

## STRENGTHENING THE PRINCIPLE OF GOOD FAITH IN CONTRACT DISPUTE RESOLUTION IN INDONESIA

*Dwi Hasrianty Ruchban*

*Faculty of Law, State University of Gorontalo, Indonesia, dwihasrianty21@gmail.com*

### **Abstract**

*In light of the rise of digital technology and internationalization, this research intends to investigate how the concept of good faith is being used and reinforced in Indonesian contract dispute resolution. An essential premise for the honest, open, and fair execution of contracts is the notion of good faith, as outlined in Article 1338 paragraph 3 of the Civil Code (KUHPer). The settlement of contract disputes must take into account the application of the norm of good faith in both offline and online contracts, due to the rise of electronic transactions governed by Law Number 11 of 2008 concerning Information and Electronic Transactions (UU ITE). Applying a qualitative analytical technique to primary, secondary, and tertiary legal sources, this research takes a normative legal stance. The research found that when people don't behave in good faith, it may affect the contract's legality, how the parties' rights and responsibilities are carried out, and how disputes are resolved. For contracts to be fair and afford parties more protection in the event of a disagreement, the concept of good faith must be strengthened.*

*Keywords : Online Contract, Good Faith, Online Dispute Resolution*

### **1. Introduction**

People and businesses are no longer constrained by physical borders thanks to the proliferation of online communication and information technologies. This has given rise to a new cultural norm in modern society.<sup>1</sup> Electronic transactions including the internet now constitute the majority of company transactions, and this phenomena impacts this trend as well. Since the parties involved in these economic transactions no longer meet in person, the methods for resolving disputes that arise from them have also evolved.<sup>2</sup>

The introduction of econtracts in 1996 by the UNCITRAL Model Law on Electronic Commerce is one example of how contract law has evolved. Law 11 of 2008, which dealt with information and electronic transactions (UU-ITE), finally codified e-contract requirements into positive law in 2008. Nevertheless, neither the UUIE nor the UNCITRAL model legislation provide any guidance on how to

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<sup>1</sup> Assafa Endeshaw et al., *E-commerce and internet law: with a focus on Asia Pacific* (Bina Ilmu, 2007).

<sup>2</sup> S Jones, "E-Commerce in the New Era: A Comprehensive Analysis," *Journal of Business and Information Technology* 29, no. 1 (2023).

structure an electronic contract. Therefore, it is clear that e-contracts are unique and have the potential to introduce mistakes.<sup>3</sup>

Regardless matter whether they are electronic or printed, contracts must adhere to the terms outlined in the Civil Code. So, like any other agreement, electronic contracts need to be legitimate according to Article 1320 of the Civil Code. An agreement must meet four requirements in order to be valid: 4 4. A valid reason; 5. The ability to enter into a legally binding agreement; 6. A specific item; 7. A willingness to be legally bound.<sup>4</sup>

The idea of good faith is crucial in this setting because it guarantees that all parties to a transaction, whether online or off, are being truthful and fair.<sup>5</sup> Rules regulating electronic transactions, such as Law No. 11 of 2008 and Law No. 19 of 2016, accept this notion and are outlined in the Indonesian legal system (UU ITE). The use of the concept of good faith in the context of settling contract disputes is one example of how dispute resolution methods need to be adjusted to reflect the growing frequency of business conflicts in the digital age.<sup>6</sup>

The use of systems such as Online Dispute Resolution (ODR) demonstrates the importance of maintaining trust between the parties in a dispute, where physical presence is no longer an absolute requirement. However, although this technology accelerates the dispute resolution process, there is still a need to strengthen the principle of good faith as the foundation of every contract dispute resolution, both through litigation and non-litigation.<sup>7</sup>

Law No. 30 of 1999 regulating Arbitration and APS allows for the implementation of the norm of good faith in Indonesian out-of-court dispute settlement via the APS procedure. Fair and transparent administration of any procedure for resolving a disagreement, whether it mediation, arbitration, or negotiation, depends on this premise. Although online dispute resolution (ODR)

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<sup>3</sup> Bambang Pratama, "UNDERSTANDING ELECTRONIC CONTRACTS, CLICK-WRAP AGREEMENTS AND ELECTRONIC SIGNATURES," *Business Law*, March 31, 2017, <https://business-law.binus.ac.id/2017/03/31/mengenal-kontrak-elektronik-click-wrap-agreement-dan-tanda-tangan-elektronik/>.

