal implications for the implementation of land rights auctions that are still the object of dispute in cases in court. 2) Legal protection for winners of land rights auctions that are the object of dispute in cases in court. The approach method used in this study is a qualitative approach. This type of research is empirical research. The types and sources of data in this study are primary data obtained through interviews and secondary data obtained from literature studies. The analysis in this study is prescriptive. The results of the study concluded: 1) Legal implications for the implementation of land rights auctions that are still the object of dispute in cases in court can include several complex aspects, namely legal uncertainty of land rights, difficulty in obtaining absolute ownership, potential financial losses, obligations to resolve potential further disputes, and the influence of court decisions. Court decisions related to auction results will greatly affect the legal certainty of auction winners, because the filing of lawsuits by other parties after the auction affects the validity of the ownership rights obtained. If the court provides clear certainty regarding land ownership to the auction winner, this will strengthen its legal certainty. However, if there is still uncertainty or disputes regarding ownership, legal certainty can continue to be questioned. 2) Legal protection for the winner of the auction of land rights that are the object of dispute in a case in court, namely: If another party files a lawsuit against the auction object, then the court decides that the auction is legally valid, then in this case the auction winner's rights to the auction object already have permanent legal force and can no longer be challenged by any party. If there is a lawsuit and then the court decides that the auction is void because there is an element of an unlawful act, then the legal protection obtained by the auction winner is to be able to claim back the purchase money for the auction object that has been paid.*

Keywords: Auction; Protection; Winner.

1. Introduction

The Republic of Indonesia is a country of law, the affirmation of this constitutional provision means that all aspects of life in society, state and government must always be based on law. To realize a country of law, one of the legal instruments needed is to regulate balance and justice in all areas of life and people's livelihood through laws and regulations without ignoring the function of jurisprudence. This shows that laws and regulations have an important role in the Indonesian state of law.¹

Transfer of land rights carried out at the Land Office is one form of land registration data maintenance activity, and occurs due to legal events that cause changes in data, both legal and physical data. Transfers that occur due to changes in legal data, for example due to buying and selling, exchanging, grants, donations, inheritance, auctions, and so on.²

An auction or public sale is a sale of goods carried out in front of a large audience where the prices of the goods offered to buyers increase at all times.³ Legally, the definition of an auction can be found in the provisions of Article 1 number 17 of Law Number 19 of 1997 concerning Tax Collection by Distress Warrant as amended by Law Number 19 of 2000, which states that an auction is any sale of goods in public by means of an oral or written price offer through an effort to gather interested parties or prospective buyers. The definition of an auction can also be found in the provisions of Article 1 number 1 of the Regulation of the Minister of Finance Number 213/PMK.06/2020 concerning Auction Implementation Guidelines (hereinafter referred to as PMK concerning Auction Implementation Guidelines), which states: An auction is a sale of goods that is open to the public with a written and/or oral price offer that increases or decreases to reach the highest price, which is preceded by an Auction Announcement.

The types of auctions that are broadly grouped based on their categories are execution auctions, non-execution auctions, conventional auctions and online auctions.⁴ The auction of an item that is used as collateral due to default by the debtor is included in the execution auction based on Article 6 of the Mortgage Rights Law (UUHT) which explains that the auction of land and/or building rights owned by the debtor/collateral owner that is used as collateral for bank debt (creditor) which is bound by mortgage rights because the debtor is in default or has

¹Catur Budi Dianawati, and Amin Purnawan, 2017, Legal Study of Mortgage Guarantee Auctioned Without an Execution Auction Application Process to the Head of the District Court, *Jurnal Akta*, Volume 4, Number 2, p. 125

²Kurnia Martini, 2016, Legal Status of Transfer of Land Rights Obtained from Auction Based on State Priority Rights, *Fiat Justisia Journal of Law*, Volume 10 Issue 3, p.509

³Salim HS, 2011, Development of Guarantee Law in Indonesia, *Rajawali Pers*, Jakarta, p.239

