

THE PRINCIPLE OF GOOD FAITH IN PURCHASE AGREEMENTS FOR LAND OWNERSHIP

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Abstract:

This research examines the principle of good faith in the sale and purchase agreement of land ownership rights. In practice, there are occurrences of multiple sale and purchase agreements for land ownership rights. In this event, the seller conducted two binding sale and purchase agreements for land ownership rights with different buyers, resulting in losses for the first buyer. Based on this, the seller is deemed not to have acted in good faith in making the sale and purchase agreement. The type of research used in this study is normative legal research. The approaches used in this research are legislative approach, case approach, and conceptual approach. The sources of legal materials utilize primary legal materials and secondary legal materials. The technique for collecting legal materials used in this research is through library techniques and document studies, which are then qualitatively analyzed by providing descriptions related to the application of the principle of good faith in the sale and purchase agreement of land ownership. The principle of good faith in ownership sale and purchase agreements for land is regulated in Article 1338 paragraph (3) of the Civil Code. Additionally, it is also reflected in the provisions of Article 1320 of the Civil Code which governs the valid conditions of agreements. Furthermore, the legal consequences for the seller in a sales agreement that is not based on good faith are null and void by law because it contradicts the principle of good faith and does not meet the objective requirements for a valid agreement.

INTRODUCTION

Indonesia has a very diverse natural wealth, both biotic and abiotic (Wijaya, 2024). In the management and utilization of natural resources, particularly land as one of the strategic resources, the principle of good faith plays an important role, especially in every form of agreement, whether written or verbal, to ensure justice and legal certainty for the parties involved (Alysia Hapsari & Setiyawan, 2023). The principle of good faith plays an important role in the existence of agreements made by the parties before a Notary. Good faith is one of the principles in contract law as stipulated in Article 1338 of the Civil Code, which states that agreements must be carried out in good faith (Khalid, 2023). The principle of good faith has an important position and role in an agreement (Suryani & Ginting, 2024). This is based on the thought that if a contract is grounded in the principle of good faith and is adhered to and executed consistently by the legal subjects who create it, then it can be ensured that the agreed contract will not cause legal problems such as disputes arising from one party committing a breach of contract. According to Article 1338 of the Civil Code, there are three principles of civil law, namely the principle of freedom to contract, the principle of pacta sunt servanda, and the principle of good faith.

Based on Article 1313 of the Civil Code, it can be stated that the parties entering into an agreement are willing to bind themselves to a contract. There are several components in an agreement, which include the parties involved, their mutual consent, the performance to be carried out, a legitimate purpose, a form that can be either oral or written, specific conditions that form the content of the agreement, and the goals to be achieved (Satrio, 1995). Binding oneself means that the agreement cannot be revoked except by mutual consent of both parties, or for reasons determined by law. Thus, the agreement must be carried out in good faith (Dewi, 2017).

According to Article 1513 of the Civil Code, the buyer must pay the price of the purchased goods at the agreed time and place. Essentially, the main obligation of the buyer is to make the payment in accordance with the established agreement (Bagenda et al., 2024). In addition, the buying and selling process also involves various administrative procedures such as payment, delivery of goods, and fulfillment of rights and obligations in accordance with applicable regulations. Buying and selling transactions are among the most common forms of transactions that occur in everyday life across various sectors, including tourism, coastal, and other sectors (Wesna et al., 2023). This transaction involves the exchange of goods and services between two parties that have mutually beneficial interests, namely the seller and the buyer. In essence, a sale occurs when there is a transfer of ownership of a good and must be carried out with payment or exchange for a commensurate value.

The concept of buying and selling often includes a variety of valuable assets, ranging from properties like houses, land, buildings, to motor vehicles such as cars and motorcycles. In addition, buying and selling also encompasses everyday consumer goods such as food, clothing, electronic devices, and many more. In the context of buying and selling transactions, the parties involved need to reach a clear and firm agreement regarding the object being sold, the price, and other conditions stated in the agreement (Lestari, 2022). Agreements are often governed by a sales contract that legally binds both parties.