<sup>4</sup> Isdian Anggraeny and Sholahuddin Al-Fatih, "Agreement in an Agreement and Its Relevance as an Effort to Prevent Default," *De Lega Lata: Journal of Legal Studies* 5, no. 1 (2020): 57-66.

<sup>5</sup> Dr Abdul Halim Barkatullah M.Hum S. Ag, SH, *Electronic Transaction Law in Indonesia: As a Guideline in Facing the Digital Era of e-Commerce Business in Indonesia* (Nusamedia, 2019).

<sup>6</sup> Ariyanto Ariyanto, "COMPARISON OF THE PRINCIPLE OF GOOD FAITH: IN AGREEMENTS ACCORDING TO THE CIVIL LAW SYSTEM (CONTINENTAL EUROPE) AND COMMON LAW (ANGLOSAXON)," *Jurnal Komunikasi Hukum (JKH)* 2, no. 2 (September 18, 2016), <https://doi.org/10.23887/jkh.v2i2.8409>.

<sup>7</sup> Stephanie H. Bol, "Online Dispute Resolution, Resolving Conflicts in Cyberspace," *Artificial Intelligence and Law* 11 (2003): 69, <https://heinonline.org/HOL/Page?handle=hein.journals/artinl11&id=69&div=&collection=>.

platforms facilitate efficient conflict resolution, their use is currently unchecked in Indonesia.<sup>8</sup>

Given the impact of digital technology and globalization on several areas of contract law, this research seeks to investigate how the norm of good faith is being upheld in Indonesian contract dispute resolution, particularly in light of recent developments. This paper will provide ways to reinforce the norm of good faith in Indonesian contract law and analyze how it may be successfully utilized in current dispute resolution processes.

From the foregoing, we may formulate the study issue as follows: (1) How does Indonesian civil law use the idea of good faith in resolving contract disputes? (2) How does the Indonesian legal system deal with cases where parties fail to behave in good faith while entering into a contract?

## **2. Method**

Good faith in contracts and dispute resolution systems in Indonesia are examined in this research using a statutory method. The following laws and regulations pertaining to contracts and dispute resolution will be included into this approach: Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolution, Law Number 11 of 2008 and Law Number 19 of 2016 on Information and Electronic Transactions. Additionally, the conceptual method is used to investigate the comprehension and extent of the good faith standard in contract law.<sup>9</sup> This research will use this method to investigate the principles of good faith as they pertain to contract dispute resolution in Indonesia, as well as to other legal systems throughout the world. This project will gather and examine a range of legal documents, including:

1. Primary Legal Materials, including Indonesian statutes, rules, and court judgments pertaining to contracts and dispute resolution.
2. Supplemental Legal Resources, including books, journals, and articles on the subject of contract law and the importance of good faith in resolving disputes.
3. Thirdly, tertiary legal publications, such as encyclopedias and dictionaries of law, which aid in comprehending primary and secondary sources of law.

This research used a qualitative analysis approach for its analysis. Understanding the strengthening of the concept of good faith in settling contract disputes in Indonesia requires collecting relevant legal documents and then interpreting associated legal norms. In order to determine how far the concept of good faith has come in settling contract disputes and how much room there is for

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<sup>8</sup> Anirban Chakraborty, *Law & Practice of Alternative Dispute Resolution in India: A Detailed Analysis*, 1 ed. (LexisNexis, 2016).

