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Legal Protection of Buyers in Corporate Acquisitions Through Notarial Legal Due Diligence

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Abstract

This research aims to normatively examine the position of Notaries in conducting Legal Due Diligence (LDD) within corporate acquisition transactions, as well as the legal protection afforded to buyers under the Law on Notary Positions (UUJN) and the Law on Limited Liability Companies (UUPT). The research method employed is normative legal research, utilizing both statutory and conceptual approaches. The results conclude that Notaries hold a strategic position as guarantors of legal certainty in corporate transactions, where the obligation to perform LDD manifests the principle of due diligence as mandated by Article 16 of the UUJN. Legal protection for buyers is preventive in nature, positioning the Notary as responsible for ensuring the material validity of the object of the acquisition before it is finalized in an authentic deed. Any failure by the Notary to perform the verification function in accordance with statutory standards may cause losses to good-faith buyers. Based on the Utility Theory, Notarial compliance with LDD procedures is an absolute prerequisite for achieving legal security for business actors. It is recommended that technical regulations regarding Notarial LDD protocols be established and that legal administration systems be further integrated to optimize public protection.

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1. Introduction

The dynamic growth of the national economy requires business actors to continuously adapt and expand through effective corporate strategies. One of the most frequently utilized legal instruments in business development is the acquisition or takeover of company shares. This is consistent with the definition in Article 1 point 11 of Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), which states that an acquisition is a legal act performed by a legal entity or an individual to take over company shares, resulting in a shift of control over said company.

In notarial practice, the Notary plays a central role as a public official authorized to draft authentic deeds throughout every stage of the acquisition. The presence of a Notary is not merely a formality but a judicial necessity to provide legal certainty for the transacting parties. ^[1] As public servants in the legal field, Notaries are obligated to ensure that all corporate documents incorporated into a deed possess conclusive evidentiary power, in accordance with the mandate of the Law on Notary Positions (UUJN). ^[2]

However, acquisition transactions carry exceptionally high legal and financial risks for the buyer. These risks include hidden liabilities such as tax arrears, labor disputes, and legal defects in the target company's assets. Without thorough examination, buyers risk inheriting legal complications from the acquired company, which may ultimately lead to significant material losses post-acquisition. ^[3]

¹ Irma Devita Purnamasari, *Panduan Lengkap Hukum Praktis Populer: Pendirian Perseroan Terbatas*, (Bandung: Kaifa, 2014), p. 88.

² Habib Adjie, *Sanksi Perdata dan Administratif Terhadap Notaris Sebagai Pejabat Umum*, (Bandung: Refika Aditama, 2008), p. 12.

³ Yahya Harahap, *Hukum Perseroan Terbatas*, (Jakarta: Sinar Grafika, 2016), p. 450.

To mitigate such risks, the Legal Due Diligence (LDD) stage serves as an absolute prerequisite before the signing of an acquisition agreement. LDD functions as an in-depth examination process of all legal aspects of the target company to identify risks and verify its legal status.^[4] In Indonesia, Notaries are frequently involved in the LDD process, particularly concerning the verification of corporate deeds and land documents that are authentic in nature.

The primary issue that arises is a vagueness of norm regarding the standards for LDD conducted by Notaries. Although Articles 125 through 133 of the UUPT regulate acquisition procedures, the law does not explicitly establish operational standards or the scope of a Notary's liability when conducting due diligence.^[5] This creates uncertainty regarding the extent of a Notary's liability if false information or legal defects remain undisclosed in the LDD report.

Furthermore, the UUJN and the Notarial Code of Ethics only stipulate a general obligation for Notaries to act professionally and with due care, without providing technical guidelines for comprehensive LDD execution. This situation places Notaries in a legally vulnerable position, where they are often drawn into legal disputes either as witnesses or suspects due to false statements provided by appearers or inaccuracies in document verification.^[6]

From the buyer's perspective, the lack of standardized LDD procedures weakens their legal protection. If an LDD result involving a Notary proves inaccurate, the buyer loses the preventive protection instrument they ought to receive. Legal protection for buyers is a manifestation of the prudential principle that must be prioritized in large-scale business transactions. Additionally, the absence of a standardized benchmark diminishes the evidentiary value of the examination results.^[7]

