



Research Article



Indonesian Advocates' Success Fee Agreements: Policies and Challenges

Putu Bagus Dananjaya ^{1,2 *}, I Ketut Sukawati Lanang Putra Perbawa ², Yulchiboy Khudaynazarovich Buriev ³

¹ Faculty of Law, Universitas Tarumanegara, Jakarta, Indonesia.

² Faculty of Law, Universitas Mahasaraswati Denpasar, Denpasar, Indonesia.

³ Tashkent State University of Law, Tashkent, Uzbekistan.

* Correspondence: putu.208231007@stu.untar.ac.id

Received: June 13, 2025 / Accepted: November 08, 2025 / Published: November 08, 2025

Abstract: The regulation of success fee agreements in Indonesia remains largely interpretative, characterized by the predominance of contractual freedom and the absence of explicit normative limits. This study examines the policies and challenges surrounding success fee arrangements between advocates and clients, focusing on the interplay between legal certainty, ethical boundaries, and professional standards. Using a normative juridical method that integrates statutory, conceptual, and comparative approaches, the research explores the disharmony between the Indonesian Advocates Law, the Indonesian Advocates Code of Ethics, and the professional guidelines issued by PERADI. The findings reveal that, while success fees provide flexibility and proportional compensation based on case outcomes, the lack of uniform quantitative standards and the blurred distinction between lawful success fees and prohibited quota litis practices have created legal uncertainty. Furthermore, the ethical prohibition against remuneration solely based on case results limits the enforceability of such agreements. A comparative analysis with the English system, particularly its Conditional Fee Agreements and Damages Based Agreements, highlights the importance of transparent regulation, proportional limits, and ethical oversight to balance professional autonomy with client protection. Accordingly, this study recommends a reformulation of Indonesia's policy framework to harmonize ethical norms and positive law, ensuring that success fee agreements promote fairness, professionalism, and legal certainty within the advocacy practice.

Keywords: Advocates; Clients; Policies; Success Fee Agreements.



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INTRODUCTION

In modern legal practice, a written agreement often spells out the legal relationship between the parties to a deal or transaction. An agreement is made to ensure that each party's rights and duties are clear with respect to its provisions. It is, nevertheless, inescapable that one of the parties may break the agreement, even though it was formally recorded. This happens a lot in the relationship between an advocate and their client. According to the Advocate Law, an advocate is a professional who gives legal advice and services both in and out of court.¹ The relationship between the legal service provider and the person receiving services is based on an agreement between the two parties.²

¹ Carolyn Jurns, 'Policy Advocacy Motivators and Barriers: Research Results and Applications', *OJIN: The Online Journal of Issues in Nursing*, 24.3 (2019) <https://doi.org/10.3912/OJIN.Vol24No03PPT63>

² Rebecca L. Thompson and others, 'The Public Policy Advocacy Actions Checklist: Success Stories from Three States', *Behavior Analysis in Practice*, 18.2 (2025), 594–611 <https://doi.org/10.1007/s40617-023-00874-1>



Prior to initiating a legal case, advocates and their clients formulate a formal agreement that clearly defines their respective rights and obligations. This agreement typically addresses several critical aspects, including the resolution of potential disputes between the advocate and the client, the determination and structure of honoraria or legal fees, the management of the case based on mutual trust, the verification and authentication of all relevant documents, and the settlement of any outstanding client debts. By establishing these provisions, a legal services agreement creates a fiduciary relationship between the advocate and the client, which rests on principles of trust, accountability, and professional responsibility. This structured framework ensures both legal and ethical compliance in the provision of advocacy services and serves as a formal instrument for safeguarding the interests of all parties involved.³ According to Article 1, number 2, of Law Number 18 of 2003 concerning Advocates, an advocate is authorized to provide legal advice, assist clients with legal problems, exercise powers of attorney, represent and defend clients, and perform other legal acts in the best interests of the client. In professional practice, agreements regarding legal fees, or honoraria, are generally structured into three components: the lawyer's fee, the operational fee, and the success fee. The lawyer's fee represents the initial payment intended to cover the cost of the advocate's services. The operational fee accounts for the expenses incurred by the lawyer in handling the case. The success fee constitutes an additional payment made by the client contingent upon a favorable outcome or victory in the case. By clearly delineating these components, legal fee agreements provide transparency, ensure accountability, and establish clear expectations between advocates and clients regarding remuneration and the allocation of professional responsibilities.⁴

In the provision of legal services, the relationship between an advocate and a client constitutes a reciprocal arrangement in which both parties are obligated to perform their respective duties and safeguard their rights. Such agreements are founded on the *principles of consensualism* and good faith, reflecting the mutual consent of the advocate and the client. The obligations agreed upon by both parties illustrate the principle of *pacta sunt servanda*, whereby the terms of a contract bind the parties, establish procedural and substantive rules, and provide legal certainty. Consequently, compliance with the provisions of the agreement is essential to uphold its validity and enforceability. The agreement may be terminated if both parties consent to do so; however, if one party breaches its terms, the agreement loses its binding effect, as it fundamentally represents a joint commitment. Within this context, it is common for advocates and clients to execute success fee agreements to clarify remuneration based on case outcomes. Nevertheless, disputes often arise when one party exploits vulnerabilities in the agreement to circumvent its obligations. One of the most recurrent issues in conflicts between advocates and former clients concerns disagreements over the payment and calculation of legal fees or honoraria,

³ Stefano Benvenuti, Chihui Mary Wang, and Simona Borroni, 'Perspectives, Expectations, and Concerns of European Patient Advocates on Advanced Therapy Medicinal Products', *Frontiers in Medicine*, 8 (2021) <https://doi.org/10.3389/fmed.2021.728529>

⁴ Fredrik von Malmberg, 'Exploring Advocacy Coalitions for Energy Efficiency: Policy Change through Internal Shock and Learning in the European Union', *Energy Research & Social Science*, 80 (2021), 102248 <https://doi.org/10.1016/j.erss.2021.102248>



highlighting the need for clear, enforceable, and ethically sound contractual frameworks in legal practice.⁵

The client breached the contract by failing to pay the advocate's fees, accommodation/transportation charges, and success fees, even though the advocate had correctly performed his agreed-upon duties. This was decided by the Supreme Court on April 18, 2024, in Decision Number 1080 K/PDT/2024. There are occasions when advocates and clients do not get along, and trust can turn into disagreements that are hard to settle through everyday conversation. This case began when a client had trouble resolving issues related to marital assets, including personal property, property brought into the marriage, and property shared with her late husband. As a result, she needed a lawyer's help, as stated in a legal services agreement dated July 21, 2020. The client had to pay the advocate IDR 10,000,000.00 per case, as well as the costs of lodging and transportation, and a success fee of 15% of each case won. The advocate did his job under the agreement. However, the client refused to fulfill his end because he believed the legal relationship had not been established and that the agreement documents were not sufficient.⁶ The District Court's Panel of Judges, on the other hand, decided that the Agreement Letter and Special Power of Attorney matched the requirements for a legal agreement set out in Article 1320 of the Civil Code and ruled in favor of the advocate. The High Court agreed with this ruling in ruling Number 98/PDT/2022/PT BNA on November 30, 2022, and the Supreme Court agreed with it in Decision Number 1080 K/PDT/2024 on April 18, 2024. The second court rejected the lawyer's motion for cassation and found that the law had been correctly applied. This case demonstrates the tension that can arise in the legal relationship between an advocate and a client, especially when a breach-of-contract claim is accompanied by uncertainty and disagreement over the validity of the agreement instrument. This highlights the importance of understanding the legal consequences that may arise from a client's negligence or failure to fulfill their commitments under a legal services agreement with an advocate. It also shows how weak an advocate's role as a proxy is in the Indonesian legal system, underscoring the need for more explicit legal protections to ensure the advocate's rights are protected in both litigation and non-litigation proceedings.⁷