<sup>9</sup> Amirudin and Zainal Asikin, *Introduction to Legal Research Methods* (Jakarta: Radja Grafindo, 2004).

improvement, this research will compare current standards with applicable practices and ideas.<sup>10</sup>

### **3. Discussion**

#### **3.1. Application of the principle of good faith in resolving contract disputes under Indonesian civil law**

In civil law, the concept of good faith might signify two different things. First, there must be objective good faith, which implies that all agreements must be carried out in a way that is consistent with moral and proper standards. In other words, the agreement's execution must be fair, keep rights and responsibilities balanced, and not inflict injury on any side. To achieve this goal, the community-wide standards are used as a yardstick for contract execution, with justice and fairness serving as the primary indicators.<sup>11</sup>

Second, acting in accordance with one's moral principles, or good faith in its subjective meaning, as it relates to one's inner attitude or honesty, is essential. An individual's sincerity in fulfilling their commitments under an agreement is often linked to subjective good faith in civil law. A person's legal acts, particularly those involving property law, must be grounded on good faith, as stated in Article 531 Book II of the Civil Code, which regulates this inner attitude. The measure of a person's good faith in following out or executing an agreement is based on their inner honesty and integrity.

The significance of honesty in establishing good faith in different transactions is also highlighted in other laws and regulations, such as Law Number 8 of 1995 regarding capital markets and Law Number 8 of 1999 addressing consumer protection. The third paragraph of Article 1338 of the Civil Code likewise governs this concept and stresses the need of acting in good faith while carrying out any agreement. Unfortunately, the phrase "good faith" is not defined in this text, which makes it difficult to understand what it means.

The legitimacy of an agreement, as outlined in Article 1320 of the Civil Code, does not depend on good faith, as shown by Article 1338 paragraph (3) of the Civil Code, according to Munir Fuady. The establishment of the agreement is less crucial than its execution in terms of good faith. Article 1320's definition of "legal cause" for entering into an agreement already include the necessary component of candor.<sup>12</sup> Since the law allows people to choose what they want to agree to, but they still have

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<sup>10</sup> S Soekanto, Normative legal research: A brief review (Jakarta: Raja Grafindo Persada, 2007).

<sup>11</sup> Miftah Arifin, "BUILDING AN IDEAL CONCEPT OF IMPLEMENTING THE PRINCIPLE OF GOOD FAITH IN AGREEMENT LAW," *Journal of Ius Constituendum* 5, no. 1 (May 13, 2020): 66–82, <https://doi.org/10.26623/jic.v5i1.2119>.

<sup>12</sup> Munir Fuadi, *Contract Law: (From a Business Law Perspective)* (Bandung: PT. Citra Aditya Bakti, 2001).

to carry it out in an honest and fair manner, good faith is more important when it comes to executing an agreement.<sup>13</sup>

The fundamental premise of contract law is freedom of contract, which states that the parties to a contract are free to decide what the contract will consist of and how it will be structured. But it doesn't give someone carte blanche to disregard rules of decency and fairness and behave unilaterally. Thus, good faith acts as a check to ensure that the contract's execution does not run afoul of these standards, and the court retains the authority to depart from the contract in the event that its execution offends a feeling of fairness. To keep the rights and responsibilities of the parties balanced and the contract executed in line with relevant moral and legal norms, the concept of good faith is relevant here.<sup>14</sup>

Disputes are cropping up more often as commercial operations progress. Disputes in any agreement always stem from parties' divergent interests or the failure of one to adequately carry out its responsibilities. When one side feels wronged and complains about the other, a disagreement could emerge. The parties' actions in reaching amicable and open resolutions to conflicts are now governed by the notion of good faith.

Taking a societal view, good faith dictates that everyone should be forthright and fair in all of their dealings with others. Good faith is an essential aspect of social life, and this idea acknowledges it as a universal moral norm.<sup>15</sup> It is important to note that in this context, good faith is extended to all phases of the agreement's lifecycle, including the pre-contract, implementation, and dispute resolution phases.