Based on the theory of legal certainty, the law must be capable of providing clear guidance for individuals. In the context of acquisitions, legal certainty can only be achieved if there is synchronization between a Notary's authority and their responsibility to protect the interests of the parties, particularly the buyer who bears the greatest risk.^[8] Consistent law enforcement is necessary to ensure the Notarial profession remains a primary pillar in maintaining a stable investment climate in Indonesia.^[9]

Guided by the aforementioned background, the research problems are formulated as follows: What is the position and authority of Notaries in the execution of Legal Due Diligence (LDD) for corporate acquisitions? And, what are the forms of legal protection for buyers in acquisition transactions, should there be discrepancies or legal defects undisclosed in an LDD involving a Notary?

2. Research Methodology

Research methodology is a planned and systematic approach or procedure designed to solve specific problems or address the core research questions. This study employs Normative Legal Research, which involves examining legal issues

through the lens of established legal norms by analyzing primary and secondary legal materials relevant to the subject matter.^[10] This research utilizes two methodological approaches:

1. **Statute Approach:** This approach is applied by reviewing all laws and regulations pertinent to the legal issues under investigation.^[11]
2. **Conceptual Approach:** This involves exploring evolving views and doctrines within legal science. By studying these legal doctrines, the researcher can identify the ideas, legal concepts, and principles essential to understanding the issues at hand.^[12]

The legal materials analyzed in this normative study consist of primary, secondary, and tertiary sources. These materials are gathered using documentary studies (library research), involving the systematic collection of legal data from books, academic journals, magazines, official websites, and other relevant literature.

The analysis is conducted through a qualitative method using deductive reasoning, which entails explaining general legal principles and subsequently drawing specific conclusions. Once the materials are identified, the analysis proceeds using several interpretative methods:

- **Extensive Interpretation:** Expanding the meaning or terms contained within a statute.^[13]
- **Anticipatory (Futuristic) Interpretation:** Addressing legal issues by referencing regulations that are expected to be applicable or are in transition.
- **Teleological Interpretation:** Determining the underlying purpose or social objective of a specific regulation.

3. Discussion

3.1. The Position and Authority of Notaries in the Execution of Legal Due Diligence (LDD) for Corporate Acquisitions

3.1.1. The Status of Notaries as Public Officials in Corporate Transactions

Pursuant to Article 1, point 1 of Law Number 2 of 2014 concerning the Amendment to Law Number 30 of 2004 concerning the Position of Notaries (UUJN), a Notary is defined as a public official vested with the exclusive authority to draw up authentic deeds. In the dynamics of corporate law, particularly within acquisition processes, the Notary's role has undergone a strategic shift. Notaries no longer function merely as administrative recorders of the parties' intentions; rather, they act as judicial verifiers who guarantee the material truth of the corporate documents involved in the transaction.

Essentially, a Notary serves as an extension of the state within the private sector, tasked with providing legal certainty. In corporate transactions involving substantial capital and complex legal risks, the state intervenes through the Notary

⁴ Peter Mahmud Marzuki, *Penelitian Hukum*, (Jakarta: Kencana Prenada, 2010), p. 158.

⁵ Serlika Aprita, *Perlindungan Hukum Bagi Pemegang Saham Minoritas, Kreditor dan Karyawan atas dasar Akusisi Perusahaan*, (Jember: Pustaka Abadi, 2019), p. 24.

⁶ Habib Adjie, *Op. Cit.*, p. 15.

⁷ Salim HS & Erlies Septiana Nurbani, *Penerapan Teori Hukum Pada Penelitian Disertasi Dan Tesis*, (Jakarta: PT. Raja Grafindo Persada, 2013), p. 95.

⁸ Satjipto Rahardjo, *Ilmu Hukum*, (Bandung: PT. Citra Aditya Bakti, 2014), p. 45.

⁹ Salim HS & Erlies Septiana Nurbani, *Op. Cit.*, p. 98.

¹⁰ Peter Mahmud Marzuki, *Penelitian Hukum*, (Jakarta: Kencana Prenada, 2010), p. 3.

¹¹ Amiruddin & Zainal Asikin, *Pengantar Metode Penelitian Hukum*, (Jakarta: PT. Raja Grafindo Persada, 2020), p. 164.

