IOP Conference Series: Earth and Environmental Science • *Open Access* • Volume 175, Issue 1 • 24 July 2018 • Article number 012193 • International Conference on Industrial Technology for Sustainable Development 2017, ICon-ITSD 2017 • Makassar • 25 October 2017through 26 October 2017 • Code 138331

Document type
Conference Paper • *Bronze Open Access*

Source type
Conference Proceedings

ISSN
17551307

DOI
10.1088/1755-1315/175/1/012193

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The Function of Good Faith Principle in the Application of Feedom Principle in Franchise Contract

Priyono, Ery Agus ; Riyanto, R. Benny; Priyono, F. X. Joko
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[a] Faculty of Law, Diponegoro University, Semarang, Indonesia

Abstract

Good faith is one of the main values that benchmark in determining whether a franchise contract is feasible or not to be implemented. Good faith is a filter based on moral values for the existence of a contract, after the contract is declared to have been valid under the terms of the legal contract as stipulated in Article 1320 Civil Code. A franchise contract in the form of a standard contract is a contract which tends to be one-sided and tends to violate the principle of freedom of contract. Freedom of contract is a basic principle for the establishment of a contract based on the free will of the parties reflected in an agreement. The contract which in its formation is less involving the other party is often declared as take it or leave it contract. This presentation aims to examine the function of the principle of good faith in judging a franchise as standard contract and legal consequences if the principle is violated. Descriptive and normative analysis of the data obtained by using this doctrinal approach becomes an option in the discussion. In conclusion, the consequence of a violation of the principle of good faith is that the agreement is legally null or voidable or can be cancelled. © Published under licence by IOP Publishing Ltd.

Author keywords

doctrinaire research; Good faith; standard contract

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Online ISSN: 1755-1315
Print ISSN: 1755-1307

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The Function of Good Faith Principle in the Application of Feedom Principle in Franchise Contract

Ery Agus Priyono[1] , R. Benny Riyanto[2] and FX. Joko Priyono[3]

Faculty of Law, Diponegoro University, Semarang
Email: eap_fh_undip@yahoo.com

Abstract. Good faith is one of the main values that benchmark in determining whether a franchise contract is feasible or not to be implemented. Good faith is a filter based on moral values for the existence of a contract, after the contract is declared to have been valid under the terms of the legal contract as stipulated in Article 1320 Civil Code. A franchise contract in the form of a standard contract is a contract which tends to be one-sided and tends to violate the principle of freedom of contract. Freedom of contract is a basic principle for the establishment of a contract based on the free will of the parties reflected in an agreement. The contract which in its formation is less involving the other party is often declared as take it or leave it contract. This presentation aims to examine the function of the principle of good faith in judging a franchise as standard contract and legal consequences if the principle is violated. Descriptive and normative analysis of the data obtained by using this doctrinal approach becomes an option in the discussion. In conclusion, the consequence of a violation of the principle of good faith is that the agreement is legally null or voidable or can be cancelled.

Keyword: Good faith, standard contract, doctrinaire research

1. Introduction

Definition of Franchise according to Article 1 number 1 Government Regulation number 42 of 2007 concerning Franchise is a special right owned by individual or business entity to business system with business characteristic in order to market goods and / or services that have proven successful and can be used and / or used by other parties under a franchise agreement. Franchising is currently back in finding its momentum in Indonesia. The rise of enterprising business offers a franchise pattern or claims to be a "franchise" in various media. There is currently a "Second Awakening" franchise in Indonesia, having had a difficult time because of the 1997 monetary crisis that bankrupted many master franchisees of foreign franchises in Indonesia [1].

