



Analysis of Contract Law in the Indonesian Legal System: A Case Study of Default in Online Purchase Transactions

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Abstract

Agreements are legal instruments that play a crucial role in economic and business activities. In practice, agreements are not only related to the agreement of the parties but must also be integrated with the national legal system to be legally binding. This study aims to analyze the application of agreement law in the Indonesian legal system through a case study of breach of contract in online sales transactions. The method used is a literature study with a qualitative-descriptive approach, supported by case analysis. The results of the study indicate that online sales agreements are legally binding as long as they meet the requirements for a valid agreement as stipulated in Article 1320 of the Civil Code. However, in practice, various obstacles remain, such as breach of contract, weak consumer positions, and obstacles to law enforcement. Therefore, a comprehensive understanding of agreement law and strengthening of the law enforcement system are needed to create legal certainty and protection in digital business transactions.

I. INTRODUCTION

Indonesia, as a state governed by the rule of law, has a legal system based on Pancasila and the 1945 Constitution. This legal system is pluralistic, influenced by customary law, Islamic law, and the civil law system inherited from the Dutch colonial era. A clear legal system is crucial in regulating legal relations in the economic and business sectors.

One of the dominant legal aspects in economic activity is contract law. Contracts form the basis for legal relationships, giving rise to rights and obligations for the parties. Technological developments and the digitalization of the economy have given rise to new forms of contracts, such as those used in online sales (e-commerce) transactions.

Although online transactions offer convenience, in practice, breaches of contract or defaults often occur, such as non-delivery of goods or non-conformance with the agreement. This phenomenon demonstrates the importance of understanding contract law within the framework of the Indonesian legal system. Therefore, this study examines the application of contract law through a case study of default in online sales transactions.

II. RESEARCH METHODS

This research employed a descriptive qualitative method with a library research and case study approach. Data were obtained from legal textbooks, legislation, particularly the Civil Code (KUHPperdata), and literature relevant to economic and business law. The case study was used to analyze the application of contract law theory in online buying and selling transactions.

III. DISCUSSION

A. Indonesian Legal System and Contract Law

The definition of a system, in the English dictionary entitled *The American Heritage Dictionary of the English Language*, is stated as "a group of interacting, interrelated, or interdependent elements forming or regarded as forming a collective entity." This definition is one of those mentioned in the dictionary. From this definition, two characteristics can be concluded: first, the relationship and interdependence between parts or elements in the system, and second, it is an entity. Based on this definition, each part has a function that is interconnected and interdependent, where if one function cannot

run properly, there will be obstacles and other parts will not function properly. The system works in a container or place of its own called an environment and there are boundaries between a system and its environment..

The Indonesian legal system is based on Pancasila and the 1945 Constitution and adheres to the civil law tradition, which places statutory regulations as the primary source of law. In the context of civil law, contract law is regulated in Book III of the Civil Code.

Article 1313 of the Civil Code defines an agreement as an act by which one or more persons bind themselves to one or more other persons. A valid agreement binds the parties as per the law (*pacta sunt servanda*).

In social life as legal subjects, what is most often done by individuals or legal entities is to enter into an agreement in order to fulfill the needs of life or in order to obtain benefits. Moreover, in Book III of the Civil Code, it adopts an open system, meaning that the parties are free to enter into an agreement with anyone, determine the conditions, implementation and form of the contract, whether verbal or written. In addition, it is permitted to make contracts both those that are recognized in the Civil Code and outside the Civil Code. Agreements that have been regulated in the Civil Code, such as buying and selling, exchange, renting, civil partnerships, gifts, deposit of goods, borrowing and using, lending and borrowing, granting power of attorney, debt suspension, profit-sharing agreements, and peace. Outside the Civil Code, various new agreements have now developed such as leasing, buying and selling, franchises, joint ventures, and so on. (Ridwan Khaerandy, 1992) Although these agreements have developed in society, regulations in the form of laws do not yet exist. What exists is only in the form of Ministerial Regulations.