Land is one form of property transaction. In the process of buying and selling land, careful contract binding is very necessary. The contract binding process becomes a vital foundation and requires extra caution from both parties, namely the seller and the buyer. This transaction involves the exchange of ownership rights to the land for an exchange value that has been previously agreed upon. Based on the mutual self-confidence of both parties that the land represents a significant long-term implication for both sides. Therefore, the creation of legal documents such as the Sale and Purchase Binding Agreement (PPJB) and the Sale and Purchase Deed (AJB) becomes an unavoidable step in this process. The documents as proof of the sale transaction are the responsibility of the Land Deed Official (PPAT) or notary, as emphasized in Article 1 paragraph (1) and Article 3 paragraph (1) of Government Regulation Number 37 of 1998 concerning the Positions of Land Deed Officials, who certainly possess in-depth knowledge of relevant regulations and policies.

In practice, there was a sale and purchase case experienced by a Notary in Gianyar Regency. The seller, Mr. YB, made a sales agreement with a buyer, Mrs. LS, who is mentioned in the deed as the Director of PT. BIR in July 2023, which was subsequently followed by the preparation of the Sale and Purchase Agreement Deed (PPJB) and the Sale and Purchase Deed (AJB) at the Notary in Gianyar Regency. On July 26, 2023, a sales agreement was made, which was documented in the written Sale and Purchase Agreement Deed (PPJB) Number 17, dated July 26, 2023, and Power of Attorney Number 18, dated July 26, 2023, between YB as the land owner or seller and LS as the buyer, executed at the Notary in Gianyar Regency. The sale and purchase agreement was made directly in front of a Notary in Gianyar Regency and witnessed by several witnesses with the object being a plot of land with a building in the form of a Villa, covering an area of 640 m² (six hundred

and forty square meters) located in Ubud District, Gianyar Regency, under the name of the certificate of Mr. YB. In the process, Mr. YB reached a second sale and purchase agreement due to finding a second buyer, Mrs. CS, who offered a price much higher than the first buyer.

The Deed of Binding Sale and Purchase Agreement (PPJB) in this case has created legal uncertainty and significant losses for the buyer, LS. The binding sale and purchase agreement made by the seller has resulted in duplicates or the creation of a binding sale and purchase agreement twice with different buyers. This phenomenon illustrates a gap between the legal norms regulated in Article 1338 of the Civil Code and the reality.

Article 1338 of the Civil Code emphasizes the fundamental principle of compliance with agreements, stating that a valid agreement serves as law for the parties who make it and must be adhered to faithfully. Furthermore, this article also underscores that any breach of the provisions of the agreement will result in legal liability for the party committing the default. With the creation of the land sale binding agreement twice, this agreement does not reflect the principle of legal certainty due to the existence of multiple binding sale agreements. Thus, it cannot be determined which binding sale and purchase agreement for land rights is applicable or legally valid. In this case, legal certainty becomes very important to implement. The application of the principle of legal certainty is important because it is necessary to analyze the existence of multiple binding sale and purchase agreements for land rights. The reflection of the principle of legal certainty in this case must be implemented because legal certainty is highly needed by the first buyer.

METHODS

The type of research used in this study is normative legal research to examine legal issues related to the application of the principle of good faith in the sale and purchase agreement of land rights based on civil law and the legal consequences for the seller regarding sale and purchase agreements that are not based on good faith. The approach used in this study is a statutory approach, case approach, and conceptual approach. The sources of legal materials use primary legal materials in the form of legislation and secondary legal materials in the form of scientific journals. The technique for collecting legal materials used in this study involves library techniques and document studies, which are then analyzed qualitatively by providing a description related to the application of the principle of good faith in the sale and purchase agreement of land rights.

RESULT AND DISCUSSION

The law must meet the expectations of society in providing protection, legal certainty, and justice in every administration of interests (Istri Agung, 2024), to realize peace, order, and well-being for all humanity. In that framework, the principle of good faith in making an agreement becomes a fundamental principle that encourages the parties to act with goodwill, honesty, and not to abuse the trust that has been given (Putra et al., 2020). This principle is very important in contract law because it guarantees protection for each party involved in making an agreement. The principle of good faith can be found in Article 1338 of the Civil Code. This principle emphasizes that both the creditor and the debtor must carry out the contents of the agreement based on trust and sincere belief, as well as the good intentions of both parties (Nursyamsi Ichsan et al., 2022). The principle of good faith reflected in Article 1338 of the Civil Code is also related to Article 1320 of the Civil Code, which regulates the valid requirements of a contract. The provisions of this article set legal limits on the content of agreements, particularly concerning the lawful cause.