Otto Hasibuan, a lawyer, also famously sued his former client, Djoko Tjandra. On Friday, September 25, 2020, the Central Jakarta District Court registered the case with the number 310/Pdt.Sus-PKPU/2020/PN.Niaga.Jkt.Pst. Djoko Tjandra, the client, agreed to pay legal costs of USD 2.5 million, approximately IDR 35,000,000,000 (thirty-five billion rupiah). This led to the disagreement. Exhibit P3 shows that both the petitioner and the defendant signed this legal fee agreement by hand. In this case, Otto Hasibuan filed the case, and Djoko Tjandra answered it. Otto Hasibuan, the lawyer, has done a lot to safeguard Djoko Tjandra's rights. On August 15, 2020,

⁵ Ching-fang Hsu, Ivan Kan-hsueh Chiang, and Yun-chien Chang, 'Lawyers' Legal Aid Participation: A Qualitative and Quantitative Analysis', *Journal of Empirical Legal Studies*, 21.2 (2024), 337–74 <https://doi.org/10.1111/jels.12385>

⁶ Edward K. Cheng, Paul H. Edelman, and Brian T. Fitzpatrick, 'Fair Division of Attorneys' Fees', *SSRN Electronic Journal*, 2018 <https://doi.org/10.2139/ssrn.3235579>

⁷ Matthew Jennejohn, Julian Nyarko, and Eric L. Talley, 'Contractual Evolution', *SSRN Electronic Journal*, 2021 <https://doi.org/10.2139/ssrn.3810214>



Djoko Tjandra revoked Otto Hasibuan's power of attorney and then refused to honor his end of the deal.

Agreements regarding the payment of legal fees to advocates often lack sufficient enforceability, which allows clients to disregard their obligations. Such agreements are typically executed after a favorable court ruling for the client or upon recognition of the advocate's successful handling of the case. Consequently, clients who are no longer legally compelled to fulfill their financial responsibilities may choose to ignore or fail to honor the agreement. In such circumstances, if either party fails to perform the duties stipulated in the contract or power of attorney, that party is considered to be in default, creating legal and ethical challenges in the enforcement of honoraria agreements.⁸ The client breached the contract by failing to pay the advocate's honorarium, travel and accommodation costs, and success fees in Supreme Court Decision Number 1080 K/PDT/2024, dated April 18, 2024, even though the advocate had performed his duties well in accordance with the agreement. Sometimes, trust can turn into disagreements that are hard to settle through everyday conversation, and the connection between advocates and clients is not always friendly. A client had trouble resolving issues related to marital property, including her own assets, assets she brought into the marriage, and assets she shared with her late spouse. This case was started as a result of this. As a result, she needed a lawyer's help, as stated in a legal services agreement signed on July 21, 2020. The client had to pay the advocate's honorarium of IDR 10,000,000.00 for each case, as well as the costs of lodging and transportation. They also had to pay a success fee of 15% of each case won. The client refused to fulfill his commitments because he believed the legal connection was not properly established and that the agreement documents were insufficient, even though the advocate had done everything he was supposed to under the agreement. The District Court's Panel of Judges, on the other hand, decided that the Agreement Letter and Special Power of Attorney matched the requirements for a valid agreement as set out in Article 1320 of the Civil Code. They ruled in favor of the advocate.⁹

The High Court agreed with this ruling in ruling Number 98/PDT/2022/PT BNA, dated November 30, 2022. The Supreme Court agreed with it again in Decision Number 1080 K/PDT/2024, dated April 18, 2024. The second court rejected the advocate's plea for cassation, and the law was correctly implemented. The legal relationship between an advocate and a client is marked by conflict, especially when there are claims of contract violation and disagreements over the validity of the agreement. This example serves as an example. It is important to understand the possible legal consequences if a client is careless or fails to perform under a legal services agreement with a lawyer. It also shows how important it is to have more explicit legal protections to make sure that an advocate's rights are protected in both

⁸ Stephen B. Burbank and Sean Farhang, 'A New (Republican) Litigation State?', *SSRN Electronic Journal*, 2020 <https://doi.org/10.2139/ssrn.3565995>

⁹ Yannick Gabuthy, Emmanuel Peterle, and Jean-Christian Tisserand, 'Legal Fees, Cost-Shifting Rules and Litigation: Experimental Evidence', *Journal of Behavioral and Experimental Economics*, 93 (2021), 101705 <https://doi.org/10.1016/j.socrec.2021.101705>



litigation and non-litigation proceedings, as the proxy function of an advocate in the Indonesian legal system is weak.¹⁰

An illustrative case involves lawyer Otto Hasibuan, who filed a lawsuit against his former client, Djoko Tjandra. On Friday, September 25, 2020, the Central Jakarta District Court registered the matter under Case Number 310/Pdt.Sus- PKPU/2020/PN.Niaga.Jkt.Pst. The dispute arose from an agreement in which Djoko Tjandra had committed to pay legal fees amounting to USD 2.5 million, equivalent to approximately IDR 35,000,000,000 (thirty-five billion rupiah). Exhibit P3 confirms that both Otto Hasibuan, the petitioner, and Djoko Tjandra, the respondent, personally signed the legal fee agreement. Otto Hasibuan had diligently worked to protect Djoko Tjandra's legal rights; however, on August 15, 2020, Djoko Tjandra revoked Otto Hasibuan's power of attorney and refused to fulfill his obligations under the agreement. This case underscores a broader problem: clients can easily break their promises because agreements concerning advocates' honoraria often lack sufficient enforceability. Such agreements are frequently executed after the court rules in favor of the client or upon recognition of the advocate's successful case outcomes. As a result, clients who are no longer legally obligated may deliberately ignore or fail to perform the terms of the agreement. When a party fails to fulfill the duties stipulated in a contract or power of attorney, that party is considered to be in default, highlighting the need for more robust mechanisms to secure the enforceability of legal fee agreements and protect advocates' professional rights.