Many Indonesians still enter into agreements orally. Although oral agreements are not prohibited by the Civil Code, they lack the legal force of written agreements. According to Sudikno Mertokusumo, written agreements made before a notary or government official have perfect evidentiary power (Sudikno Mertokusumo, 1999). This is due to a lack of public understanding of the importance of written agreements.

Many people enter into written agreements, but these agreements do not meet the requirements for a valid agreement as stipulated in Article 1320 of the Civil Code. Therefore, the author attempts to discuss the ins and outs of agreements. This paper aims to provide a lesson for the public regarding agreements or contracts.

An agreement according to the formulation of Article 1313 of the Civil Code is defined as: "an act by which one or more people bind themselves to one or more people" (Subekti, 2003). According to Subekti, "an agreement is a legal relationship between two or more people, based on which one party has the right to demand something from the other party, and the other party is obliged to fulfill that demand" (Subekti, 1987).

Article 1320 of the Civil Code determines the existence of 4 (four) conditions for the validity of an agreement, namely: (Subekti, 2003: 330): First, There must be an agreement for those who bind themselves; Second, The capacity of the parties to make an agreement; Third, A certain thing; and Fourth, A lawful cause (*causa*). The above requirements relate to both the subject and object of the agreement. The first and second requirements relate to the subject of the agreement or subjective conditions. The third and fourth requirements relate to the object of the agreement or objective conditions. The distinction between the two requirements is also related to the issue of nullity by law (*nieteg* or null and *ab initio*) and the cancellation (*vernietigbaar* = voidable) of an agreement. If the objective conditions in an agreement are not met, then the agreement is null and void or an agreement that has been void from the beginning, the law considers the agreement never existed. If the subjective conditions are not met, then the agreement can be canceled or as long as the agreement has not been or is not canceled by the court, then the agreement in question remains valid. (Gunawan Widjaja, 2003).

An agreement in a contract is essentially a meeting or agreement of wills between the parties to the agreement. A person is said to have given his consent or agreement (*Toestemming*) if he truly desires what is agreed upon. An agreement can be legally

flawed or the agreement is considered null and void if the following conditions occur: First, Coercion (dwang). Any unfair action or threat that hinders the free will of the parties is included in coercive actions.

In this case, any act or threat violates the law if the act constitutes an abuse of authority by one party by making a threat, namely any threat that aims to ultimately make the other party give rights. Authority or privileges. Coercion can be in the form of a crime or threat of a crime, imprisonment or threat of imprisonment, illegal confiscation and possession, or threat of confiscation or possession of an object or land that is carried out illegally, and other actions that violate the law, such as economic pressure, physical and mental suffering, making someone in a state of fear, and others.

The second requirement for a valid agreement according to Article 1320 of the Civil Code is the capacity to enter into an agreement (om eene verbintenis aan te gaan). Here, there is a confusion in the use of the terms agreement and contract. From the words "make" an agreement and contract, it can be concluded that there is an element of "intention" (deliberately). This can be concluded as appropriate for agreements that are legal acts. Moreover, because this element is listed as an element of the validity of an agreement, it cannot be directed at agreements that arise from law. According to J. Satrio, the appropriate term to describe this second requirement for an agreement is: capacity to enter into an agreement.

Article 1329 of the Civil Code states that every person is competent. Then Article 1330 states that there are some people who are not competent to make an agreement, namely: First, people who are not adults; Second, those who are placed under guardianship; and Third, women in marriage, (after the enactment of Law no. 1 of 1974 article 31 paragraph 2, women in marriage are considered legally competent). A person is said to be a minor according to Article 330 of the Civil Code if they have not reached the age of 21 years. A person is said to be an adult if they are 21 years old or less than 21 years old, but have been married. In its development, based on Articles 47 and 50 of Law No. 1 of 1974, a person's maturity is

determined to be that a child is under the authority of a parent or guardian until the age of 18 years.