Furthermore, due diligence is becoming an essential component of contemporary legal practice, particularly in the context of globalized and increasingly intricate economic dealings. Legislation based on the idea of good faith has been implemented by many nations that use civil law or common law systems. The importance of this idea as a bedrock for all agreements and transactions is becoming more acknowledged, even if it has not been sufficiently regulated in all

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<sup>13</sup> Gary Hadi et al., "Implementation of the Principle of Good Faith in Lease Agreements (A Study of the Lease Agreement for Outlets in Hermes Building Medan)," *USU Law Journal* 5, no. 2 (2017): 164994, [http://download.garuda.kemdikbud.go.id/article.php?article=1423655&val=4099&title=APPENER APA%20BASAS%20ITIKD%20DALAM%20PERJANJIAN%20SEWA-MENYEWA%20STUDI%20TERHADAP%20PERJANJIAN%20SEWA%20MENYEWA%20OULET%20DI%20HERMES%20BUILDING%20MEDAN](http://download.garuda.kemdikbud.go.id/article.php?article=1423655&val=4099&title=APPENER%20BASAS%20ITIKD%20DALAM%20PERJANJIAN%20SEWA-MENYEWA%20STUDI%20TERHADAP%20PERJANJIAN%20SEWA%20MENYEWA%20OULET%20DI%20HERMES%20BUILDING%20MEDAN).

<sup>14</sup> Ridwan Khairandy, "Philosophical Basis of the Binding Power of Contracts," *IUS QUIA IUSTUM Law Journal* 18 (2011): 36–55, <https://journal.uui.ac.id/IUSTUM/article/view/7232>.

<sup>15</sup> Aji Damanuri, *Good Faith in Contracts: Efforts to Realize Legal and Economic Justice in Contracts* (NEM Publishing, 2021).

countries. This concept upholds the values of trust and openness in contractual agreements, facilitating the resolution of conflicts in a fair and cooperative way.<sup>16</sup>

Justice, legal clarity, and the protection of the interests of the parties engaged in an agreement are maintained via the application of the concept of good faith in settling contract disputes according to Indonesian civil law. Every agreement must be carried out in good faith, as stated in Article 1338 paragraph 3 of the Civil Code (KUHPer). This highlights the importance of the parties' obligations to behave in an honest, open, and fair manner throughout the contract and refrain from doing anything that might cause damage to other parties.

Article 1320 of the Civil Code states that in order for an agreement to be legitimate, there must be four essential components: agreement, capacity, a specific item, and a lawful reason. These components are established during the contract creation stage. When it comes to agreements that include subjective requirements, the concept of good faith states that all parties must act in an honest and transparent manner.<sup>17</sup> In actuality, this agreement gives weight to both the parties' written agreement and their demeanor and behavior during the negotiating process. Intentional concealment of material facts or false or misleading statements made by one party against the other constitute an example of bad faith. Under these circumstances, the offended party might terminate the contract or seek compensation. For this reason, the formation of contracts must be free from manipulation or force, and the concept of good faith is crucial to this end.

Good faith is not only applied during the formation of the contract but also throughout its execution. For a contract to be executed in good faith, as an objective matter, it must be carried out in line with generally accepted standards of decency and fairness. Fair and non-discriminatory implementation of the agreement is required of the parties, regardless of whether the contractual circumstances permit one party to take advantage of legal gaps. For instance, when it comes to carrying out a contract's provisions, parties must behave in good faith by refraining from making unduly burdensome demands if one party has difficulty in meeting their duties. Here, the court may determine whether the conduct is in line with societal norms, ensuring that each party's rights and responsibilities are balanced.<sup>18</sup>

Furthermore, subjective elements pertaining to an individual's inner intentions while entering into a contract are also a part of good faith. Thus, it is

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<sup>16</sup> Muhammad Rafi Urrutab, "Non-Conviction Based Asset Forfeiture in the Perspective of Due Process of Law" (Thesis, Islamic University of Indonesia, 2023), <https://dspace.uui.ac.id/handle/123456789/46375>.

<sup>17</sup> Niru Anita Sinaga, "The Role of the Principles of Contract Law in Realizing the Goals of the Agreement," *Binamulia Hukum* 7, no. 2 (2018): 107–20, <https://doi.org/10.37893/jbh.v7i2.318>.