The spirit of running a franchise business that is as passionate as a franchisor (business owner) and a franchisee (sometimes a recipient) is sometimes not accompanied by sufficient knowledge of the franchise business in general or knowledge directly related to the object of the franchise business, they are really "new" to the field which they will do. Another thing that often creates problems in the future is their lack of understanding regarding franchise agreements that tend to give "excessive profit" to the franchisor[2]. Problem is why is the franchise agreement that has fulfilled the requirements of the validity of the agreement as stipulated in Article 1320 of the Civil Code, and the Principle of Contract Freedom, unable to fulfill a sense of justice with equal balance both economically and juridically for the parties, especially for Franchisee?

2. Methodology

The research method used in the writing of this paper is a normative juridical research method that is qualitative and comparative. The normative juridical method used in this study is to analyze the data referring to the norms contained in the legislation. This normative juridical method refers also to research that leads to the philosophical basis of the contract, in particular with regard to the philosophical foundation of the existence of good faith doctrine.

Searching Dato Godam (The Lost Ancestry)

Dzulkiflee Hj Abd Latif

University of Brunei Darussalam
Email: Dzulkiflee25846@gmail.com

Abstract: This working paper intends to investigate the lineage of Dato Godam from Ujung Tanjung, Sungai Kedayan, Kiarong and others villages in Brunei Darussalam. That is, the genealogy of Dato Godam from MenteriPutih to Menteri Omar, Pehin Orang Kaya Di GadongAwangAliwaddin and so on. Then MenteriUban in Sarawak as the pioneer of search for the kinsman and beneficiaries of Dato Gadom in Pagaruyung and in Malaysia.
Keywords: Dato Godam, genealogy, Ujung Tanjung

1. Introduction: the History

As Ahmad Dahlan stated in his book (Sejarah Melayu, 2014, p.454) that Pagaruyung was believed to have existed in the early 14th century. Sang Sapurba from Siguntang Hill was once a ruler of this state. The state was situated at the flat land of TanjungEmas or TanjungSugayang Indonesia, which is now at the Padang West Sumatera. DatukPepatih Nan Sebatang made Adityawarman as the ruler in 1347, whom was succeeded by his son Ananggawarman (1375-1417, ibid). There was no known dynasties afterwards. DatoGodam was believed to be a part of Pagaruyung at the period when it became an Islamic nation with a strong influence of PepatihMinangkabau customs and traditions. At the beginning of the 16th Century, its administration was divided into three parts namely Raja Alam, Raja Adat and Raja Ibadat. The three were also known by a nickname - Raja TigoSelo (Raja TigaKedudukan).

Sultan HarunSyah Sultan Bengawan was known by his nickname as DatukBendaharaHarun who was a descendant of Raja-Raja Acheh. DatoBendaharaHarun was a dignitary officer in the administration of **Pagaruyung palace.** He married the daughter of Jan Van Groenewegena Dutch Resident of East India Company in Aceh in the year of 1660,. The marriage of DatoGodam's father to the daughter of the Dutch Resident in Aceh became an issue towards the bestowal of the Bendahara title ("mengangkat raja") under the customs and traditions of Pagaruyung.

DatoGodam was born around the year of 1660s with a given name of Raja Umar. He had a good personality and was brought up in the **Godam Palace** in Pagaruyung. Since childhood, he received both life and religious education. He was taught on aspects of administration as preparation for him to inherit his father's title of DatuBendahara. As a bright and religious son, he was extremely respected. However mixed blood of Sumateran and Dutch provide challenges for him to gain the title of BendaharaPagaruyung. Despite this, ***Basa Ampek Balai,*** the committee of Adatistiadat (the committee for customs and traditions) allowed him to participate in the tests to earn the title of Bendahara Pagaruyung. DatoGodam failed in one of the test, to get the prestigious seat of the 'white elephant' government. This made him excluded from earning the title of DatuBendahara by the committee of Adatistiadat ("BasaAmpekBalai") despite having done successfully in many other tests:- "DatoGodam had passed several tests to become Bendahara such as sitting on a rock but DatoGudam failed on raiding a white elephant". This failure brought him travelling to places like Singapore, Kepulauan Riau and Borneo. In Borneo, he travelled to Saribas, Sarawak and then went to Brunei.