⁴Ilham Syahputra Prabandaru, 2018, "Implementation of Confiscated Goods Auction Based on a Final Legal Decision (Study at the Kediri City District Attorney's Office)", *Journal Diversi*, Volume 4, Number 1, p.1

defaulted.⁵The execution auction method based on Law Number 4 of 1996 concerning Mortgage Rights on Land and Objects Related to Land, and Law Number 42 of 1999 concerning Fiduciary Guarantees is through parate execution.⁶

This mortgage right is a guarantee right imposed on the debtor's land rights to pay off debts to creditors.⁷UUHT also provides the right for Creditors to sell the object of the Mortgage Right under their own authority through a public auction and to take payment of their receivables from the proceeds of the sale to the debtor who has defaulted, known as the Mortgage Right Execution Auction. To prevent the debtor's rights from being violated, creditors cannot immediately auction the object of the Mortgage Right but are regulated through the Regulation of the Minister of Finance Number 213/PMK.06/2020 concerning the Auction Implementation Guidelines.⁸As a means of selling goods openly, the auction institution has two functions, namely private and public functions. The private function of the auction institution is a forum for the market for buying and selling goods by the community, while the public function of the auction institution is a means of law enforcement and management of state assets.⁹

One of the main problems related to land auctions is legal protection for auction winners, especially when the land they acquire later becomes the object of a dispute in court. As in the case of decision Number 120/Pdt/2022/PT SMG where an Auction Winner was also sued because he won the auction for a plot of land SHM Number 00863/Sapugarut. Land obtained through auction when it becomes the object of a dispute in court, legal protection for auction winners becomes very important. Auction winners must understand their rights, applicable legal procedures, and how to resolve the dispute. In addition, it is necessary to consider how the legal system can provide fair and effective protection for auction winners in dealing with disputes that arise.

2. Research Methods

This type of research is empirical research. The approach method used in this study is to use a qualitative approach. The types and sources of data in this study are primary data obtained through interviews and secondary data obtained from literature studies. The analysis in this study is prescriptive.

⁵Yudha Cahya Kumala, 2020, Indonesian Auction (all about auctions and their implementation in Indonesia), Yogyakarta, CV Budi Utama, p. 14.

⁶Michael Willy, et al., 2020, "Resolution of Bad Credit Disputes Through the Implementation of Debtor Asset Auctions by PT. Bank Artha Graha Internasional Tbk Medan". in DE LEGA LATA: Journal of Legal Studies, Volume 5 Number 2, pp. 218-219.

⁷Begiyama Fahmi Zaki, 2016, Legal Certainty in Online Auction of Mortgage Objects, Fiat Justitia, Volume 10 Number 2, p. 371

⁸Eugema Liliawati Mulyono, 2003, Legal Review of Law Number 4 of 1996 concerning Mortgage Rights in Relation to the Provision of Credit by Banks, Harvarindo, Jakarta, p. 26.

⁹Rachmadi Usman, 2016, Auction Law, Sinar Grafika Offset, Jakarta, p. 27

3. Results and Discussion

3.1. Legal Implications for the Implementation of Land Rights Auctions That Are Still the Object of Dispute in Court Cases

In line with the development of the nation, now land is an important commodity for human life, land ownership is very important to advance the dignity of citizens. The need for land is increasingly important for humans both in its function as a means of seeking a living, namely as a supporter of livelihoods in various fields such as agriculture, about the existence of plantation land, livestock, fisheries, industry, tourism, and as a place to live with the establishment of housing as a place to live.¹⁰

Auction is a form of buying and selling event that is packaged in a different way. Buying and selling is an agreement whereby one party binds himself to hand over ownership of an object and the other party to pay the promised price. The definition of buying and selling according to Article 1457 of the Civil Code (KUH Perdata) is an agreement whereby one party binds himself to hand over an object, and the other party to pay the promised price. The definition above represents several elements contained in buying and selling, namely an agreement, the handover of goods, and the other party paying the promised price.