<sup>18</sup> 09912489 Eko Yulian Isnur, "BENCHMARKS OF GOOD FAITH PRINCIPLES IN CONSTRUCTION WORK CONTRACTS" (Thesis, ISLAMIC UNIVERSITY OF INDONESIA, 2017), <https://dspace.uui.ac.id/handle/123456789/8751>.

essential that the parties engage in their actions with the genuine purpose of carrying out their commitments. The aggrieved party has the right to seek damages or contract cancellation if the other party acts in a way that goes against subjective good faith, such as willfully avoiding or postponing execution of duties. While a result, the parties' subjective good faith becomes a crucial metric for evaluating their honesty and genuine intents while the contract is being executed.

The legality of the parties' conduct throughout the contract's duration may be determined by using the concept of good faith in contract dispute resolution. The question of good faith is one that courts and other conflict resolution institutions consider whenever a disagreement emerges. If it is shown that one party violated the contract conditions on purpose or unjustly harmed the other party, the court has the authority to award damages or revoke that party's rights, indicating ill faith. Mediation and arbitration are alternatives to litigation that rely on parties acting in good faith to facilitate amicable and cooperative settlement of disputes. Instead of wasting time and money on a drawn-out legal procedure, the parties should communicate openly and honestly to find a solution that works for everyone.

Law 11 of 2008 respecting Electronic Information and Transactions, as amended by Law 19 of 2016, regulates the concept of good faith in the context of electronic contracts, which are more common in the modern digital age. When engaging in electronic transactions, it is essential that all parties operate in good faith and fulfill their responsibilities as outlined in Article 17 of the Law on Electronic Information and Transactions. Since the people involved in an online transaction are not physically present, honesty and openness are of the utmost importance. When someone acts in bad faith, for example by publishing false or misleading material, it may lead to issues that need to be resolved via litigation or ODR (Online Dispute Resolution). Because of the international and cross-border character of electronic transactions, the notion of good faith in electronic contracts is important for preserving confidence between the parties.

Online dispute resolution (ODR) has been developed and used by other nations, but Indonesia has yet to put it into practice, therefore the legal framework for using ODR processes is still in its early stages. Nonetheless, a significant development in Indonesia's conflict resolution industry will be the advent of online dispute settlement.

According to Pablo Cortés's idea, "Online Dispute Resolution (ODR) is often referred to as a form of ADR which takes advantage of the speed and convenience of the Internet and ICT," which seems to imply that ODR occurs. For better customer complaint resolution, more consumer faith in the market, and long-term e-commerce development, online dispute resolution (ODR) is the way to go.<sup>19</sup>

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<sup>19</sup> Pablo Cortés, "What is Online Dispute Resolution?," CSLS Oxford (October, 2011), 2011.

In light of the widespread use of online dispute resolution (ODR) systems, including by e-commerce platforms, the Indonesian government has drafted regulations to govern electronic trading in response. If the first paragraph of Article 79 reads: "In the event of a dispute in a trading transaction through an electronic system, the parties may resolve the dispute through the courts or through other dispute resolution mechanisms", then in paragraph (2) of Article 79 it states: "The settlement of trade transaction disputes through an electronic system as referred to in paragraph (1) may be carried out electronically (Online Dispute Resolution) in accordance with the provisions of laws and regulations".

Article 79, paragraph(2), makes reference to the prospect of ODR (Online disagreement Resolution) in the event of a disagreement. Nevertheless, the article does not go any deeper into ODR. Regrettably, the Republic of Indonesian Government's Draft Regulation on Trading Transactions Through Electronic Systems remains unratified as of this writing. This exemplifies how rules and laws are not yet complete.<sup>20</sup>

One kind of conflict resolution known as "online dispute resolution" (ODR) makes use of online resources to help parties work out their differences. Alternative dispute resolution (ADR) in this instance makes use of mediation, arbitration, negotiation, or any mix thereof. Here, ODR falls under the umbrella of ADR, or Alternative Dispute Resolution. The key distinction is that ODR replaces the conventional wisdom with cutting-edge methods and internet technologies.<sup>21</sup>