Features of Trust in Online Guanxi among Malaysian Web-Forum Members

Alice Shanthi[1], Xavier Thayalan[1], and Jane Xavierine[2]

[1]Universiti Teknologi MARA, Negeri Sembilan, Malaysia
[2]Universiti Malaya, Kuala Lumpur, Malaysia, 50603
Tel: +6064832106, Fax: +6064842449
E-mail: alice_shanti@yahoo.com.my

Abstract: Studying the social behaviors in web-forums helped to understand how users behaved online, and why they remain committed to online interactions when there is little or no marked individual gain. The present study argues that online Guanxi that is made-up of discourse features of trust, social presence and face-saving acts played important roles in building online Guanxi in web-forums. Cumulatively these three aspects of online bonding together were termed as online Guanxi. However, this paper will discuss only one of the discourse features which is trust. Broadly speaking, Guanxi aided the web-forum interaction by getting forum members to indulge in return–action in a broader context of exchange, where an initial information seeking act necessitated responding messages. Guanxi was sought in web-forums not to profit or benefit, as in a contract or economic exchange, but rather Guanxi became the foreground that necessitated interactivity when forum members recognized the other forum members' need to share information.

Keywords: Web-forum, Online Guanxi, Language Strategies, Online Information Sharing

1. Introduction

In any online information sharing platform the members need to feel that being part of the virtual group is worth the while because they stand to benefit from the information shared. For that to happen the environment where the information is shared should be encouraging with not much bickering, or what is termed as flaming in Computer Mediated Communication (CMC). Studies have shown that flaming drives members away from any online information sharing sites. Therefore, a good information sharing environment will encourage a continuous flow of thought sharing, and this in return would ensure the continuity and maintaining members in any online group. We propose that one of the key ways for online interaction in web-forums to increased engagement among web-forum members is through the social behaviour of forming online Guanxi.

Guanxi generally refers to social connection based on the goal to achieve a common purpose within a group of people in Chinese face-to-face business, which stresses on relationship harmony in order to conclude any transaction in the most successful way. Therefore, Guanxi cannot survive without harmony between two parties in a relationship. It stresses on relationship harmony in order to conclude any transaction in the most successful way. Therefore, Guanxi cannot survive without harmony between two parties in a relationship. As such in web-forums effective information sharing strategies becomes integral to both parties; the writer and the reader who keep switching roles in order to seek and share information. Their relationship must be in harmony with one another be it in the manner they communicate or the quality of information shared. The study found that for online Guanxi to happen, three features: trust, social presence and face-saving acts. This paper will discuss only one of them: Trust.

1.1. State of the Art

Discussion via web forums is an asynchronous type of online communication; therefore it does not require instantaneous reply to messages but rather allows for forum members to check other resources for information and contemplate on it before sharing it online. Thus, web forums become a place where forum members bring resources, knowledge and expertise so that collectively they could

The Limits of Weberian on Anti-Corruption Approaches in the Indonesian Municipalities

Muhammad Ichsan Kabullah

Radboud University, Nijmegen, The Netherlands, 6500 HK
Telp: +31629932649
E-mail: m.kabullah@fm.ru.nl

Abstract: The study of corruption in the Indonesian municipalities comprises a broad variety of analysis, ranging from patron-client, clientelism, rent-seeking, etc. The various analysis of corruption indicates that there has been a gradual increase in the scholar's attention associated with the high number of corruption cases in the Indonesian local governments, especially after reform period. Yet, the high attentions of scholars are still insufficient to formulate a best anti-corruption approach. In the public administration discourse, the scholars got often stuck to find a suitable approach to reducing corruption in the Indonesian local governments. The tendency of academia's has explained solely by a bureaucracy analysis on the part of a Weberian discourse is one sided. Although the Weberian idea has provided some interesting ideas to frame corruption, the scholars still face difficulty in capturing a full image of the corruption problem. That means corruption is not always easy to explain from a single perspective. The failed of Weberian perspective to understand corruption could be reflected through a performance of local governments that is implemented anti-corruption programs in the bureaucracy. Thus, we need to be diagnosed in seeing the failure of a Weberian idea to formulate anti-corruption approaches in the Indonesian municipalities. I also would like to discuss the possibility of alternative perspective in the contextualizing anti-corruption approaches in the Indonesian municipalities.