There have been many studies done before, such as the one by Pramudita and Pulung Sari (2024) in their article "Legal Implications of Coercive Success Fee Demands by Attorneys Promising Victory Before Case Resolution." This inquiry examined the conduct of Indonesian advocates who assure victory before the case's resolution to secure success fees. This inquiry found that these practices violate the Advocate Code of Ethics and professional standards and could render the agreement invalid. Even if an agreement is written in a real deed, the parts of it that are dishonest or wrong do not have legal validity.¹¹ This finding supports the idea that the evidentiary authority of genuine deeds is not boundless, especially when the agreement's parameters conflict with legal norms and professional ethics. Hutchinson (2024) wrote a paper titled "Improving Access to Justice: Do Contingency Fees Really Work?" in which he examined how well the contingency fee system works in Canada and the UK to make it easier for people to obtain justice. He found that the results-based system does give those with modest incomes a way to get legal help. It also raises a new idea, the "justice gap," in which lawyers tend to focus on cases they are likely to win. While success fees might make it easier for people to get justice in

¹⁰ Elliot A. Anderson, 'UNBUNDLING THE ETHICAL ISSUES OF PRO BONO ADVOCACY: ARTICULATING THE GOALS OF LIMITED-SCOPE PRO BONO ADVOCACY FOR LIMITED LEGAL SERVICES PROGRAMS', *Family Court Review*, 48.4 (2010), 685–97 <https://doi.org/10.1111/j.1744-1617.2010.01342.x>

¹¹ Laurentius Ervin Ricky Pramudita and Retno Dewi Pulung Sari, 'Legal Implications of Coercive Success Fee Demands by Attorneys Promising Victory Before Case Resolution', *Reformasi Hukum*, 28.2 (2024), 102–12 <https://doi.org/10.46257/jrh.v28i2.1032>



theory, ethical and open control systems are needed to stop clients from being taken advantage of.¹²

Legal economics, professional ethics, and contractual justice theory have all contributed to the development of studies on success fee agreements in legal practice. Felső, Onderstal, and Seldeslachts (2022) emphasized the impact of legal service fee structures, such as contingency fee and success fee schemes, on the dynamics of the relationship between lawyers and clients in the Dutch legal market in their study, "The Pricing Structure of Legal Services: Do Lawyers Offer What Clients Want?" The study's findings suggest that a results-oriented system can increase attorneys' drive to win cases; yet, it may also give rise to possible conflicts of interest if not properly managed. Consequently, our analysis highlights the significance of contractual equilibrium and unambiguous restrictions for both parties.¹³

Clients are required to pay a success fee to advocates for work performed, even if certain tasks are incomplete or not executed to full satisfaction. Advocates are entitled to remuneration for the legal services they provide until the case reaches a successful resolution, and the success fee reflects this entitlement. Agreements formalized as authentic deeds fulfill all requirements for valid contracts under Indonesian civil law and the Notary Law (Law No. 2 of 2014). Nevertheless, there is considerable debate regarding whether the terms of success fee agreements comply with legal standards and the professional code of ethics for advocates. Specifically, Law No. 18 of 2003 on Advocates, Article 21, paragraph 3, prohibits the establishment of honoraria that are entirely contingent upon case outcomes ("no success, no fee"). Some advocates, however, argue that the success fee should not be regarded as a conditional payment but rather as an additional incentive to recognize achievement and performance. This ambiguity has created a legal and ethical gray area, resulting in divergent interpretations among legal practitioners, scholars, and regulatory authorities. The lack of clear regulatory guidance underscores the need for systematic clarification to reconcile the principle of professional independence with the requirement to ensure ethical and legally compliant remuneration practices.¹⁴

This issue raises a critical legal question: can an authentic deed that is formally valid be considered materially void if the substance of the agreement contravenes statutory provisions or professional ethical standards? The question highlights the tension between formal validity and substantive legality. Furthermore, the civil court process prompts inquiry into how judges assess the evidentiary strength of such deeds. Specifically, it remains unclear whether an authentic deed retains its status as ideal evidence when it contains provisions that violate the law, or whether its probative value is diminished due to the illegality or ethical impropriety of its contents. This uncertainty underscores the need for clearer legal guidance on the intersection of

¹² Allan C. Hutchinson, 'Improving Access to Justice: Do Contingency Fees Really Work?', *Windsor Yearbook of Access to Justice*, 36 (2020), 184–92 <https://doi.org/10.22329/wyaj.v36i0.6419>

¹³ Flóra Felső, Sander Onderstal, and Jo Seldeslachts, 'The Pricing Structure of Legal Services: Do Lawyers Offer What Clients Want?', *Review of Industrial Organization*, 61.2 (2022), 123–48 <https://doi.org/10.1007/s11151-022-09868-9>

¹⁴ Chang-Ching Lin, Yun-chien Chang, and Kong-Pin Chen, 'Knowledge in Youth Is Wisdom in Age: An Empirical Study of Attorney Experience in Torts Litigation', *International Review of Law and Economics*, 63 (2020), 105913 <https://doi.org/10.1016/j.irle.2020.105913>



contractual formalities, substantive compliance, and ethical accountability in the evaluation of authentic deeds within civil litigation.

METHOD

This study employs a normative juridical methodology, focusing on the analysis of positive legal norms, doctrines, and principles governing success fee agreements in legal practice. The approach is used to evaluate the legitimacy, evidentiary strength, and legal implications of success fee agreements formalized through authentic deeds. The research integrates statutory, conceptual, and comparative approaches. The statutory approach examines relevant laws and regulations, including Law Number 18 of 2003 concerning Advocates, the Indonesian Civil Code (*KUHPerdata*), Law Number 30 of 2004 on the Position of Notary Public, associated implementing regulations, and the Code of Ethics for Indonesian Advocates. This examination emphasizes provisions relating to contractual freedom, the validity of agreements, and the evidentiary significance of authentic deeds in the legal relationship between advocates and clients. The comparative approach analyzes the legal framework of the United Kingdom, which was the first country to formalize the success fee system through Conditional Fee Agreements (CFAs) and Damages-Based Agreements (DBAs), as established under the Courts and Legal Services Act 1990, the Access to Justice Act 1999, and the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO). These frameworks legitimize no-win, no-fee arrangements while maintaining professional integrity, with oversight provided by the Solicitors Regulation Authority (SRA) through the Code of Conduct for Solicitors (2019). The comparison highlights a significant gap in Indonesia, where legal certainty for advocates and protection for clients remains insufficient. This study utilizes primary legal materials, including legislation and judicial decisions; secondary materials such as academic literature and prior research; and tertiary sources, including legal dictionaries and encyclopedias. All legal materials are analyzed qualitatively and descriptively to assess the evidentiary strength of authentic deeds in success fee agreements and to evaluate the need for regulatory development in the Indonesian legal system.¹⁵

RESULT AND DISCUSSION

The Legal and Ethical Dimensions of Success Fee Agreements in Advocacy Practice

An advocate's honorarium constitutes the remuneration received in exchange for legal services provided to a client, formalized through an agreement between the advocate and the client. The determination of honoraria is regulated under Law Number 18 of 2003 concerning Advocates. Specifically, Chapter V on Honorarium, Article 21, paragraph (1), establishes that advocates possess the right to receive payment for legal services rendered, thereby conferring formal legal authority on advocates as providers of professional legal services. Once the entitlement to receive an honorarium is established, the subsequent question concerns the appropriate amount of compensation. Article 21, paragraph (2), stipulates that the honorarium must be set reasonably based on mutual agreement between the advocate and the client. The requirement that the honorarium be determined "reasonably" introduces a

¹⁵ Jorum Duri, 'Dirty Money as Legal Fees in Namibia and Zimbabwe: Are Lawyers Laundering Proceeds of Crime?', *Journal of Money Laundering Control*, 23.2 (2020), 315–26 <https://doi.org/10.1108/JMLC-08-2019-0067>



degree of vagueness, as it lacks specific criteria or parameters to guide the parties in quantifying the payment. This ambiguity has significant implications, particularly in cases where disputes arise over the adequacy or fairness of the honorarium, potentially leading to conflicts between legal entitlement and practical enforcement. Consequently, while the law provides a formal framework for the advocate's right to remuneration, the absence of precise guidelines creates uncertainty in determining the appropriate amount of honorarium and underscores the need for clearer regulatory or contractual mechanisms.¹⁶