Prof. Dr. Moch Basarah cites Melissa Conley Taylor in her book *Alternative Dispute Resolution Procedures: Traditional and Modern Arbitration (Online)* as saying the following about Online Dispute Resolution, henceforth abbreviated as ODR:

*"ODR refers to ADR processes conducted with the assistance of information technology, particularly the internet."*<sup>22</sup>

Meanwhile, according to Ethan Katsh and Janet Rifkin in their book *Online Dispute Resolution: Resolving Conflicts in Cyberspace*, they state:

*"ODR draws its main themes and concepts from alternative dispute resolution (ADR) processes such as negotiation, mediation and arbitration. Odr uses the opportunities provided by the internet not only to employ these processes in the online environment but also to enhance these processes when they are used to resolve conflicts in offline environments. Odr is a developing field that will change as new online tools and resources are developed. Like adr, however, at its core is the idea of providing dispute*

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<sup>20</sup> Mohamad Hidayat Muhtar et al., *Concept of Indonesian Law* (Global Technology Executive, 2023).

<sup>21</sup> Gagah Satria Utama, "Online dispute resolution: A revolution in modern law practice," *Business Law Review* 1, no. 3 (2017), <https://law.uui.ac.id/wp-content/uploads/2017/04/V-01-No-03-online-dispute-resolution-a-revolution-in-modern-law-practice-gagah-satria-utama.pdf>.

<sup>22</sup> Moch Basarah, *Alternative Procedures for Traditional and Modern Arbitration Dispute Resolution* (Yogyakarta: Genta Publishing, 2011).



*resolution in a more flexible and efficient manner than is typical with courts and litigation."*

On the other hand, online dispute resolution (ODR) allows parties in a cross-border region (borderless) to resolve their issue without physically meeting. The need for online dispute resolution (ODR) did not arise until the early 1990s, even though the Internet was beginning to take shape in 1969. A small percentage of the population utilized the Internet in its early half-century of existence. Even among academic and military establishments, only a small fraction of computers had connection to the Internet. Even though using the Internet is now something most people do. The invention of the World Wide Web did not occur until 1989, and perhaps more importantly, the National Science Foundation did not permit commercial activity on the Internet until 1992.<sup>23</sup>

All things considered, the notion of good faith is a cornerstone of Indonesian civil law that ensures fairness and clarity in contracts. Every step of a contract's lifecycle, from creation to execution and beyond, including settlement of any disputes, must adhere to this notion. In accordance with this idea, both parties are required to conduct themselves in an honest, fair, and transparent manner to ensure that the contract is able to fulfill its intended purpose and that any disputes may be addressed in a fair and efficient manner.

### **3.2. Implications of violation of the principle of good faith on the implementation and enforcement of contracts in the legal context in Indonesia**

In Indonesian law, the legality of a contract, the execution of the parties' rights and responsibilities, and the dispute resolution process are all profoundly affected by a breach of the concept of good faith in contract implementation and enforcement. Every agreement must be carried out in good faith, as stated in Article 1338 paragraph 3 of the Civil Code (KUHPer). Both the offender and the victim stand to lose a lot of ground in court if this concept is violated.

To begin, an agreement's legality might be directly affected by a breach of the concept of good faith. This idea has an impact on the steps that the parties take at every stage of a contract's lifecycle, from initial negotiations to final settlement. An agreement may be deemed void or illegal if one of the parties behaves dishonestly or in poor faith, for example by withholding material facts. The aggrieved party may terminate the agreement if, for instance, the other party gives misleading information or conceals facts that could impact it. Because they go against accepted ethical and

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<sup>23</sup> Bol, "Online Dispute Resolution, Resolving Conflicts in Cyberspace."

legal standards, contracts entered into with malice are null and void. Therefore, legitimate parties may terminate the agreement and seek restitution for their losses.