¹² *Ibid.*,

¹³ Muhaimin, *Metode Penelitian Hukum*, (Mataram: Mataram University Press, 2020), p. 172.

to ensure that every corporate action is conducted within the prevailing legal framework. This status necessitates that the Notary remain impartial. Unlike corporate counsel who advocate for a client's specific interests, a Notary serves the law itself. Consequently, LDD conducted by a Notary possesses a higher degree of objectivity, as the Notary bears a public responsibility to ensure that the deeds produced do not undermine the national legal order.^[14]

In the Indonesian legal system, corporate acquisitions must be recognized by the state through the Legal Entity Administration System (SABH) under the Ministry of Law and Human Rights. The Notary holds a pivotal role as the primary gatekeeper of this system. Every data entry into the SABH represents a reality verified by the Notary. Should a Notary fail to conduct a thorough LDD, they fundamentally breach the state's trust in maintaining the integrity of national corporate data, which in turn impacts the stability of the investment climate.^[15]

The Notary's position also encompasses the protection of third parties, such as creditors and employees. In an acquisition, a Notary is obligated to ensure that creditor protection procedures, as mandated by Article 127 of the UUPT, are substantively executed. The presence of a Notary serves to prevent "legal smuggling" intended to disadvantage other parties. Thus, LDD is not merely an instrument for buyer protection but also a safeguard for the overall integrity of the corporate legal system.^[16]

According to legal doctrine, the status of a Notary in corporate transactions comprises three primary dimensions:^[17]

1. **Dimension of Authenticity and Legal Certainty:** A deed drawn up by or before a Notary possesses external, formal, and material evidentiary power, providing certainty that the legal subject selling the shares holds legitimate legality and authority.
2. **Dimension of Verification and Legal Audit:** As a public official, a Notary is burdened with the duty of care. This requires the Notary to independently verify the Articles of Association and ensure the validity of General Meeting of Shareholders (GMS) resolutions.
3. **Dimension of Impartiality:** Unlike legal advocates, a Notary must remain neutral to balance the interests of the seller (former shareholders) and the buyer (new investors), while also considering the rights of third-party creditors.

3.1.2. The Authority of Notaries to Conduct LDD Based on the Duty of Care

The authority of a Notary to perform Legal Due Diligence (LDD) is a professional discretion derived from the imperative norms within the Law on Notary Positions (UUJN). While LDD is more commonly associated with legal advocacy, for a Notary, it is a manifestation of both ethical and statutory obligations. Under Article 16 paragraph (1) point (a) of the UUJN, Notaries are mandated to act with "due

care" (*seksama*) in the exercise of their office.

1. The Juridical Significance of the Duty of Care in LDD

The principle of due care requires a Notary to possess a degree of scrutiny exceeding that of a layperson. In acquisitions, this is operationalized through LDD; a Notary must not remain a passive recipient of data. According to Habib Adjie, this duty necessitates the verification of material truth to ensure the deed does not facilitate fraud by bad-faith parties.^[18] Failure to perform LDD—such as failing to verify if shares are under court seizure constitutes a breach of the duty of care, rendering the deed voidable and exposing the Notary to administrative sanctions and civil liability.

2. Objects of LDD Verification within the Framework of Due Care

The duty of care in Notarial LDD encompasses four pillars of corporate document verification:

- **Verification of Legal Capacity:** Examining the Articles of Association to ensure the Directors are authorized to represent the company pursuant to Article 98 of the UUPT.
- **Verification of the Object's Validity (Shares):** Confirming via the Shareholder Register that the seller is the legitimate owner and that the shares are free from encumbrances or blocks.
- **Verification of Corporate Approvals:** Ensuring valid GMS Resolutions or Circular Resolutions exist in accordance with Article 127 of the UUPT.
- **Verification of Third-Party Compliance:** Reviewing mandatory newspaper announcements of the acquisition plan to protect creditors' interests (Article 127 paragraph (2) UUPT).