The implementation of the auction of land rights that are still the object of dispute certainly has an impact on the auction winner. As in the case of decision Number 120 / Pdt / 2022 / PT SMG where an Auction Winner was also sued because he won the auction of a plot of land SHM Number 00863 / Sapugarut This land became the object of dispute because previously this land belonged to AM (Plaintiff). AM owed HW, because it had exceeded 3 months, HW then without AM's knowledge and permission transferred the name of the Certificate from AM's name to HW and pledged it to PT. Bank Rakyat Indonesia (Persero) Tbk. Salatiga Branch Office. AM felt that HW had misused the power of attorney because suddenly the National Land Agency (BPN) had issued the certificate in the name of AP (Auction Winner). Because AM felt aggrieved by the execution of the land building SHM Number 00863, AP (Auction Winner) also became a defendant in the AM vs. HW case in Court.

In principle, the auction can be postponed or canceled. Postponement and cancellation must be by court decision/determination or at the request of the sale. Postponement and or cancellation postponed by the seller must be submitted in writing to the Head of the Auction Office and a period of no later than 3 working days before the auction date, but which is not permitted for postponement and

¹⁰M. Edwin Azhari, Ali Murtadho, Djauhari, Notary's Responsibility in Making Nominee Deeds of Agreement in Relation to Land Ownership by Foreign Citizens in Lombok, *Jurnal Akta*, Vol 5 No 1 January 2018, p. 43

cancellation of auctions that have been carried out in accordance with applicable provisions.¹¹

Based on the description above, the auction that has been carried out in accordance with the existing provisions cannot be canceled again, with that, other parties who are dissatisfied with the auction can only vent their dissatisfaction by suing the parties who have carried out the auction. In this case, the auction winner as a party who has acted in good faith as evidenced by carrying out his obligations as the auction winner, namely paying money according to the agreed auction should have been able to receive benefits from the auction object he won, not a lawsuit from another party.

Practices that occur in the field such as in the case of decision Number 120/Pdt/2022/PT SMG, after the auction winner has completed his obligations in the form of payment of fees for the auction object, he still cannot enjoy or utilize the auction object for his interests, this is due to lawsuits from the parties that make the auction object change into an object of dispute. In the event that after the auction object land is re-registered in the name of the auction winner there is a lawsuit from another party who feels that his rights have been violated, then the auction winner already has strong evidence of his ownership of the land.

The legal implications for the implementation of auctions of land rights that are still the object of dispute in court cases can include several complex aspects:

1. Legal Uncertainty

The implementation of an auction on land that is still in dispute will cause legal uncertainty even though the auction winner, the ownership status of the land may remain uncertain. Objections from other parties claiming rights to the land can disrupt the ownership rights obtained from the auction.

2. Difficulty in Obtaining Absolute Ownership

The auction winner faces difficulties in obtaining absolute ownership of the land while the dispute is ongoing. The lengthy and complex legal process can prevent the auction winner from fully enjoying the benefits of land ownership.

3. Potential Financial Loss

Legal uncertainty and ongoing dispute processes can cause financial losses for the auction winner. Legal fees, additional payments, or even loss of investment can be at risk in this situation.

4. Obligation to Resolve Disputes

¹¹Padian Adi, 2020, Legal Consequences of Auction of Collateral Objects by Creditors Without Warning to Customers by Perum Pegadaian, Journal of Legal Studies, Vol.1 No.1. p. 26.

The winning bidder may be required to engage in ongoing dispute resolution regarding the land they purchased. This may result in additional costs and time required to resolve the dispute.

5. Potential for Further Disputes

Despite being the auction winner, the party is still potentially involved in further disputes regarding the ownership of the land it acquired. Other parties claiming ownership or parties involved in previous disputes may file a lawsuit against the validity of the ownership rights obtained through auction.

6. Impact of Court Decisions

The court decision regarding the auction results will affect the legal status of ownership obtained by the auction winner. If the court ratifies the auction, then the ownership status will be legally recognized. The court can issue a decision regarding the validity or otherwise of the auction conducted for the land rights that are in dispute. This decision will affect the legal status of the auction results.

The judge's decision in this case states that the auction is a valid legal act, among others by stating that the sale of the auction execution of the disputed object is valid according to applicable law, stating that the copy of the auction minutes is valid, determining that the ownership of the auction buyer is valid. The implication of the decision declaring the auction valid, for the auction buyer is a legal protection for the rights of the auction buyer, does not result in any changes to the rights of the auction buyer to the auction object purchased through the auction. The auction buyer obtains protection and legal certainty. The court's decision regarding the auction results will greatly affect the legal certainty of the auction winner. If the court decides that the auction is valid and the results are recognized, then the auction winner will have a stronger legal basis to maintain ownership of the land.

auction winner in maintaining ownership rights to the land.