The Sale and Purchase Agreement (PPJB) is evidence of the preliminary agreement before the creation of the Deed of Sale and Purchase (AJB) (Ainayah et al., 2022). The Sale and Purchase Binding



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Agreement (PPJB) is not a proof of the transfer of land and/or building ownership rights from the seller to the buyer, but merely serves as a binding agreement of the agreement that has been approved by both parties.

With the application of good faith in accordance with the rules, it is hoped that all processes of the agreement can proceed fairly and not harm any party, including public interests, which are adjusted to the norms that universally apply in contract law (Fajar Satriyawan Wahyudi & May Shinta Retnowati, 2024). With goodwill, any disputes that may arise can be avoided, as each party has made an effort to understand and respect the rights and interests of the other party. Therefore, goodwill is not only an important factor for the continuity of the agreement but also for the legal certainty expected by the parties.

If analyzed by connecting the principle of good faith in the sale of land ownership rights, then the sale and purchase agreement is an agreement based on good faith from both parties, where the seller promises to transfer their ownership rights over a piece of land to the buyer, and the buyer is willing to honestly pay the promised price for the land. The provisions of this article define the sale and purchase as a consensual agreement between two parties with good faith to bind themselves. In this sense, the seller is obligated to honestly and openly transfer their ownership rights to the land. Meanwhile, the buyer is obligated to honestly and openly pay the agreed price. Thus, the sale and purchase in the Civil Code is not merely a transfer of goods, but rather a form of mutual obligation between the seller and the buyer.

The characteristic of a consensual agreement is that it is sufficient with an agreement between the parties, without the need for a specific formal form except for certain objects such as land, which is further regulated in separate legislation. In terms of its nature, a sales agreement has an obligatory nature (commitment), thus the existence of an absolute agreement in a contract creates validity among the agreements between two or more parties (I Komang Eka Adi Putra et al., 2024). Article 1457 of the Civil Code does not automatically transfer ownership rights, but creates a legal obligation to deliver the goods and pay the price. The transfer of ownership occurs when the goods are delivered in a tangible manner. In addition, the sales agreement is also reciprocal in nature, meaning both parties have rights and obligations. If one party fails to fulfill their obligation, the agreement can be canceled or enforced for performance.

Substantively, the purchase and sale of land is still subject to the general principles in the Civil Code, including Article 1457 of the Civil Code. Although Article 1457 of the Civil Code serves as the general basis for sales agreements, in the context of buying and selling land rights, specific regulations such as Law No. 5 of 1960 on the Basic Agrarian Law (hereinafter referred to as UUPA) and Government Regulation No. 24 of 1997 on Land Registration (hereinafter referred to as the Government Regulation on Land Registration) state that the sale and purchase of land must be executed in the form of an authentic deed in the presence of a Land Deed Official (PPAT) to legally transfer rights and be registered. In the context of land sales, agreements based on Article 1457 of the Civil Code can take the form of a Sale and Purchase Binding Agreement (PPJB) as a stage before the official transfer of rights.

Article 1458 of the Civil Code asserts that sales agreements are consensual in nature, meaning that an agreement on the goods and price is sufficient for the sale to be legally valid, even if the goods have not been delivered and the price has not been paid. Thus, Article 1458 of the Civil Code reinforces the consensual nature of sales agreements in civil law. Regarding good faith, both the seller and the buyer are expected to act in good faith when making an agreement. This good faith is demonstrated when the rights to the land have not been transferred, yet an agreement is still made.

Both parties are willing to establish the agreement based on mutual trust, even though the ownership rights to the land have not been paid.

In relation to the sale and purchase agreement of land ownership rights, Article 1458 of the Civil Code emphasizes the principle that a sale and purchase agreement is sufficiently formed with the agreement regarding ownership rights to the land. At the moment the agreement occurs, a legal obligational relationship is established, even though the property rights have not yet been transferred. Therefore, the sale and purchase of land ownership rights is valid not because of payment or delivery, but because an agreement has been reached. This agreement serves as an important foundation in civil law practices, especially in disputes over agreements, default, and unilateral cancellation.