The second conclusion is that the contract's rights and responsibilities must be carried out. An imbalance in the rights and responsibilities of the parties is often caused by a breach of good faith in the fulfillment of the contract. Intentional violations of contract conditions or failure to perform commitments by a party acting in bad faith is a typical example. In such a case, the aggrieved party has the right to seek judicial intervention to compel the party in breach to pay damages, terminate the contract, or fulfill their duties. When making their decisions, courts often take into account whether the parties have behaved in good faith when deciding on contracts. The disparity between the parties' rights and responsibilities is a major factor that courts take into account when making their decisions. In cases when one party has willfully disregarded their responsibilities or behaved unjustly, the court has the authority to impose remedial measures in order to rectify the situation.

Third, when people don't operate in good faith, it might mess with the contract enforcement process, particularly when it comes to resolving disputes. It is common practice for judges and arbitrators to examine whether the parties have behaved in good faith while carrying out the terms of their contracts in court or in alternative dispute resolution processes like mediation or arbitration. The court or arbitrator has the discretion to award damages or compensation to the wronged party in the event that a violation of good faith is determined. The contract's interpretation may also be impacted by this breach. The "derogerende werking van de goede trouw," or the restriction or renunciation of the rights of the party acting in poor faith, is a common consequence in Indonesian civil law when the tenet of good faith is neglected. To rephrase, if one party is dishonest in carrying out the contract, the court may deny them their rights, particularly if the other party suffers harm as a result.

For instance, according to UU ITE (Uniform Uniform Information and Transactions Law) Number 19 of 2016 and Law Number 11 of 2008, electronic contracts must likewise be executed in good faith. One party may sue the other to terminate the agreement, seek compensation, or initiate mediation or arbitration proceedings in the event of a breach of good faith under an electronic contract. Disputes that arise from breaches of the concept of good faith, such as the distribution of false information about goods or services, may damage both the company's reputation and the confidence that customers have in the dishonest party, especially in the context of internet commerce. In addition to causing monetary losses, these infractions may also lead to legal claims being made by customers or business partners.<sup>24</sup>

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<sup>24</sup> Waheeb Abu-Ulbeh et al., "Cyberstalking Victimization Model Using Criminological Theory: A Systematic Literature Review, Taxonomies, Applications, Tools, and Validations," *Electronics* 10, no. 14 (January 2021): 1670, <https://doi.org/10.3390/electronics10141670>.

In general, the execution and enforcement of contracts in Indonesia are greatly affected by breaches of the norm of good faith. Not only may these infractions impact the enforceability and legitimacy of contracts, but they can also impact the rights of deceitful contracting parties. Courts and alternative dispute resolution agencies always consider whether the parties behaved in good faith throughout the contract's duration when deciding how to resolve a disagreement. Damages and the right to terminate the contract are among the legal remedies available to the aggrieved party in the event of a proved breach.

Finally, all contracts must be carried out in an open, honest, and fair manner according to the norm of good faith in Indonesian civil law. In the event of a breach of this principle, the consequences may include rescinding the contract, providing compensation, or redistributing the parties' rights and responsibilities in line with societal standards of fairness and appropriateness. This concept guarantees that contracts are executed in accordance with both the letter of the law and more general principles of justice and equity.

#### **4. Conclusion**

Justice and legal clarity are maintained when contract disputes in Indonesia are resolved via the application of the concept of good faith. Honest and fair execution of all agreements, taking into account the respective rights and responsibilities of the parties, is essential to upholding this concept. To avoid harming one of the parties throughout the contract creation stage, parties must behave in good faith and not manipulate or hide facts. At the implementation stage, this concept helps make sure the contract is being executed according to societal standards of fairness and appropriateness.

The consequences of not acting in good faith are severe and may include the termination of the contract and the imposition of damages on the wronged party. On top of that, if one party acts dishonestly while carrying out the contract, the court could restrict or even eliminate their rights. Disputes arising from a failure to behave in good faith during an electronic transaction may necessitate the use of litigation or other dispute resolution processes like mediation or arbitration.

In sum, given the prevalence of online shopping and other forms of electronic commerce in the modern world, it is imperative that Indonesian contract law uphold the notion of good faith. This concept ensures that the parties will establish an agreement that is fair, transparent, and responsible, and it also functions as a moral guideline for how contracts should be implemented.

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