A detailed analysis of Article 21, paragraph (2) of Law Number 18 of 2003 on Advocates highlights that the reasonableness of an advocate's honorarium should be evaluated based on four principal factors: risk, time, competence, and the client's interests. Each factor provides a distinct criterion for determining appropriate compensation for legal services rendered during case management. The risk factor pertains to the level of complexity and potential legal consequences that the advocate may encounter in handling the case. The time factor considers both the duration and intensity of the advocate's engagement, reflecting the workload and effort expended throughout the case-handling process. Competence refers to the advocate's professional expertise, experience, and ability to deliver effective legal representation. Finally, the client's interests encompass the value, urgency, and potential benefit of the legal services to the client. By systematically assessing these four dimensions, parties can establish a more objective and equitable basis for calculating honoraria, thereby reducing ambiguity and minimizing disputes over legal fees. This multi-factor evaluation aligns with the principle of fairness embedded in the Advocates Law and provides a structured framework for both advocates and clients to negotiate and justify remuneration in a transparent and legally compliant manner.¹⁷

Considering risk in determining an advocate's honorarium does not imply that the client will be denied representation if the case outcome is unfavorable to the advocate. Rather, the risk factor reflects the potential challenges and complexities the advocate may encounter while defending the client, allowing the client to assess the fairness of the honorarium in relation to the professional effort required. The second factor, time, encompasses the full sequence of activities and procedures that occur throughout the handling of a legal matter. An advocate must carefully estimate the amount of time required to address the client's legal issues effectively. As the case progresses, additional time may be needed to manage unforeseen developments, which can result in higher associated costs. By incorporating the time factor into the calculation of honoraria, both the advocate and the client gain a clearer understanding of the scope of work and the justification for the proposed compensation. This approach promotes transparency, ensures equitable remuneration for the advocate, and aligns the determination of fees with the principles of

¹⁶ Dhea Kinanty, Pramestia Andini Putri, and Fauziah Lubis, 'Peranan Advokat Dalam Pemberian Bantuan Hukum Kepada Orang Yang Tidak Mampu Berdasarkan UU No 16 Tahun 2011 Tentang Bantuan Hukum', *As-Syar'i: Jurnal Bimbingan & Konseling Keluarga*, 5.2 (2023), 451–61 <https://doi.org/10.47467/as.v5i2.2695>

¹⁷ Bridgette Toy-Cronin, Louisa Choe, and Kayla Stewart, "'A Lot of People Are Paying like \$5 a Week for 20 Years': New Zealand Lawyers, Discounts, and Payment Plans", *International Journal of the Legal Profession*, 28.3 (2021), 335–49 <https://doi.org/10.1080/09695958.2020.1863219>



reasonableness and professional accountability established under Law Number 18 of 2003 on Advocates.¹⁸

This consideration is particularly significant in a compensation system that bases payment on the hours worked. In this system, advocates must account for all activities performed for the client, including drafting and preparing contracts, sending correspondence that provides legal advice, and consulting with clients by telephone. The billable hours approach ensures that advocates are remunerated not only for substantive case work but also for preliminary and advisory services. Accordingly, potential clients are required to compensate the advocate for the time invested in initial consultations before formal engagement. This method promotes fairness by linking the advocate's compensation to the actual effort expended and enhances transparency regarding the scope of services provided. By aligning remuneration with the time and effort dedicated to the client, this approach upholds the principles of reasonableness and professional accountability established under Law Number 18 of 2003 on Advocates.¹⁹

Competence is the skill or ability to do a task. In this situation, competence encompasses not just the advocate's individual skills but also their professional ability to deliver legal services. The advocate must also consider the client's mental and material capacities. Mental competence is the client's desire and determination to address the legal problem at hand. In contrast, material competence is the client's ability to pay for legal services, as fees are a significant point of agreement between the client and the advocate.²⁰ An advocate's fee must be fair, taking into account the client's financial situation, and avoid unnecessary costs. The last part is the client's interest, which is connected to the client's need for the advocate's legal services.²¹ Each case has its own needs, such as legal help with divorce, land disputes, child custody, inheritance conflicts, and other issues that need advocacy. Because of this, the fees for an advocate's honorarium will change.²²

For example, the honorarium for a divorce case is usually lower than that for a land dispute because the land in question is a valuable item that the lawyer must protect the client's ownership rights to. If this was already agreed upon in the honorarium agreement, the advocate may get a success fee for the outcome. Yudhi

¹⁸ Jibran Jamshed and others, 'An Empirical Study of Lawyer-Client Relationships in Punjab, Pakistan', *International Journal of the Legal Profession*, 29.3 (2022), 335–51 <https://doi.org/10.1080/09695958.2022.2101461>

¹⁹ Hélder Azeredo, José Reis, and Agostinho Pinto, 'Analysis of the Viability of the LexDoBusiness Collaborative Platform', in *Proceedings of the 17th International Joint Conference on E-Business and Telecommunications* (SCITEPRESS - Science and Technology Publications, 2020), pp. 165–72 <https://doi.org/10.5220/0010001101650172>

²⁰ Richard J. Hunter and John H. Shannon, 'Avoiding Common Conflicts of Interest in the Lawyer-Client Relationship', *Advances in Social Sciences Research Journal*, 9.11 (2022), 119–31 <https://doi.org/10.14738/assrj.911.13386>

²¹ Min Bai and others, 'Does Legal Justice Promote Stakeholder Justice? Evidence from a Judicial Reform in China', *International Review of Financial Analysis*, 94 (2024), 103326 <https://doi.org/10.1016/j.irfa.2024.103326>

²² Vladimir V. Zaytsev, 'Contingency Fee: Statutory Regulation, Features of Fixing in an Agreement, Risks, Judicial Practice', *Advocate's Practice*, 2 (2023), 35–39 <https://doi.org/10.18572/1999-4826-2023-2-35-39>



Widyo Armono lists four main things to think about when deciding if an advocate's honorarium is fair: how senior the advocate is, how complicated the case is, where the case is being handled, and how much the object in question is worth. So, the four things that Article 21, paragraph (2) says should be looked at to see if honoraria are fair are the same as what she found.