Keywords: Corruption, Weberian, Municipality

1. Introduction

There are intriguing questions when it comes to corruption. What do you think about it? Would you say that this act is wrong or immoral, closely related to bribery, or about abuse of power, or even other bad things? If one of those answers crosses your mind, this means corruption has a negative tendency. The negative tendency of corruption cannot be separated from the act of violations from corrupt actors. This discussion cannot be kept aside when analyzing corruption, considering that many scholars see corruption as a violations that focuses on the analysis of various illegal actions such as bribery, gift-giving or tips extortion, fraud, embezzlement, nepotism, cronyism, appropriation of public assets and property for private use, influence peddling (Myint, 2000); bribery, extortion and fraud; bribery, nepotism and cronyism, misappropriation, favouritism, trading in influence, patronage, embezzlement, kickback, and unholy alliances (Hart, 2001; Huberts, 2014; Luo in Richter & Burke, 2007; Nye in Heidenheimer & Johnston, 2007; Rose-Ackerman, 1999).Based on this notion, the discussion of corruption is closely related to the presence of actions violating the ethical standards attached to an individual. Some explanations of various arguments of scholars emphasize that most of scholars have similar concern to identify any deviation of behaviour from corrupt individuals in which corruption is embedded.

Interestingly, a survey by Transparency International (TI) indicates that the number of publications on corruption in political and public administration was about 74 of a total of 4,000 books and journal articles in the last ten years (Luo in Ritcher & Burke, 2007). This percentage was highest compared to other disciplines such as historical (10%), legal (9%), economic (4%), and social, ethnographic and cultural (2%) (Luo in Ritcher & Burke, 2007). The high number of publications on corruption in public administration indicates that the study of corruption have a huge influence from

The Function of Good Faith Principle in the Application of Feedom Principle in Franchise Contract

by Fx Joko Priyono

Submission date: 18-May-2023 11:33PM (UTC+0700)
Submission ID: 2096370436
File name: The_function_og_good.pdf (431.96K)
Word count: 4170
Character count: 22005

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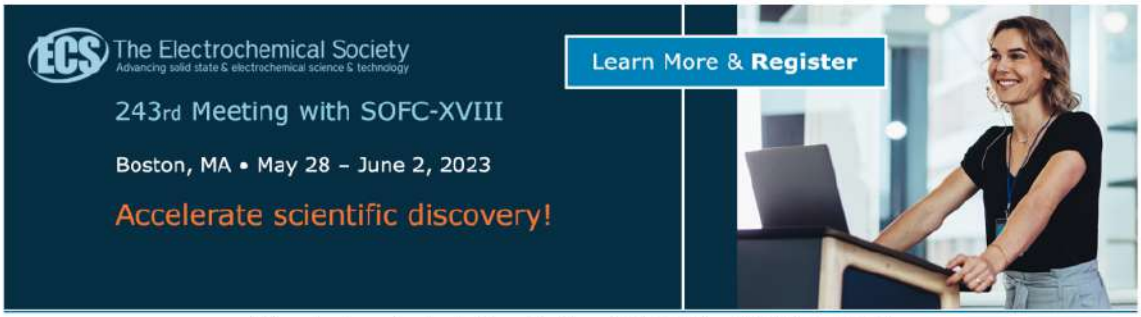

IOP Conf. Series: Earth and Environmental Science **175** (2018) 012193 doi:10.1088/1755-1315/175/1/012193

The Function of Good Faith Principle in the Application of Feedom Principle in Franchise Contract

Ery Agus Priyono[1] , R. Benny Riyanto[2] and FX. Joko Priyono[3]