Article 1459 of the Civil Code states that a sale does not automatically transfer ownership rights over the land being sold. Ownership rights over the land will only transfer after the delivery (levering) is carried out, in accordance with the provisions stipulated in the Civil Code. In relation to land ownership rights, this provision serves as the legal basis that separates the validity of the sale agreement and the transfer of land ownership rights. Ownership rights of the sold land do not simply transfer due to an agreement, but only transfer after delivery is made. This provision also serves as an important foundation in drafting the Sale and Purchase Binding Agreement (PPJB) and the Deed of Sale and Purchase (AJB), as well as in determining who is the rightful owner of the ownership rights over the land in ownership disputes.

The meaning of Article 1464 of the Civil Code in the context of buying and selling land ownership rights is not merely an advance payment or down payment, but rather a sign that an agreement has been reached between the seller and the buyer. By the buyer providing a down payment to the seller, the purchase agreement for the land ownership rights is legally valid or the purchase agreement for the land ownership rights is legally binding. The sale cannot be unilaterally revoked by one party simply by returning or taking back the down payment.

The payment of a down payment by the buyer reinforces the occurrence of an agreement, thus the sale and purchase is legally binding. The provision of Article 1464 of the Civil Code can be said to be a regulation that prevents unilateral actions, both from the seller and the buyer, who try to cancel the transaction simply by returning or asking for the down payment back. The aim is to maintain legal certainty and protection of the good faith intentions of each party.

Article 1491 of the Civil Code, when analyzed, includes provisions related to sales, where the main principle is to protect the interests of the buyer from hidden fraud or the negligence of the seller that causes the buyer to suffer losses or be disadvantaged due to goods that do not meet expectations or reasonable standards. This article also implements the principles of fairness and adequacy in contracts, the principle of good faith, and the principle of protection for parties acting in good faith, such as protecting buyers who act honestly and reasonably. This article provides legal protection for buyers against hidden defects in the goods sold. The seller is responsible, even if they were unaware of the defect. If a hidden defect is proven to exist, the buyer may cancel the sale, request a discount, and even sue for damages, depending on the situation. Thus, in relation to the theory of legal certainty, this provision governs the seller's obligation to ensure that the buyer has secure and peaceful rights to the land, and is free from hidden defects that could void the agreement (Arnawa et al., 2024).

Article 1243 of the Civil Code, when analyzed in relation to the sale and purchase of ownership rights to land, states that if the seller is aware of defects in the ownership rights to the land and does not inform the buyer, then the seller is not only obliged to return the price received, but also to compensate for all costs, losses, and interest. This provision provides legal certainty to the buyer by



regulating the buyer's right to delay payment if the rights to the land conveyed do not comply with the agreement. This article reinforces the form of legal responsibility of the seller, if the seller is aware of hidden defects but intentionally does not inform the buyer at the time of the sale and purchase of the land rights.

Article 1243 of the Civil Code imposes heavier sanctions on sellers who conceal hidden defects that they know of. The seller is not only obligated to refund the price but also to compensate for all losses incurred by the buyer due to their actions. This article reflects a strict application of the principle of good faith and protection for buyers against fraudulent actions.

The main element in the provisions is that the seller is aware of the existence of hidden defects. In relation to the sale and purchase agreement of land rights, the defects that are known to the seller, due to their knowledge or information that is not known to the buyer, are significant. Furthermore, the element of the seller not informing the buyer is crucial. The seller's act of silence or hiding information is seen as bad faith, as it misleads the buyer. Then the third element relates to the legal consequences, where the seller of land rights is not only obliged to return the price of the goods, but also must compensate for all costs, losses, and interest suffered by the buyer due to the defects (full compensation). Compensating for these losses is one form of reflecting justice. According to the theory of justice by John Rawls as stated by I Nyoman Sujana, it is unjust to sacrifice the rights of one or several individuals solely for the greater economic benefit of society as a whole (Sujana, 2015). Thus, if the seller sacrifices the buyer's right to compensation for the land price that has been incurred, then that act is unjust. Justice will only be realized when the seller not only compensates for the price of the goods but also reimburses all costs arising from the seller's actions, such as interest, time, and other losses suffered by the buyer.