3. Implications of LDD on Deed Authenticity and Professional Protection

LDD serves to uphold the degree of a deed's authenticity. G.H.S. Lumban Tobing posits that Notaries are responsible for reconciling submitted documents with the prevailing legal reality.^[19] Consequently, LDD is not merely an "ancillary service" but a mandatory methodology to meet statutory standards. By maintaining robust LDD, a Notary builds a juridical defense to prove the absence of *mens rea* (guilty mind) in cases of document forgery by appearers.^[20] This provides the Notary with immunity against criminal allegations (Articles 263 and 266 of the Penal Code) and Tort (*PMH*) lawsuits, as it demonstrates compliance with the required *standard of care* and the principles of a good-faith professional.^[21]

3.1.3. Application of Theory to the Status and Role of Notaries in Executing Legal Due Diligence

To dissect the status and role of Notaries in conducting Legal Due Diligence (LDD) within acquisition transactions, an analytical framework based on the Theory of Legal Certainty

¹⁴ Habib Adjie, Sanksi Perdata dan Administratif Terhadap Notaris Sebagai Pejabat Umum, (Bandung: Refika Aditama, 2008), p. 45.

¹⁵ Habib Adjie, Hukum Notaris Indonesia: Tafsir Tematik Terhadap UU No. 30 Tahun 2004 Tentang Jabatan Notaris, (Bandung: Refika Aditama, 2008), p. 16.

¹⁶ Liliana Tedjosaputro, Etika Profesi Notaris dalam Penegakan Hukum, (Semarang: Bigraf Publishing, 1995), p. 22.

¹⁷ Herlien Budiono, Kumpulan Tulisan Hukum Perdata di Bidang Kenotariatan, (Bandung: Citra Aditya Bakti, 2013), p. 82.

¹⁸ Habib Adjie, Sanksi Perdata dan Administratif Terhadap Notaris Sebagai Pejabat Umum, (Bandung: Refika Aditama, 2008), p. 76.

¹⁹ G.H.S. Lumban Tobing, Peraturan Jabatan Notaris, (Jakarta: Erlangga, 1999), p. 124.

²⁰ Lilik Mulyadi, Tanggung Jawab Profesional Notaris dalam Ranah Hukum Perdata, Pidana, dan Administratif, (Jakarta: Bina Ilmu, 2013), p. 95.

²¹ Habib Adjie, Kebatalan dan Pembatalan Akta Notaris, (Bandung: Refika Aditama, 2011), p. 156.

and the Theory of Justice is required. These theories elucidate that LDD is an obligation arising from the very essence of the Notarial office to provide security guarantees for the parties involved.

1. Based on the Theory of Legal Certainty

The Theory of Legal Certainty, as proposed by Jan M. Otto, requires that law must contain clear, predictable rules and provide protection against arbitrary actions. In corporate acquisitions, legal certainty is often fragile due to information asymmetry between the seller and the buyer.

A Notary conducting LDD acts as an instrument to realize this legal certainty. The Notary's role transcends mere formalization of an agreement; it ensures that the transacting subjects possess legitimate authority and that the transferred shares are free from disputes or encumbrances. Without meticulous LDD, an acquisition deed drafted by a Notary risks being legally flawed, thereby violating the essence of legal certainty. Consequently, LDD serves as a guarantee that the Notary's legal product provides juridical security, allowing parties to predict the future legal consequences of their transaction.^[22]

2. Based on the Theory of Justice

The Notary's role in LDD must also be examined through the lens of the Theory of Justice. Referring to Theo Huijbers, justice is essentially giving everyone their due (*unicuique suum tribuere*). Huijbers emphasizes that justice in law is closely linked to public order, where the law functions as a tool to balance intersecting interests.^[23]

In the context of corporate acquisitions, the Notary stands as an "impartial arbiter." The execution of LDD is a manifestation of the effort to realize such justice. A Notary must not act as a mere "rubber stamp" for the desires of any single party but must ensure that the buyer's right to receive truthful and valid information regarding the shares is justly fulfilled. According to Huijbers, the law must uphold equality before the law. By conducting an in-depth document examination, the Notary prevents *unjust enrichment* by parties who might conceal corporate legal facts. Thus, LDD performed by a Notary is an embodiment of procedural justice, ensuring that the agreement within the acquisition deed is founded upon good faith and material truth.^[24]

Tentu, ini adalah terjemahan akademis yang telah disempurnakan ke dalam bahasa Inggris. Saya telah menyesuaikan terminologi hukumnya agar sesuai dengan standar jurnal hukum internasional (seperti penggunaan istilah *Information Asymmetry*, *Duty of Care*, dan *Authentic Deed*).