The determination of an advocate's honorarium is set reasonably by considering three main components: the lawyer's fee, the operational fee, and the success fee.²³ To address the ambiguity in determining these fees, reference must be made to the Indonesian Advocates Code of Ethics (KEAI). Article 4, letter (d) stipulates that in determining the amount of an advocate's honorarium, the advocate must consider the client's ability. This means that the advocate is required to accurately assess the client's financial capacity when providing legal services. Letter (e) further stipulates that the advocate is not permitted to impose unnecessary costs on the client. This provision signifies that the code of ethics prohibits an advocate from burdening the client with superfluous expenses.²⁴ This prohibition is intended to protect the client's financial capacity, ensuring that it is properly considered by the advocate in determining a reasonable honorarium. Such protection is designed to achieve fairness for the client, who is typically a layperson in legal matters. According to the theory of distributive justice, fairness refers to the allocation of goods and services in accordance with one's position or need.²⁵ An equal proportion will be given to the same individuals, whereas those who are not the same will naturally receive a different allocation. Thus, everyone is treated equally in matters that are the same and differently in matters that are different. Distributive justice essentially serves as a moral guideline suitable for political processes concerning the allocation of benefits and burdens within society. Cumulative justice is a form of justice in which each member receives a share regardless of their individual contribution. Following this theory, the nominal amount of a reasonable advocate's honorarium, according to this perspective, is a maximum of 50% (fifty percent) of the value of the object in dispute.²⁶

The honorarium in question includes payment to the lawyer, covering both personal and professional costs, as well as payment for winning the case. If the client is pleased with the advocate's work, the advocate's honorarium may go up as a reward, and a victory fee may be charged. Clients often know little about the law, which is why advocates are needed to help them with legal issues. The advocate's job is to help clients with legal issues, both in and out of court.²⁷ Clients have complete faith in their advocates to help them win their case, which is their primary

²³ Yudhi Widyo Armono, 'Perjanjian Advokasi Antara Advokat Dengan Klien Dan Penentuan Besaran Honorarium', *Justicia Journal*, 1.2 (2024), 132–44 <https://doi.org/10.32492/jj.v12i1.12106>

²⁴ António Osório and Barbara Luppi, 'Argumentation Quantity and Quality: A Litigation Success Function', *International Review of Law and Economics*, 59 (2019), 21–30 <https://doi.org/10.1016/j.irle.2019.05.001>

²⁵ Inge Dwisvimiari, 'Keadilan Dalam Perspektif Filsafat Ilmu Hukum', *Jurnal Dinamika Hukum*, 11.3 (2011), 522–31 <https://doi.org/10.20884/1.jdh.2011.11.3.179>

²⁶ Varun Magesh and others, 'Hallucination-Free? Assessing the Reliability of Leading Legal Research Tools', *Journal of Empirical Legal Studies*, 22.2 (2025), 216–42 <https://doi.org/10.1111/jels.12413>

²⁷ Sung-Hoon Park, 'Contingent Fees and Endogenous Timing in Litigation Contests', *European Journal of Law and Economics*, 54.3 (2022), 453–73 <https://doi.org/10.1007/s10657-022-09743-8>



goal. To win and keep it, all sides must first reach an agreement, which is one of the first steps toward the final goal. The advocate will provide the appropriate legal assistance, and the person using the service will agree to, sign, and follow the terms of the Statement of Granting Feedback and Success Fee. The letter also talks about the Success Fee, which is the client's promise to show their appreciation for the advocate's success in winning the case. Success fees are more likely to show that the client is happy with how well the advocate did their job.²⁸

The lack of clarity on how to set advocate fees might lead to unclear costs. It is hard to determine the correct parameters for estimating the cost of an advocate's services, since the formulas are too simple.²⁹ Legal services are when lawyers help people with their legal problems by using their power to represent, defend, and do other legal things in their clients' and the people who use their services' best interests. It is expected that having an advocate will help their clients find the truth in court. Because of this, the legal relationship between the advocate and the client is not only based on moral trust; it also has the force of law.³⁰ This shows how important it is for both sides to have legal clarity by ensuring that agreements on advocate fees are transparent and written down. The client can sue the advocate if they do not perform as promised under the contract or if they are careless in doing so, and this costs the client money. The contract says this. Likewise, the advocate may initiate legal proceedings against the client for non-payment of the stipulated honorarium (Articles 1365 and 1366 of the Civil Code). In this case, it is essential to have a clear legal basis for setting the terms of the contract between the lawyer and the client, including the amount the lawyer should be paid.³¹

Law Number 18 of 2003 concerning Advocates, specifically Article 21, states that the fee must be agreed upon by the advocate and the client, taking into account the client's abilities, timeframe, and the complexity of the case. This aspect of the law shows that parties can enter into a contract provided they follow the rules of professional ethics and decorum. Also, it is essential to examine the legality and limits of success fee agreements, as this practice has sparked significant debate in the legal profession. According to Article 4(f) of the Indonesian Advocates Code of Ethics (KEAI), advocates are not permitted to set their remuneration based on case outcomes (*quota litis*) because doing so could make them less objective and independent. So, success payments should be used only as an extra incentive after

²⁸ Vladimir Konin, 'Does the Defense Lawyer Have the Right to Discuss the Fee of the Lawyer Representing the Victim in a Court Hearing?', *Siberian Criminal Process and Criminalistic Readings*, 1 (43), 2024, 43–49 <https://doi.org/10.17150/2411-6122.2024.1.43-49>

²⁹ Ammar Zafar, 'Balancing the Scale: Navigating Ethical and Practical Challenges of Artificial Intelligence (AI) Integration in Legal Practices', *Discover Artificial Intelligence*, 4.1 (2024), 27 <https://doi.org/10.1007/s44163-024-00121-8>

³⁰ Widya Naseva Tuslian, 'Assessing Development of Access to Justice in Indonesia Through Capability Approach', in *Proceedings of the 3rd International Conference on Law and Governance (ICLAVE 2019)* (Paris, France: Atlantis Press, 2020) <https://doi.org/10.2991/aebmr.k.200321.030>

³¹ Anurag Tiwari and others, 'Hybrid Lawyer Recommendation System Based on AGE-MOEA', in *2022 IEEE International Conference on Distributed Computing and Electrical Circuits and Electronics (ICDCECE)* (IEEE, 2022), pp. 1–6 <https://doi.org/10.1109/ICDCECE53908.2022.9792700>



professional obligations have been objectively completed, and they should not be the only reason for payment.³²

Some people think that success fees are a way to thank the lawyer for helping the client get what they wanted. However, this technique could violate ethical principles if the agreed charge is too high or if there is a conflict of interest. To ensure that success fee agreements do not violate the rules of legal professionalism, there must be clear laws and strong ethical rules. Because of this, the best solution should strike a balance between the advocate's right to fair pay and the client's needs. Here are a few possible solutions: ensuring that all written agreements comply with the principles of justice, certainty, and fairness; ensuring that legal service agreement practices are more closely monitored; and establishing standard honorarium criteria through advocate groups.³³

United Kingdom Advocates' Success Fee Agreements

The Indonesia's Advocates Law and its implementing rules lack explicit provisions on success fees, which pose theoretical and practical challenges regarding the legal legitimacy of success fees, the evidentiary significance of authentic deeds, and the protection of advocates in cases of client default. In this context, it is essential to conduct a comparative analysis to identify a regulatory model that not only ensures legal certainty but also balances the protection of client interests with the professionalism of advocates. The English legal system was chosen for comparison because it has long used success fee mechanisms through Conditional Fee Agreements (CFAs) and Damages-Based Agreements (DBAs). These are explicitly regulated in the Courts and Legal Services Act 1990, the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO), and the Code of Conduct for Solicitors 2019.³⁴ The UK model provides a structured regulatory environment that integrates ethical oversight with contractual freedom, making it a relevant benchmark for reforming Indonesia's advocate remuneration policies.³⁵

The English legal system recognizes two types of outcome-based fee agreements: Conditional Fee Agreements (CFAs) and Damages-Based Agreements (DBAs). A CFA, sometimes known as a "no-win, low-fee" or "no-win, reduced fee," means that the lawyer gets an extra fee or success charge on top of the base cost if the client wins. The base charge may be small or nonexistent if the client loses. If the client wins, a DBA is a contract that gives the lawyer a share of the damages.³⁶ The primary arrangements and their limitations stem from a combination of secondary legislation and primary legislation: the Courts and Legal Services Act 1990 (the general framework), the Damages-Based Agreements Regulations 2013 (the technical rules

³² Erica Bosio and others, 'Public Procurement in Law and Practice', *American Economic Review*, 112.4 (2022), 1091–1117 <https://doi.org/10.1257/aer.20200738>

³³ Hutchinson.