The process of buying and selling land rights in good faith begins with the pre-transaction stage, which involves verification and the good faith intention of both parties. At this initial stage, the buyer checks the legal status of the land with the National Land Agency. The verification starts from the certificate of ownership, ensuring that the certificate is not disputed and is not blocked. In addition to the National Land Agency, checks are also made with the relevant sub-district regarding the history of ownership of the land. During this verification, both the seller and the buyer share information about the land. It is at this stage that the principle of good faith begins; the seller has no intention of hiding any deficiencies or legal defects related to the land as the object of the transaction (Putu Arya Bagus et al., 2021).

In relation to the sale and purchase agreement for land ownership, Article 90 paragraph (1) of Government Regulation Number 18 of 2021 concerning Management Rights, Land Rights, Apartment Units, and Land Registration (hereinafter referred to as the Government Regulation on Land Registration Changes) regulates the Sale and Purchase Binding Agreement (PPJB), which is an initial agreement that can be made privately or in the presence of a Notary. The Sale and Purchase Binding Agreement (PPJB) is important when payments are made in installments or there are still conditions that have not been met. In the Sale and Purchase Binding Agreement (PPJB), it must also be clear who guarantees the legality of the land and its land rights (Septiarianti et al., 2020). Then the stage of making the Sale and Purchase Deed (AJB) is carried out in the presence of the PPAT. The PPAT is required to check ownership evidence, ensure that the parties are legally competent, and remind them of their rights and obligations. The Sale and Purchase Deed (AJB) can only be made if the land has been certified and is not problematic.

In relation to the theory of legal certainty, Article 37 of the Government Regulation on Land Registration provides legal certainty for both the seller and the buyer that the transfer of ownership rights over land through sale can only be carried out in the presence of a PPAT (Official Land Deed



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Maker). Furthermore, it also provides legal certainty that the sale can only be conducted between Indonesian citizens (Legawantara et al., 2020).

Referring to the provisions, the PPAT must not create a Sale and Purchase Deed (AJB) if they are aware that the land is in dispute. This provision is part of the implementation of the principle of good faith for public officials. In addition, payment can be made simultaneously or after the Sale and Purchase Deed (AJB) is created. Then, the physical handover of the land is carried out according to the agreement between the seller and the buyer. If the buyer purchases in good faith and pays in full, the buyer has legal protection even if another party later claims it. The Sale and Purchase Deed (AJB) and other documents are submitted to the land office for the name transfer of the certificate. If this process goes smoothly and there are no objections from other parties, then the buyer will receive a certificate in their name. Thus, the legitimate land sale transaction based on the principle of good faith involves a transparent process, carried out through a PPAT (Official Land Deed Maker), with a thorough examination of the legal object and subject, accompanied by the registration of the transfer of rights at the National Land Agency.

Every transfer of land rights, including buying and selling, must be registered. Unregistered sales of land rights do not provide legal certainty for the buyer and are prone to disputes. Legal certainty is crucial to ensure peace and order in society because legal certainty has a coercive nature both from the law and from within the individual. With the legal certainty provided by the law, the buyer has perfect evidence of land rights.

For an agreement to be considered valid, the conditions set out in Article 1320 of the Civil Code must be met, namely the existence of an agreement, the competency of the parties, a clear object, and a purpose that does not violate the law. A sales agreement may enter into the stage of cancellation if there is a discrepancy in the implementation of the agreement (Bisama et al., 2022). In practice, it is often found that payments in the Binding Sale and Purchase Agreement (PPJB) have not been fully settled. The violation that leads to the cancellation of the agreement in this study is due to a breach by the seller. Mr. YB sold the land that had already been promised to LS, even though a sale and purchase agreement had previously been agreed upon and executed in front of a Notary. Therefore, the provisions of Article 90 Paragraph (1) of the Government Regulation on Land Registration Amendments have been violated by one party. If one party feels disadvantaged due to default or unlawful actions by the other party, the aggrieved party may file a lawsuit in the local court regarding the matter.