The third requirement for a valid agreement is the existence of a specific thing (een bepaald onderwerp). Article 1333 of the Civil Code stipulates that an agreement must have a principal object (zaak) whose type can at least be determined. An agreement must have a specific object. An agreement must concern a specific thing (containty of terms), meaning that what is agreed upon, namely the rights and obligations of both parties. The goods referred to in the agreement can at least be determined in type. The term goods referred to here is what is called zaak in Dutch. Zaak in Dutch not only means goods in the narrow sense, but also has a broader meaning, namely the subject matter. Therefore, the object of the agreement is not only an object, but can also be a service.

J. Satrio concluded that what is meant by a specific thing in an agreement is the object of the agreement's performance. The content of the performance must be specific, or at least its type can be determined. The Civil Code stipulates that the object in question does not have to be specified, as long as it can be calculated or determined later.

The fourth requirement for a valid agreement is a valid legal cause. The word "causa," translated from the Dutch word "oorzaak" or "causa" (Latin), does not mean something that causes someone to enter into an agreement, but rather refers to the content and purpose of the agreement itself.

According to Article 1335 in conjunction with 1337 of the Civil Code, a cause is declared prohibited if it is contrary to law, morality, and public order. A cause is said to be contrary to law if the cause in the agreement in question is contrary to law, if the cause in the agreement in question is contrary to applicable law. Determining whether a cause of an agreement is contrary to morality (goede zeden) is not an easy matter, because the term morality is very abstract, the content of which can vary from one region to another or between one community group and another. In addition, people's assessment of morality can also change according to the development of the times.

The legal basis for a prohibited agreement is also if it conflicts with public order, state security, or public unrest, and is therefore considered a constitutional issue. In the context of International Civil Law (IPL), public order can be defined as the foundations or legal principles of a country. This permissible legal authority in the common law system is known as legality, which is linked to public policy. A contract can be considered invalid (illegal) if it conflicts with public policy. Although, until now, there is no definition of public policy if it has a negative impact on society or disrupts public safety and welfare (Mariam Darus Badruzaman. 1980).

B. Case Study of Default in Online Buying and Selling

Case:

A consumer purchases goods through a marketplace platform. The consumer has paid the full price, but the seller fails to deliver the goods within the promised timeframe, even after receiving a warning.

Legal Analysis:

The online sales agreement fulfills the elements of a contract, namely an agreement, a specific object, and legal consequences. As long as it meets the requirements of Article 1320 of the Civil Code, the agreement is legally valid, even if it is executed electronically.

A seller's failure to deliver goods constitutes a breach of contract, meaning they fail to fulfill their contractual obligations. Under the Civil Code, consumers, as the injured party, have the right to sue for:

1. Fulfillment of the agreement
2. Making an agreement
3. Compensation

This case demonstrates that contract law remains applicable in digital transactions, but its enforcement still faces challenges, such as slow dispute resolution processes and weak consumer positions.

C. Challenges and Integration in Practice

In practice, modern business agreements must be integrated with national legal systems and take into account industry customs and practices. Challenges include:

- 1) Differences in interpretation of the contents of the agreement

- 2) Weak contract enforcement
- 3) Lack of legal awareness among business actors and consumers

Therefore, effective dispute resolution mechanisms are needed, such as mediation and arbitration, as well as increasing public legal literacy.

IV. CONCLUSION AND SUGGESTIONS

Contract law plays a strategic role in the Indonesian legal system, particularly in economic and business activities. Online sales and purchase agreements are valid as long as they meet the requirements of Article 1320 of the Civil Code. Case studies show that breaches of contract are still common in online transactions, necessitating stronger law enforcement and increased legal awareness among parties. Therefore, integration between contract law and the national legal system is key to creating legal certainty and justice in the digital economy.

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