³⁴ Edward K Cheng, Paul H Edelman, and Brian T Fitzpatrick, 'Distributing Attorney Fees in Multidistrict Litigation', *Journal of Legal Analysis*, 13.1 (2021), 558–94 <https://doi.org/10.1093/jla/laab002>

³⁵ David Cuenca Pinkert, 'A Comparative Study of the Reimbursement of Extrajudicial Attorneys' Fees', *CUADERNOS DE DERECHO TRANSNACIONAL*, 15.1 (2023), 297–312 <https://doi.org/10.20318/cdt.2023.7542>

³⁶ Michael Legg and Felicity Bell, *Artificial Intelligence and the Legal Profession* (Hart Publishing, 2020) <https://doi.org/10.5040/9781509931842>



governing DBAs), and the fee-related policy changes instituted by LASPO 2012 and its implementing regulations (for instance, the Order imposing a cap on success fees in personal injury claims). These explanatory papers and rules need the following: (a) an explicit written agreement; (b) rules about disclosure and openness; and (c) a limit on how much money can be claimed in personal injury claims.³⁷

From a regulatory point of view, the UK combines professional oversight with substantive rules: the Damages-Based Agreements Regulations 2013 set the rules for DBAs, and post-Jackson fee reform and LASPO 2012 set the limits and context for their use. Also, as part of professional standards, the Solicitors Regulation Authority (SRA) requires lawyers to be open and honest with their clients. The UK policy studies and litigation reviews show that the combination of technical rules (which set the standards for DBAs/CFAs) and ethical oversight (by the professional regulator) is essential crucial for balancing consumer protection and access to justice.³⁸ This structured dual oversight became even more significant following major policy reforms, such as those introduced under the LASPO 2012, which reshaped the cost-recovery landscape of civil litigation.³⁹

In most non-criminal cases, LASPO 2012 changed the cost system by making success fees and ATE premiums non-recoverable from the other party (i.e., not chargeable to the losing party). It also established new rules on the scope and use of CFA/DBA agreements, including those entered into before April 1, 2013. As a result, the makeup of civil litigation costs has changed a lot since 2013. Post-LASPO evaluations indicate that, prior to the amendments, the total of success fees and ATE premiums generally constituted a significant share of total case expenses. For example, a multi-track sample study showed that ATE premiums and success fees together made up about 12% of the overall expenses in that sample. This means that changes to the cost rule affected how litigation costs were structured.⁴⁰

The LASPO reform shows how cost-control measures can change the balance between accessibility and fairness. This is something Indonesia might consider to improve its lawyer payment system. After the LASPO changes, credible reports, such as those from the Civil Justice Council, show that the balance between protecting consumers and giving them access to justice depends on a clear mix of technical rules (DBA rules) and professional oversight (SRA supervision). The most recent assessment calls for simplifying and clarifying disclosure requirements. It also looks at new rules

³⁷ Rabeea Assy and Tomer Carmel, 'The Impact of Legal Representation in Israeli Traffic Courts: Addressing Selection Bias and Generalizability Problems', *Journal of Empirical Legal Studies*, 21.3 (2024), 532–76 <https://doi.org/10.1111/jels.12392>

³⁸ Mary George and Mufadhal, 'ADVOCATE HONORARIUM IN AN IJĀRAH BIL 'AMĀL CONTRACT', *JURISTA: Jurnal Hukum Dan Keadilan*, 6.2 (2022), 132–53 <https://doi.org/10.22373/jurista.v6i2.63>

³⁹ Kathryn E. Spier and Michael Rosenberg, 'A Game Changer for Attorney Fees: Benchmarking Against Settlement Offers', 2024 <https://doi.org/10.2139/ssrn.5008392>

⁴⁰ Юлия Сергеевна Алексеева and Мария Александровна Сиротина, 'Lawyer's Contingency Fee: Law Enforcement Problems', *ЖУРНАЛ ПРАВОВЫХ И ЭКОНОМИЧЕСКИХ ИССЛЕДОВАНИЙ*, 2, 2021, 44–49 <https://doi.org/10.26163/GIEF.2021.95.50.006>



on limits and quotas, protections against "cream-skimming" tactics, and concerns about funding markets.⁴¹

However, other court decisions have examined the strength of this foundation. These changes show that, even though the UK's system for regulating and supervising professionals is well-established, new difficulties continue to arise that require rule changes. The Civil Justice Council (CJC) 2025 report highlighted significant changes in the UK's litigation funding framework, particularly following the *R (PACCAR Inc and others) v Competition Appeal Tribunal and others* ruling, which changed the legal framework for Litigation Funding Arrangements (LFAs). The court said that many LFAs were actually Damages-Based Agreements (DBAs), making it unclear whether some previously acceptable lawsuit funding arrangements could still be enforced. Law firms like Mayer Brown and Carter Burnett have said that, because of this decision, many litigation financiers and law firms will need to review their contracts to ensure they comply with the Damages-Based Agreements Regulations 2013 and the LASPO policy of 2012.⁴²

According to Global Market Statistics (2025), the UK accounts for about USD 115.7 million of the global DBA market segment. This is a compound annual growth rate (CAGR) of 4.4% from 2025 to 2033. Even if there are still regulatory issues and legal gray areas after the PACCAR verdict, this evidence shows that people are becoming more confident in outcome-based financing arrangements. This economic trend shows that even though there are still legal issues, market confidence in outcome-based fee systems is still growing. This shows the need for a more stable regulatory environment.

In light of this situation, CJC 2025 calls for the establishment of a Standing Committee on Litigation Funding. This would be a permanent group responsible for ongoing monitoring, data collection, and evaluation of the rules governing the use of Conditional Fee Agreements (CFAs) and Damages-Based Agreements (DBAs) in the UK. This advice arises from the lack of a comprehensive national database that consolidates empirical data on the frequency, value, and effectiveness of these outcome-based agreements. This formalization of monitoring is expected to improve openness, accountability, and legal clarity. It will also serve as a policy framework that other countries, such as Indonesia, can use to make rules around success fees for advocates.⁴³

These institutional recommendations make it even more important to examine the UK system in a real-world context to assess how well CFAs and DBAs can work in the long term, including their pros and cons, thereby improving access to justice and

⁴¹ Susan Jacob and others, 'Legal Assistance Redefined: Transforming Legal Access with AI-Powered Legallink', in *2024 IEEE International Conference on Signal Processing, Informatics, Communication and Energy Systems (SPICES)* (IEEE, 2024), pp. 1–6 <https://doi.org/10.1109/SPICES62143.2024.10779909>

⁴² Gal Dor and Joseph A. Grundfest, 'Lodestar Multipliers in Delaware and Federal Attorney Fee Awards', 2025 <https://doi.org/10.2139/ssrn.5379166>