3.2. Protection Law for Winners of Land Rights Auctions That Are the Object of Dispute in Court Cases

The Republic of Indonesia is a state based on law based on Pancasila and the 1945 Constitution (UUD) which upholds human rights and guarantees that all citizens have equal status before the law and government and are obliged to uphold the law and government without exception.¹²Protection is the provision of guarantees of

¹²Padian Adi. 2019, Conditions of Objectivity and Subjectivity of Suspension of Detention, DE LEGA LATA: Journal of Legal Science Vol.4 No.2. page 176.

security, peace, welfare and peace from protection against all dangers that threaten the protected party.¹³

Legal protection is given when there is a violation or action that is contrary to the law carried out by the government, both the actions of the authorities that violate the law and the community that must be considered. The meaning of the word legal protection is an effort to provide protected rights in accordance with the obligations that must be carried out.¹⁴

The guarantee of fair legal protection from the State is the right of every citizen. In this case, according to the meta theory of law, "every citizen who has good intentions and has fulfilled his/her obligations to the state, then he/she may demand the right to legal protection from the State as a form of counter-performance of the value of justice. Legal certainty here includes certainty of objects, certainty of rights, and certainty of subjects in order to obtain and/or provide legal certainty of land ownership.¹⁵

Legal protection for auction winners becomes very important when land obtained through auction becomes the object of a dispute in court. As in the case of decision Number 120/Pdt/2022/PT SMG where an Auction Winner was also sued because he won the auction of a plot of land SHM Number 00863/Sapugarut. In the event of a lawsuit filed by another party against the rights to land won through auction, the auction winner will receive legal protection in the form of:

1. If another party files a lawsuit against the auction object, then the court decides that the auction is legally valid, then in this case the auction winner's rights to the auction object already have permanent legal force and can no longer be challenged by any party.
2. If there is a lawsuit and the court decides that the auction is void because there is an element of an unlawful act, then the legal protection that the auction winner will receive is that they can claim back the purchase price for the auction object that they have paid for.
3. Based on the decision of the Supreme Court of the Republic of Indonesia Number 821K/Sip/1974, it states: "A buyer who purchases an item through a public auction by a state auction office is a buyer in good faith and must be protected by law". The jurisprudence confirms that auction buyers in good faith must be protected to provide legal certainty as well as justice for auction buyers.

¹³Harisman, 2020, Legal Protection for Teachers in Carrying Out Educational and Teaching Duties. DE LEGA LATA: Journal of Legal Science. Vol.5 No.1. p. 88.

¹⁴Muhammad Yusrizal, 2017, Legal Protection of Land Rights Holders in Land Acquisition for Public Interest. DE LEGA LATA: Journal of Legal Science, Vol.2 No.1., page 128.

¹⁵Faisal, 2018, Legal Consequences of the Absence of a Deed of Waqf Pledge for Land Endowment, DE LEGA LATA: Journal of Legal Studies, Vol.3 No.3, p. 147.

4. Based on the regulation of the Minister of Finance No. 293/KMK.09/1993, which explains that legal protection for buyers in good faith is that they can claim back their rights in the form of purchase money and costs that have been incurred as auction buyers for the guarantees that are submitted separately to the authorized agency.

5. Based on Article 25 of the Regulation of the Minister of Finance No. 213/PMK.06/2020 which states: "Auctions that have been carried out in accordance with the provisions of laws and regulations cannot be canceled". So this provides legal certainty for the auction winner for the auction object they won.

Based on the theory of legal protection, preventive legal protection for auction winners is a form of protection given to auction winners before a dispute occurs regarding the auction object. *Vendu Reglement* provides preventive legal protection for auction winners regarding the transfer of rights to auction objects. This is in accordance with the provisions in Article 42 of *Vendu Reglement*, that auction winners are entitled to obtain an excerpt of the auction minutes as a deed of sale and purchase of auction objects.