3.2. Forms of Legal Protection for Buyers in Corporate Acquisition Transactions in the Event of Non-Compliance or Legal Defects Undisclosed by Notarial Legal Due Diligence

3.2.1. The Urgency of Legal Protection for the Buyer

The urgency of legal protection for buyers in corporate

acquisition transactions is rooted in the principle of information asymmetry. In every acquisition, the buyer faces inherent limitations regarding access to internal data, hidden liabilities, and potential legal disputes involving the target company. Legal protection becomes paramount because acquisitions involve substantial investment value and legal risks that could potentially paralyze future business operations if the acquisition deed contains legal defects.^[25]

The significance of legal protection is also predicated on the principle of good faith (*bona fides*) demonstrated by the buyer. Under civil law principles, a party acting in good faith must be afforded maximum legal protection. In this context, the buyer relies on the Notary, as a public official, to conduct Legal Due Diligence (LDD) to mitigate risks. This urgency escalates when a Notary fails to perform their verification function; without clear legal safeguards, the buyer alone would bear the burden of losses resulting from errors that could have been prevented by the Notary's professional diligence. Such protection aims to maintain a balance of interests (*proportionality*) between the seller, the buyer, and the corporation itself.^[26]

Furthermore, the urgency of legal protection for buyers is inextricably linked to the investment climate and public trust in notarial institutions. Should buyers lack a guarantee of protection when a deed is annulled due to notarial negligence, public confidence in authentic deeds as the strongest form of evidence will diminish. Economically, the absence of robust legal protection creates legal uncertainty, which hampers the pace of corporate investment. Therefore, protecting the buyer is not merely a matter of defending individual interests but is essential to upholding the integrity of legal certainty within Indonesia's business ecosystem.^[27]

This urgency is further evidenced when reviewing post-closing risks that often emerge after a transaction is finalized. In many instances, buyers face not only the loss of shareholding rights but also potential claims from third parties or creditors of the target company whose rights were overlooked due to procedural flaws in the acquisition. This underscores the critical role of the Notary in conducting LDD; the Notary does not merely serve the parties present before them but acts to ensure that the instruments they execute do not contravene public order. Without strict legal enforcement, buyers remain highly vulnerable to fraudulent practices or the concealment of the target company's bankruptcy status by the seller.^[28]

Legal protection for the buyer represents the application of the principle of due care in notarial practice. A Notary who disregards the urgency of LDD essentially abandons high professional standards. This protection serves as the "lifeblood" of corporate transactions by providing a safety net for investors. Without the assurance that the law will protect the buyer in the event of an annulment, corporate economic activity would stagnate. Thus, this urgency must be interpreted as a preventive effort by the state to guarantee that every transfer of rights within a limited liability company is conducted on a legal foundation that is clean, transparent, and

²² Jan M. Otto, *Kepastian Hukum di Indonesia*, (Jakarta: Arjuno, 2003), p. 56.

²³ Abdul Ghofur Anshori, *Filsafat Hukum: Sejarah, Aliran dan Pemaknaan*, (Yogyakarta: Gadjah Mada University Press, 2017), p. 48.

²⁴ Abdul Ghofur Anshori, *Lembaga Kenotariatan Indonesia: Perspektif Hukum dan Etika*, (Yogyakarta: UII Press, 2009), p. 12.

²⁵ Sutan Remy Sjahdeini, *Hukum Akuisisi, Konsolidasi, dan Merger*, (Jakarta: Kencana, 2017), p. 88.

²⁶ Peter Mahmud Marzuki, *Pengantar Ilmu Hukum*, (Jakarta: Kencana, 2008), p. 158.

²⁷ Munir Fuady, *Hukum Bisnis dalam Teori dan Praktik*, (Bandung: Citra Aditya Bakti, 2002), p. 120.