⁴³ Jeffrey Biggar, 'Approaching Negotiations in Urban Redevelopment Projects: A Multiple Case Analysis of Stakeholder Involvement in Community Benefit Agreements', *Planning Theory & Practice*, 22.5 (2021), 725–46 <https://doi.org/10.1080/14649357.2021.1972129>



protecting consumers. The empirical literature also highlights the benefits and risks of the UK model, relevant for comparison with Indonesia. These advantages include the potential to increase access to justice for individuals unable to pay in advance, legal certainty (written rules governing the enforceability of CFAs/DBAs), and a centralized professional oversight mechanism. Nevertheless, numerous studies and policy reviews have cautioned about the potential for new justice gaps, cream-skimming (lawyers selecting only high-value cases), and institutional complexities (e.g., the need for ATE insurance, recovery cost rules, and funder markets) that make implementation difficult in systems with varying regulatory capacities. According to legal economics research, the benefits of contingent or conditional fees are apparent only when they are used alongside rules that protect consumers and share costs.⁴⁴

Indonesia's reform is directly applicable to the principles of proportionality, transparency, and ethical supervision that have been advantageous in the United Kingdom. The implementation of proportional limitations (such as caps or percentage guidelines for specific claim categories) and mandatory disclosure (clear, written terms) can enhance the professional regulatory function, mitigate conflicts of interest, and minimize client exploitation, according to evidence-based research. To better align with Indonesia's institutional capacity, the model should be modified cautiously and gradually, while maintaining the primary concepts of the CFA/DBA and updating its technical components (including restrictions, recoverability, and consumer protection).⁴⁵ The comparative analysis of the UK's CFA and DBA regimes demonstrates that a well-structured system combining regulatory clarity, ethical supervision, and empirical monitoring can ensure both fairness and efficiency in outcome-based legal remuneration. For Indonesia, adopting a similar framework requires careful adaptation to its legal culture and institutional realities, emphasizing transparency, proportionality, and client protection.⁴⁶

Indonesian Advocates' Success Fee Agreements Policies

Article 1, paragraph 7, and Article 21 of the Advocates Law state that lawyers who provide legal services to clients may receive an honorarium or service charge, and the parties will determine the amount. These articles suggest that the honorarium is set by an agreement between the advocate and the client, and that the terms of that agreement determine how much the advocate is paid. When an advocate wins a case in court, their clients owe them a success fee. If they fail, they will not get a success commission. The percentage-based service price for the advocate is included in the success fee. The agreement between the client and the advocate sets the amount of the success fee. For example, if the client does not like a 40% success charge, they can talk to the advocate about it. However, legal policy does not clearly state a

⁴⁴ Dor and Grundfest.

⁴⁵ Gatot Triyanto and others, 'Juridical Review of the Honorarium Received Advocates from the Crime of Money Laundering', *INTERNATIONAL JOURNAL OF SOCIAL SCIENCE AND EDUCATION RESEARCH STUDIES*, 03.06 (2023) <https://doi.org/10.55677/ijssers/V03I6Y2023-03>

⁴⁶ Elisabeth Sundari, Helidorus Chandera Halim, and Ousu Mendy, 'Should Indonesia Adopt Legal Representation in Civil Cases?', *Journal of Human Rights, Culture and Legal System*, 5.2 (2025), 554–80 <https://doi.org/10.53955/jhcls.v5i2.604>



maximum % for the victory fee. This means that the discussion is still open and depends on the idea of propriety.⁴⁷

It is essential to acknowledge that no universal criterion exists for determining the amount of an advocate's honorarium (lawyer's fee) among legal professionals. All parties agree upon the honorarium amount and take into account factors such as the advocate's professionalism, the case's complexity, the expected time to resolve, the client's ability to pay, and the case's location. Expensive when you factor in lodging and transportation costs. An agreement that spells out the rights and responsibilities of both the advocate and the client can help define their legal relationship. This is especially true regarding the power of attorney and the advocate's fee. The agreement can be signed in private, in front of a Notary, or as a real deed.⁴⁸ The essential difference between an authentic deed and a private deed is in the evidentiary weight they carry. According to articles 1875, 1876, and 1877 of the Civil Code, the evidentiary strength of a private deed depends on the parties involved recognizing it. These rules say that a private deed is only helpful as evidence if both parties agree to it or if no one denies it. If both parties agree to the deed, it is just as valid as a genuine deed in terms of evidence. However, if one party disputes the deed, the other party has to prove it, and the judge decides how to handle the denial.⁴⁹

Notarial deeds that pertain to the legal services of an advocate are equivalent to general Notarial deeds, which include comparisons, premises, and the contents of the deed. The deed's contents, which significantly govern the legal service honorarium agreement between an advocate and a client, are typically divided into three critical components: the lawyer's fee, operational fee, and success fee. The advocate's professionalism, the size of the case, the time required to resolve it, and the client's financial capacity are all factors that contribute to the lawyer's fee. The operational fee covers other reasonable expenses, including court costs (registration of power of attorney, registration of lawsuits, decision-making, and other costs associated with case management during court proceedings). Accommodation, transportation costs to and from the Third Party's meeting location, and pocket money (if assignments are required to be completed outside of the city). The cost of the case increases with the inclusion of accommodation and transportation costs if it is located outside the region or island. The success fee is a component of the advocate's honorarium if the case is successfully resolved or if other circumstances arise in accordance with the agreement between the advocate and their client.⁵⁰ Because it is important to be clear about the fee components in a legal services agreement, the legal instrument that makes the agreement official is crucial to ensuring it is legally binding and certain for all parties involved. The choice of legal instrument in an honorarium agreement shows how well the parties understand the law and how careful they are to keep things clear. An

⁴⁷ Peter Ifechukwude Egbumokei and others, 'Strategic Contract Management for Drilling Efficiency and Cost Reduction: Insights and Perspectives', *International Journal of Multidisciplinary Research and Growth Evaluation*, 5.5 (2024), 1042–50 <https://doi.org/10.54660/IJMRGE.2024.5.5.1042-1050>

⁴⁸ Yuli Endah Wardantik, Khoidin, and Wahyu Prawesthi, 'LEGAL LIABILITY FOR NOTARIES DUE TO THE ISSUANCE OF AUTHENTIC DEEDS RESULTING IN STATE LOSSES', *Journal of Social Sciences and Humanities*, 2023, 23–38 <https://doi.org/10.56943/jssh.v2i1.264>

⁴⁹ Assy and Carmel.