Faculty of Law, Diponegoro University, Semarang
Email: eap_fh_undip@yahoo.com

Abstract. Good faith is one of the main values that benchmark in determining whether a franchise contract is feasible or not to be implemented. Good faith is a filter based on moral values for the existence of a contract, after the contract is declared to have been valid under the terms of the legal contract as stipulated in Article 1320 Civil Code. A franchise contract in the form of a standard contract is a contract which tends to be one-sided and tends to violate the principle of freedom of contract. Freedom of contract is a basic principle for the establishment of a contract based on the free will of the parties reflected in an agreement. The contract which in its formation is less involving the other party is often declared as take it or leave it contract. This presentation aims to examine the function of the principle of good faith in judging a franchise as standard contract and legal consequences if the principle is violated. Descriptive and normative analysis of the data obtained by using this doctrinal approach becomes an option in the discussion. In conclusion, the consequence of a violation of the principle of good faith is that the agreement is legally null or voidable or can be cancelled.

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The spirit of running a franchise business that is as passionate as a franchisor (business owner) and a franchisee (sometimes a recipient) is sometimes not accompanied by sufficient knowledge of the franchise business in general or knowledge directly related to the object of the franchise business, they are really "new" to the field which they will do. Another thing that often creates problems in the future is their lack of understanding regarding franchise agreements that tend to give "excessive profit" to the franchisor[2]. Problem is why is the franchise agreement that has fulfilled the requirements of the validity of the agreement as stipulated in Article 1320 of the Civil Code, and the Principle of Contract Freedom, unable to fulfill a sense of justice with equal balance both economically and juridically for the parties, especially for Franchisee?

2. Methodology

The research method used in the writing of this paper is a normative juridical research method that is qualitative and comparative. The normative juridical method used in this study is to analyze the data referring to the norms contained in the legislation. This normative juridical method refers also to research that leads to the philosophical basis of the contract, in particular with regard to the philosophical foundation of the existence of good faith doctrine.

3. Literature Review

3.1. Principle of Freedom of Contract

The principle of Freedom of Contract is a universal principle. Schmitthoff in Huala Adolf asserted "The autonomy of the parties will be in the law of contract, the foundation on which an autonomous law of international trade can be built. The national souverign has, ... no objection that in that area an autonomous law of international trade is developed by the parties, provided always that the law respect in every national jurisdiction the limitations imposed by public policy" [3].

Under the Principle of Freedom of Contract, one may make or make no contract. The parties who have agreed shall make the treaty free to determine what may and may not be included in an agreement. Agreements taken by the parties bind them as legislation (Article 1338 Civil Code). The application of this principle provides an important place for the enactment of the consensual principle, which indicates a balance of interests, a balance in the distribution of the burden of risk, and the balance of bargaining positions[4].

This principle also enables strong party to impose their will on the weak side, so that the ideals of freedom of contract which initially provides the balance of law, the balance of interests and also the balance in the bargaining position, becomes a means of suppression against the weak. Therefore, Article 1337 Civil Code provides restrictions on the practice of applying the principle by affirming "cause". The agreement must be lawful means it is not prohibited by the law and not contrary to good morality or public order.

Freedom is a fundamental right recognized in the 1945 Constitution[5]. The freedom granted to the parties in making the treaty is not freedom with no restrictions. Article 1320 of the Civil Code, Article 1337 Civil Code, Article 1338 Civil Code, and Article 1339 Civil Code are clear evidence of the restriction. In other words, the Principle of Contracted Freedom contains "responsibilities", moreover in the country which its ideological basis is Pancasila[6].

3.2. Standard Form Agreement

The standard form agreement, including the Franchise Agreement, is an agreement whose content has been prepared in advance by the creditor. Large-scale agreements such as, lease agreements, franchises, factoring, housing loans, vehicle loans, or consumer financing, will surely use agreements with the standard model. One of the reasons is practical necessity, but actually it is more of an effort to minimize the occurrence of losses on the manufacturer[7].