²⁸ Mochtar Kusumaatmadja, *Konsep-Konsep Hukum dalam Pembangunan*, (Bandung: Alumni, 2002), p. 14.

absolutely accountable.^[29]

As posited by Jeremy Bentham, the essence of law is to provide the "greatest happiness for the greatest number." In the notarial context, Rudolf von Jhering emphasized that law is a means to an end, specifically the protection of societal interests. The utility (*utility*) of an acquisition deed depends heavily on the LDD process performed by the Notary. If the Notary executes the LDD thoroughly, the resulting legal product (the authentic deed) possesses high utilitarian value by providing security and facilitating business flow. Conversely, a deed drafted without profound LDD loses its utility, as it merely spawns prolonged disputes and jeopardizes investment. From this perspective, legal protection for the buyer is about preserving the utility of the Notarial institution itself. The law must ensure that every deed issued by a Notary contributes to economic order. A Notary's failure in LDD that leads to the annulment of a deed constitutes a disregard for the value of legal utility, as the deed becomes a burden to the parties and the judicial system rather than a solution.^[30]

3.3. Repressive Legal Protection for Buyers Resulting from Inconsistencies in LDD Data

Repressive protection is activated when a dispute has arisen or losses have been incurred due to legal defects that went undetected during the acquisition process. If the failure to disclose such defects stems from the Notary's negligence in conducting Legal Due Diligence (LDD), the buyer may seek protection through several legal avenues:

1. Civil Liability of the Notary (Tort/Unlawful Acts)

Pursuant to Article 1365 of the Indonesian Civil Code, every unlawful act (*onrechtmatige daad*) that causes harm to another obliges the party responsible for the loss to provide compensation.^[31] If the buyer can prove that the Notary was negligent or failed to exercise due diligence in verifying corporate documents, such as overlooking the seizure status of shares, the Notary can be sued civilly for material damages suffered by the buyer.

2. Degradation of the Deed's Evidentiary Value

If an acquisition deed is executed based on flawed LDD data and the Notary is proven to have violated the obligations under Article 16 paragraph (1) letter a of the Notary Public Act (UUJN), then, according to Article 1869 of the Indonesian Civil Code, the deed may lose its authenticity. Consequently, it shall only have the evidentiary strength of a private deed (*underhand deed*). This allows the buyer to rescind the transaction in court more easily, as the deed's evidentiary weight is no longer absolute.

3. Petition for Nullification of the Agreement (Vices of Consent)

Buyers are protected through the concept of "error" (*dwaling*), as regulated under Articles 1321 and 1322 of the Indonesian Civil Code. If a buyer consents to an acquisition because the LDD report (involving the Notary's role) represents the company as legally sound when it is actually defective, the buyer may file for the annulment of the

acquisition agreement based on a vice of consent (*wilsgebreke*) resulting from misleading information.

In the context of corporate acquisitions, if a buyer discovers that the LDD data involving the Notary's role is inconsistent with the actual facts, such as undisclosed tax liabilities or encumbered shares, the forms of protection include:^[32]

1. **Civil Lawsuit based on Unlawful Acts (PMH):** The primary instrument of repressive protection is Article 1365 of the Indonesian Civil Code. If the failure to disclose legal defects is caused by the Notary's failure to fulfill the "thoroughness" obligation (Article 16 UUJN), the buyer may claim compensation. The element of negligence is proven by the Notary's failure to perform standard verification, such as failing to check the AHU (Legal Entity Administration System) database or disregarding original documents. The buyer is entitled to claim compensation covering costs, actual damages, and interest.
2. **Occupational Liability and Administrative Sanctions:** Beyond civil litigation, the buyer may file a report with the Notary Oversight Board (MPN). This protection is administrative but impacts the standing of the deed. If the MPN proves a violation of the code of ethics or professional procedures in the execution of the LDD, the Notary may face sanctions ranging from warnings to dishonorable discharge. An MPN decision can serve as strong preliminary evidence for the buyer in a civil lawsuit.
3. **Annulment of the Deed via Vices of Consent (Wilsgebreke):** The buyer is protected through the doctrines of error (*dwaling*) or fraud (*bedrog*) under Article 1321 of the Indonesian Civil Code. If the buyer's consent was induced by an inaccurate LDD report, the agreement is deemed to contain a vice of consent. The buyer may seek to have the deed declared voidable (*vernietigbaar*) to achieve restitutio in integrum (restoration to the original state before the transaction).
4. **Degradation of Evidentiary Weight as a Legal Safeguard:** Based on Article 84 of the UUJN, a deed executed by a Notary that violates the duty of thoroughness may result in the deed only having the evidentiary strength of a private deed. Repressive protection here means the law provides a path for the buyer to more easily challenge the contents of the deed before a judge, as it no longer possesses conclusive binding power. This opens the opportunity for the buyer to prove data manipulation that escaped the LDD examination.
5. **Analysis of Corrective Justice in Investor Rights Recovery:** Philosophically, this repressive protection falls under Aristotle's Theory of Corrective Justice. The law intervenes to rectify the position of a buyer who has been unfairly disadvantaged by legal data inaccuracies. Corrective justice demands that equilibrium be restored through compensation equivalent to the losses sustained. Without firm guarantees of repressive protection, legal certainty in corporate investment would collapse, as buyers would have no safeguard against the risks of professional verification failure.