Preventive legal protection for auction winners is also contained in the auction minutes, which are minutes of the auction implementation made by the auction official as an authentic deed and has perfect evidentiary power. Winners of execution auctions, in addition to preventive legal protection, also receive repressive protection. Repressive protection, according to Hadjon, is an effort to obtain legal protection carried out through the judicial body.

The government has provided legal protection to good faith auction buyers who participate in auctions in accordance with applicable provisions, namely those expressly regulated in Article 4 of the Regulation of the Minister of Finance Number 27/PMK.06/2016 concerning Auction Implementation Guidelines, which emphasizes that auctions that have been carried out in accordance with applicable provisions cannot be canceled. From this formulation, it has reflected the principle of legal certainty for auction winners.

This is also emphasized by Yahya Harahap, that the law enforced by law enforcement agencies with the task to do so, must guarantee legal certainty for the sake of upholding order and justice in the life of society. Legal uncertainty will cause chaos in the life of society, and will do as they please and act as if they were taking the law into their own hands. The Decision of the Supreme Court of the Republic of Indonesia Reg. Number 821K/Sip/1974, which states that buyers who buy goods through a public auction by the State Auction Office are buyers in good faith and must be protected by law. This jurisprudence confirms that auction buyers in good faith must be protected to provide legal certainty as well as justice for auction buyers.

Through Article 4 of the Regulation of the Minister of Finance Number 27/PMK.06/2016 concerning Auction Implementation Guidelines, the State in this case KPKNL has provided legal protection for auction buyers who act in good faith,

the judicial institution through the Decision of the Supreme Court of the Republic of Indonesia Reg. Number 821K/Sip/1974, also confirms legal protection for auction buyers who act in good faith, so that the certainty of the rights of auction buyers is certain and guaranteed by law.¹⁶

Theoretically, a buyer from a winning auction who acts in good faith will be protected by law based on his/her position of authority who acts in good faith based on the articles in the Civil Code mentioned above. However, in relation to the buyer from the winning auction, especially in the case of an ownership dispute that begins with the *uitvoerbaar bij voorraad* decision that initiated the implementation of the execution auction sale, there are other forms of protection.

So for the auction winner as a good faith buyer in the event of a re-execution of the object of the case, the legal protection efforts that can be made are through the obligation to file a lawsuit first, where the object that has been owned by the auction winner cannot be executed directly by the winner of the decision but must go through a lawsuit process first as a means for the auction winner who is a good faith buyer to protect his rights. Another legal protection effort is to file an objection to the execution decision, where the auction winner as a good faith buyer can file an objection to the execution decision on the basis of his ownership as the auction winner. In addition to the forms of protection mentioned above, there are also other forms of protection, namely through a request for legal protection..

4. Conclusion

Legal protection for the winner of the auction of land rights that are the object of dispute in court cases is in the form of: a) If another party files a lawsuit against the auction object, then the court decides that the auction is legally valid, then in this case the auction winner's rights to the auction object already have permanent legal force and can no longer be challenged by any party. b) If there is a lawsuit and the court decides that the auction is canceled because there is an element of an unlawful act, then the legal protection obtained by the auction winner is to be able to claim back the purchase price for the auction object that has been paid. Preventive legal protection for auction winners is also contained in the auction minutes, which are minutes of the auction implementation made by the auction official as an authentic deed and have perfect evidentiary force. The government has provided legal protection to auction buyers in good faith who participate in the auction in accordance with applicable provisions, namely those expressly regulated in Article 4 of the Regulation of the Minister of Finance Number 27/PMK.06/2016 concerning Auction Implementation Guidelines, which emphasizes that auctions that have been carried out in accordance with applicable provisions cannot be canceled. From this formulation, it has reflected the principle of legal certainty for auction winners.

¹⁶<https://www.djkn.kemenkeu.go.id/kpknl-gorontalo/baca-article/13352/Perlindungan-Hukum-Terhadap-Pembeli-Lelang-yang-Beritikad-Baik.html>

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Regulation of the Minister of Finance Number 213/PMK.06/2020 concerning Auction Implementation Guidelines.