Slawson [8] in his writings "Standard Form Contract and Democratic of Law Making Power" as quoted by Pohan, writes ..."standard contract form possible account for more than 90 percent of all contract now made. Most people have difficulty remembering the last time they contracted other than by standard form."

The controversy brought by the agreement in the form of a standard agreement is related to the "violation" of a principle which highly respected in the world of contract, namely the principle of freedom of contract (partij autonomie, freedom of contract). This principle is a source of rapid development of the law of agreement, not only in Indonesia, but also at regional and international levels[9]. This principle also underlies the enactment of contracts in India[10], Japan[11], and China[12].

In practice, almost all agreements in the business world, especially large-scale and/ or recurrent and sustainable agreements are implemented in the form of standard contracts that are limited to the Principle of Freedom of Contract. The background of growing standard agreements is due to socio-economic circumstances. In the use of these standard agreements, franchisor obtains efficiency in spending, cost, energy, and time[13].

The purpose of making a standard agreement is not different from other written agreement, which provides balanced or proportional benefits for the parties. Stephen Simister and Rodney Turner stated in his paper .....

....Standard forms of contract purport to provide a representative viewpoint of the industry which they serve. Rather than favor one particular party to the contract, standard forms should place both parties on an equal standing and fair basis by providing for an equitable distribution of risk[14].

The standard agreement, recognized or not, has become a limiting space for the Principle of Freedom of Contract. The principle of Freedom of Contract which initially serves as a guideline for the parties to realize a just agreement, in its development is misused by a strong party to suppress the weak party by making a standard agreement which is "take it or leave it contract". In the name of freedom of contract, justice for the parties, especially the weak party becomes unrealized [7].

The standard agreement is basically not prohibited, for efficiency reasons, and the standard agreement is always applied in almost all existing agreements[7]. This agreement leaves no room for the weak to negotiate properly. Accept or reject (take it or leave it) is the only option for the weak party's bargaining position. Deviations that often hitch a ride on the standard agreement is the inclusion of exemption clauses, which is a section or provision which content is restriction of responsibility or even the release of responsibility of one party to the other party. This deviation is also a negative impact of the less controlled implementation of freedom of contract principle[7].

The franchise agreement is a form of agreement in the field of private law in the form of a standard agreement, the basis of which is the principle of freedom of contract. As a standard agreement, the agreement is usually prepared by one of the parties having a strong bargaining position. Others who usually have a weaker bargaining position can only give their consent in the form of accepting or rejecting, so this standard agreement is commonly called take it or leave it contract[15].

The standard nature of the franchise agreement is often unfair, this is evident from the results of the author's research on some franchise agreements both foreign and domestic. The authors' conclusions are metaphorically in the franchise agreement, the franchisor's rights (franchisor) 100, the liability of which is only one, on the contrary for the franchisee, the right is only one while the obligation 100[2].

3.3. Good Faith Principle

The principle of Good Faith is derived from Roman law, which was adopted by the civil law, and in its development is also shared by several Common Law states [2]. The development of good faith in Roman law was not related to the evolution of the contract law itself. At first Roman law only recognizes iudicia stricti iuris, a contract born from a legal act (negotium) that strictly and formally refers to ius civile. If a judge faces such a contractual case, he must decide upon it in accordance with the law. The judge is bound to what is expressly stated in the contract (express term). Next develop iudicia bonae fidei. A legal act based on iudicia bonae fidei is called negotia bonae fidei. The concept of negotia comes from ius gentium which requires the parties to make and execute the contract to be in good faith[16].

4. Findings

Some examples of negative impact of agreement made by the stronger party are as follows:

1) Pizza Hut franchise agreement between Pizza Hut (Whicita Kansas United States, Franchisor / company) with PT. Sarimelati Kencana (Indonesia, franchisee / operator) signed on May 1, 1989, is contained in the XXVI article, out of all articles in almost all articles containing obligations to the operator / franchisee that are absolutely binding. Just by reading the contents of the agreement, it appears that this agreement is one-sided, or whether it is a "reasonable price" for a well-known business in almost all parts of the world.