⁵⁰ Assy and Carmel.



authentic deed provides greater legitimacy and reduces the risk of conflicts. In contrast, a private deed is more flexible and easier to draft but carries a greater risk of evidential challenges. In terms of professionalism and maximum legal protection, using a formal deed to agree on a success fee may be the ideal way to achieve this under Indonesian civil law. This shows that Indonesia's success fee policy places greater weight on the principles of mutual consent and legal clarity than on traditional tariff-based rules.⁵¹

The rules on fee components in notarial deeds serve as administrative guidelines for the parties and possess legal significance, defining the structure and extent of the contractual relationship between advocates and clients. A clear breakdown of these fee components is the basis for assessing whether legal service agreements comply with civil law principles and the ethical norms that govern the legal profession. The relationship that comes from these kinds of agreements is between an advocate who provides legal services and a client who may pay the advocate an honorarium based on what they both agree the client can do. According to contract theory, the relationship between the client and the advocate is governed by contract law, specifically Article 1320 of the Civil Code (KUHPer), which outlines the requirements for a valid agreement, and Article 1338 of the KUHPer, which deals with the principles of freedom of contract and *pacta sunt servanda*. Consequently, professional ethics is a fundamental element of the success charge strategy in Indonesia. Even though the legal relationship between an advocate and a client is based on a lawful contract under civil law, it must nonetheless comply with the ethical criteria set by advocate organizations. In this setting, freedom of contract is not unlimited; it is limited by the ethical norms and moral obligations inherent to the legal profession as enforcers of the law. Article 4(f) of the Indonesian Advocates' Code of Ethics (KEAI) says that advocates "cannot set up honorariums based on the outcome of the case (*quota litis*)." This means that they are not allowed to do that. This ban is based on the idea that the legal profession should not be judged solely by how many cases they win, but rather as a profession dedicated to protecting the rule of law and justice in society. A payment structure based solely on case outcomes runs counter to the important values of the legal profession, which prioritize the public good.⁵²

In practice, ethical rules make it illegal to set honoraria based on the outcome of a case. However, professional groups like PERADI (Indonesian Advocates Association) play an important role in giving more specific advice on how to use and set up success fees. This handbook connects the civil law rules governing freedom of contract with the moral standards that emphasize the honesty and honor of advocates in their work. As a professional group for lawyers in Indonesia, PERADI establishes ethical and administrative rules for the establishment of honoraria, including achievement fees. These rules must follow the rules of appropriateness, fairness, and professionalism. PERADI's internal rules and the Indonesian Advocates' Code of Ethics

⁵¹ Theresia Gst Agung Indah Utari Dewi and Nyoman Martana, 'Tanggung Jawab Notaris Dalam Penyimpanan Akta In Originali Sebagai Minuta Akta', *Acta Comitas*, 5.2 (2020), 221 <https://doi.org/10.24843/AC.2020.v05.i02.p01>

⁵² Sebastian Peyer, 'Competition Litigation Funding', in *Research Handbook on Private Enforcement of Competition Law in the EU* (Edward Elgar Publishing, 2023), pp. 357–84 <https://doi.org/10.4337/9781800377523.00021>



(KEAI) make it clear that success fee agreements should not be based exclusively on the outcome of the case as the basis for establishing compensation (a quota). This means that success fees can only be set up with the base charge that was already agreed upon. They cannot be used as a replacement or the only way to pay someone.⁵³

The process for establishing success fees is typically formalized through a written agreement between the advocate and the client, which may be documented in a private deed or an authentic (notarized) deed to ensure legal clarity. In practice, PERADI underscores that the success fee should be proportionate to the complexity of the case, the degree of success achieved, and the advocate's contribution, while remaining consistent with the principle of professional integrity within the legal field. Therefore, although PERADI has established a relatively comprehensive ethical and administrative framework for determining success fees, its practical application in the field still necessitates additional clarification to prevent variations in interpretation. In practice, applying these guidelines continues to pose difficulties due to the lack of a standardized quantitative threshold for a reasonable success fee. Consequently, differing interpretations among proponents concerning the distinction between lawful success fees and prohibited quota fees emerge. Therefore, the effectiveness of PERADI's policies in maintaining ethical standards and legal certainty continues to necessitate further reinforcement. At this stage, the matter of aligning the standards set by professional organizations with the laws and regulations that underpin legal practice in Indonesia emerges. Although ethical guidelines delineate overarching principles regarding success fees, discrepancies and inconsistencies persist among legal statutes, regulations, and professional organizations. Law Number 18 of 2003 concerning Advocates does not expressly specify the nature or scope of success fees, thereby allowing for interpretative variations and potentially resulting in discrepancies in their understanding within the profession. Meanwhile, the Indonesian Advocates Code of Ethics (Article 4, letter f) prohibits the setting of honoraria contingent upon case results (a "litis quota"). However, it does not explicitly delineate the difference between a "litis quota" and a success fee tied to partial achievements.⁵⁴

This circumstance creates a disconnect between ethical standards and professional conduct, especially regarding the enforcement of success fee agreements established in authentic deeds. Consequently, a gray area has developed within Indonesian positive law, where success fees may be viewed alternatively as a lawful form of professional compensation or as a breach of the principle forbidding "litis quotas." Therefore, reformulating policies and harmonizing standards are necessary to ensure that

⁵³ Oleksandr Popov, "“Success Fee” of an Advocate: On the Way to the Unity of Judicial Practice', *Theory and Practice of Jurisprudence*, 1.21 (2022), 18–35 <https://doi.org/10.21564/2225-6555.2022.21.260038>

⁵⁴ Helena Whalen-Bridge, 'Access to Justice in Singapore: A Government and Lawyer Dynamic', in *The Role of Lawyers in Access to Justice* (Cambridge University Press, 2022), pp. 162–77 <https://doi.org/10.1017/9781009042253.012>



regulations on success fees are clearer, more consistent, and capable of providing legal protection to both advocates and clients.⁵⁵

Therefore, the research's findings on the success fee policy for advocates in Indonesia suggest that the current regulations remain aligned with the principles of freedom of contract and propriety, but lack the backing of positive regulations that establish explicit normative boundaries. On the one hand, the success fee mechanism offers flexibility for advocates and clients to establish service fees proportionally and contingent upon results; on the other hand, the absence of quantitative standards and inconsistencies among the Advocates Law, the Indonesian Advocates Code of Ethics, and PERADI guidelines create uncertainty in practice. These findings affirm that the success fee policy in Indonesia remains at an interpretive stage and necessitates reformulation through the establishment of more explicit, more coherent norms that align professional ethics, civil law, and contractual legal certainty, thereby ensuring justice, professionalism, and legal protection for advocates and clients.⁵⁶

CONCLUSION

An honorarium agreement between an advocate and a client creates a complex legal relationship. Even though it meets the legal requirements for a valid contract and is recorded in an absolute deed under Notary Law, its substance often raises legal and moral issues. Confusion over the differences between base fees, operational costs, and honorariums can lead to disagreements. If used as the primary means of payment, honorariums could violate the Indonesian Advocates' Code of Ethics (KEAI) or create conflicts of interest that could impair professional independence. A comparative analysis of Conditional Fee Agreements (CFAs) and Damages-Based Agreements (DBAs) in the United Kingdom reveals that the efficacy of an outcome-based fee structure is significantly dependent on regulatory clarity, ethical oversight, and ongoing empirical assessment. In Indonesia, the success fee mechanism allows advocates and clients to change their fees based on the outcome of the case. However, the lack of consistency among the Advocates Law, the Indonesian Advocates' Code of Ethics, and PERADI guidelines makes it unclear what constitutes legal practice regarding success fees and the ban on quotas. This issue shows a conflict between moral standards and good legal rules, making it hard to know how to apply them. So, policies need to be changed, and rules need to be made more consistent and fair to ensure that success fees are handled transparently, consistently, and proportionately. At the same time, the integrity of the legal profession needs to be protected, legal certainty maintained, and client interests safeguarded, all while legal professional ethics are enforced.

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⁵⁶ Islamiati M. Umar, Nirwan Junus, and Melissa Towadi, 'Legal Protection Of Clients Without Contract On Legal Services According To Consumer Protection Law', *Estudiante Law Journal*, 3.3 (2021), 389–407 <https://doi.org/10.33756/eslaj.v3i3.16230>



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