²⁹ Erman Rajagukguk, *Hukum Investasi di Indonesia*, (Jakarta: Rajawali Pers, 2011), p. 45.

³⁰ Lilik Mulyadi, *Teori Hukum, Peradilan, dan Kenotariatan*, (Jakarta: Alumni, 2010), p. 94.

³¹ R. Subekti and R. Tjitrosudibio, *Op.Cit.*, p. 346.

³² *Ibid.*,

In a repressive scenario where the target company is discovered to have substantial hidden liabilities (which the Notary failed to uncover during the LDD), the buyer is protected by the doctrine of Piercing the Corporate Veil. Normatively, if the discrepancies in the LDD data were caused by the seller deliberately concealing the company's legal obligations for personal gain, the buyer may demand that the corporate veil of limited liability be lifted.

This repressive protection enables the buyer to look beyond the target company's assets and directly target the personal assets of the former shareholders (the sellers). This serves as compensation for the failure of the Notary's LDD function, which should have been capable of detecting bad faith on the part of the seller prior to the acquisition.^[33]

If data inconsistencies are discovered post-execution of the acquisition deed (for instance, the business licenses are found to have expired), the buyer may invoke the principle of *Exceptio Non Adimpleti Contractus*. This repressive safeguard grants the buyer the right to suspend any remaining payment obligations or other duties toward the seller. In this regard, the Notary bears a normative responsibility to testify that such inconsistencies did indeed exist and went undetected during the deed's drafting process. This protection is highly effective for the buyer as it is instantaneous and does not require a lengthy court judgment, thereby immediately halting further financial loss.

Should the LDD data discrepancies lead to the revelation that the target company no longer possesses the promised assets, the buyer is protected by criminal norms applied within a civil context. The buyer may petition for the deed to be declared as having a "Substantial Defect." Repressively, the buyer may utilize Article 266 of the Indonesian Criminal Code (providing false information for an authentic deed) as a basis to dismantle the executive power of the acquisition deed. This protection ensures that buyers are not trapped in transactions involving "shell companies" with manipulated data. A Notary who is proven to have failed in conducting field verification (relying solely on desk-based document verification) may be deemed to have committed gross negligence, thereby facilitating the inclusion of such fictitious statements.

4. Conclusion

In conclusion, the legal protection of buyers in corporate acquisitions through Notarial Legal Due Diligence (LDD) is an essential pillar for maintaining legal certainty and economic stability. The urgency of this protection arises from the inherent information asymmetry between the buyer and seller, where the Notary serves as the primary "gatekeeper" to mitigate hidden liabilities and legal defects.

This protection is manifested in two primary forms:

1. **Preventive Protection:** Achieved through the Notary's Duty of Care, ensuring the authenticity and procedural validity of the acquisition deed before it is signed.
2. **Repressive Protection:** Activated post-transaction through mechanisms such as Civil Lawsuits (Tort), the degradation of the deed's evidentiary value, and the invocation of doctrines like *Piercing the Corporate Veil* or *Exceptio Non Adimpleti Contractus*.

Ultimately, a Notary's failure to conduct a thorough LDD not

only jeopardizes the buyer's investment but also undermines the "utility" of the Notarial institution. Therefore, legal accountability ranging from civil liability to administrative sanctions is necessary to ensure that authentic deeds remain the most reliable instrument for fostering a secure and transparent corporate investment climate.

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