2) As already known to some franchisees, especially franchises of the business format, the franchisee must submit, obey, to all terms established by the franchisor in the form of a manual procedure, which has set in detail how this franchise business should run. It is not uncommon in the franchise business that usually there is a section that regulates the release of the franchisor's responsibility for potential losses that may arise in running this franchise business. For example an agreement between Alaska Pancake House of Alaska and Syrup Company, Inc. of Michigan signed on January 2, 1998 in Recital J.

..... The franchisee acknowledges that he understands that the success of the business to be operated under his agreement ..... franchisee understands that the restaurant operated under this agreement may lose money or fail.

Provisions in the contents of agreement Article 5 letter c

..... the franchisee be responsible for all costs of operating this unit including but not limited to ..... In addition to the franchisee shall save the company his business[17].

Some of the above examples provide a glimpse into the need for a re-arrangement (reconstruction) in the practice of a franchise agreement either when establishing an agreement or in the execution of agreement.

This fact explains that in the franchise agreement, the legal protection for the franchisee is very weak. Predicating "partner" to the franchisee for the recipient is economically understandable, but legally, it is not appropriate because the franchisee is not the worker for the franchisor. Even the legal protection provided by the state through the provisions of Law no. 8 of 1999 on Consumer Protection is not enough to provide a sense of security for the recipient of the franchise.

The application of the principle of Freedom of Contract which is oriented towards the western individualism, which ignores the Principle of Justice should be reorganized and restricted so as not to be misused by any party who has a strong position in the making of the agreement. The necessity of applying the principles of other agreements as controls for the application of the Principle of Freedom of Contract, another principle of good faith and equilibrium (reasonableness), and least but not least the principles unearthed from the noble values of Pancasila, as efforts to keep upright justice for the parties to the agreement[18].

All agreements must be executed in good faith (te goeder trouw), thus the contents of Article 1338 paragraph 3 of the Civil Code. This principle affirms that the parties to enter into an agreement should be based on good faith and decency, which implies making the agreement between the parties should be based on honesty to achieve common goals. Implementation of the agreement should also refer to what should and should be followed in the community. This principle is a principle that must exist in any agreement, and cannot be eliminated even though the parties agree to (immutable) [19].

The principle of Good Faith derives from Roman law, which was adopted by the civil law, even in its development also shared by several Common Law states[19]. The development of good faith in Roman law was not related to the evolution of the contract law itself. At first Roman law only recognizes iudicia stricti iuris, a contract born from a legal act (negotium) that strictly and formally refers to ius civile. If a judge faces such a contractual case, he must decide upon it in accordance with the law. The judge is bound to what is expressly stated in the contract (express term). Next develop iudicia bonae fidei. A legal act based on iudicia bonae fidei is called negotia bonae fidei. The concept of negotia comes from ius gentium which requires the parties to make and execute the contract to be in good faith[16].

The sense of goodwill and propriety flourished in line with the development of the Roman contract law, which originally only provided room for contracts set forth in law (iudicia stricti iuris sourced from Civil Law). On the receipt of contracts based on bonae fides requires the application of Good Faith and Fit Principle in the manufacture and execution of the agreement[20].

The meaning of "good faith" according to Indonesian Dictionary is belief, firm belief, intent, willingness (good) [15]. Then, the good faith (te goede trouvv), according to Fockema Andreae's Law Dictionary, is "the purpose, the spirit which animates the participants in a legal act or is involved in a legal relationship"[15].

1) Furthermore, Black's Law Dictionary provides a good faith understanding (good faith), namely:

"Good faith is an intangible and abstract quality with no technical meaning or statutory definition, and it compasses, among other things, an honest belief, the absence of malice, and the absence of design to defraud or to seek unconscionable advantage, and individual's personal good faith is the concept of his own mind and inner spirit and, therefore, may not conclusively be determined by his protestations alone, ... In common usage this term is ordinarily used to describe the state of mind denoting honesty of purpose, freedom from intention to defraud, and, generally speaking, means being faithful to one's duty or obligation[21].

National Civil Law Symposium held by the National Legal Development Board (BPHN) in 1981, interpreted good faith, namely:

a) Honesty at the time of contracting;
b) At the stage of manufacture is emphasized, if the contract is made in the presence of an official, the parties are considered to have good intentions (although there are also opinions expressing their objections);
c) As a propriety in the implementation stage, that is related to a good assessment of the conduct of the parties in implementing what has been agreed in the contract, is solely aimed at preventing inappropriate behavior in the implementation of the contract.

Subekti explained that good faith under Article 1338 Paragraph (3) of the Civil Code is one of the most important stake of the contract law, which gives the judge the power to oversee the execution of a contract, so as not to violate propriety and justice. This means that the judge is authorized to deviate from the contract if the execution of a contract violates the feelings of justice (recht gevoel) between two parties. If Article 1338 Paragraph (1) of the Civil Code requires legal certainty, in the sense that the terms and norms of the concrete and individual law (sections) in the contract shall be 1338 paragraph (3) of the Civil Code in a dynamic manner encompassing the entire contract process.

The problem that arises until now has not one word to provide the right basis as a benchmark whether the agreement has been executed on the basis of good faith and decency or not. The practice is left to the judge to assess it. This is also true in Anglo Saxon countries, judges do not have agreed standards for measuring the principle. Usually the phrase ... good faith and propriety is always associated with the meaning of fairness, reasonable standard of dealing, a common ethical sense[22].

Good faith in Roman law refers to the three forms of behavior of the parties to the contract. First, the parties must hold firmly to their promises or stakes. Second, the parties should not take advantage of the misleading action against either party. Third, the parties comply with their obligations and behave as respectable and honest even though the obligations are not expressly agreed upon[15].

With regard to the validity of the principle of good faith in the pre-contracting stage, it may be explained that if the execution of a contract creates an imbalance or violates the feelings of justice, the judge may make adjustments to the rights and obligations contained in the contract. In the practice of contract law, the judge does use his authority to interfere with the contents of the contract, so it seems that good faith must exist not only at the stage of signing and the post-contracting phase (execution) of the contract, but also the preliminary (contract) design stage[15].

For example, the Supreme Court of the Republic of Indonesia (MARI), in civil case No. 341 / K / Pdt / 1985, dated March 14, 1987, Ny. Boesono and R. Boesono against Sri Setianingsih, decided that the 10% interest rate per month was too high and led to injustice. OIEH therefore, MARI lowered the interest rate from 10% to 1% per month[15].

Good faith test should be conducted for each stage of the contract, both the contract pretreatment (contract), the contract making (signing) and the post-contracting (contract) implementation phase. Subjectively the state of ignorance will result in one party in the absence of contract. Furthermore, it is important to understand that objective testing of good faith with propriety must be thorough and profound, since propriety is constantly changing in accordance with the development of the values held by citizens.

In general, the understanding of "good faith" consists of two meanings[15]:

a) The objective meaning: that the agreement made must be done by heeding the norms of propriety and decency.
b) The subjective meaning: the notion of "good faith" which lies in one's inner attitude.

5. Conclusion

Standard-shaped contracts are basically not prohibited when considering the need for practices that require contracts to consider aspects of efficiency, both in terms of time, cost, and labor. Normative standard contracts also do not violate the provisions of Article 1320 governing the terms of the validity of the agreement. Violation of the principle of good faith due to the existence of a contract in the standard form may result in the contract null and void if it is categorized as a violation of the principle of good faith as a violation of objective conditions. Meanwhile, the violation of good faith principle if categorized as a violation of subjective requirements then the agreement is null and void.

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