The process of the sales agreement does not always go smoothly according to the initial plans of both parties. At the beginning of the agreement made at the Notary in Gianyar Regency, the seller fulfilled their duties as they should, and the buyer had fully paid for the seller's land. However, the seller was tempted by an offer made by Mrs. CS on March 26, 2024, who at that time could be referred to as the second buyer. Madam CS made an offer for a plot of land with a villa located in Ubud District, Gianyar Regency for the price of IDR 2,500,000,000 (two billion five hundred million rupiah), whereas previously with Madam LS, it was agreed upon for the price of IDR 2,200,000,000 (two billion two hundred million rupiah). Due to the difference in the more favorable offer price from Mr. YB, Mr. YB accepted the offer made by the second buyer, namely Madam CS, without hesitation and attempted to propose a cancellation to the first buyer, Madam LS.

In this case, Mr. YB does not meet a valid requirement for the validity of a contract. One of the foundational requirements for the validity of a contract according to Article 1320 of the Civil Code is the existence of a cause that is not prohibited (permissible). The meaning of 'permissible cause' in this context is not the reason or motivation behind someone's contract-making, but rather the content or purpose of the contract itself. In other words, the law does not pay attention to the circumstances

behind someone entering into a contract, but rather emphasizes whether the purpose and content of the contract comply with the applicable laws and norms. This is in line with Article 1335 of the Civil Code, which stipulates that an agreement lacking cause, made for false cause, or made for a cause that contravenes laws or prevailing norms, has no legal force. Law is an effective tool to achieve social goals because legal rules are consistently ingrained in society (Sujana, 2020).

In this case, Mr. YB as the seller has breached the agreement that was previously agreed upon by the parties involved. This action violates the basic principles of the agreement as stated in Article 1320 of the Civil Code, specifically in the first requirement, which is the existence of an agreement from the parties. Then the second requirement is the competence of the parties involved in making the agreement. These requirements are subjective conditions that must be fulfilled for an agreement to be considered valid. If any one of these subjective conditions is not met, then the cancellation of the agreement can occur by one of the aggrieved parties.

In the context of the agreement made between Mr. YB and LS, the initial agreement reached becomes meaningless when Mr. YB accepts a higher offer from another party, namely CS. This action not only undermines the principle of fairness but also opens the possibility of annulment of the agreement. The unmet subjective condition indicates a serious violation of the principles of trust and legal certainty that should serve as the foundation for every buying and selling transaction. Thus, Mr. YB has not only violated the agreement made but also neglected the important legal requirements within the agreement itself.

In general, an agreement can only be canceled by mutual consent and cannot be unilaterally canceled, so an agreement can be canceled by the agreement of the parties involved who made the agreement. Factors that can serve as reasons for the cancellation of an agreement include breach of contract. A clear reason for breach of contract, for example, is force majeure or a situation of necessity, and something that is considered extraordinary.

Based on the provisions of Article 1451 of the Civil Code and Article 1452 of the Civil Code, the cancellation of an agreement results in legal consequences in the form of returning the situation to its original state, that is, before the agreement was made. The cancellation of the Sale and Purchase Binding Agreement (PPJB) can be requested if the existing clauses have not been fulfilled. One party in the agreement who feels aggrieved also has the right to submit a request for the cancellation of the agreement. For example, when the buyer does not meet the payment time as agreed, this could become one of the conditions for the Sale and Purchase Binding Agreement (PPJB) to be canceled (Sudjanto, 2023). The Sale and Purchase Binding Agreement (PPJB) can be canceled by the seller under certain conditions, but with consequences that must be borne. For example, if the seller cancels the sale of their goods for certain reasons, the agreement can be canceled, but the seller is obliged to return everything that has been received from the buyer.

A contract can be annulled if it violates the subjective conditions of validity as regulated in Article 1320 Paragraph (1) and (2) of the Civil Code. This violation can occur due to defects in will (*wilsgebreke*), such as mistake, coercion, or fraud, or due to the incapacity of the parties involved in the contract (*ombekwaamheid*), making the contract status annulable (*vernietigbaar*) (Widia & Budiarta, 2022). In addition, violations of the objective requirements of the agreement, as regulated in Article 1320 Paragraphs (3) and (4) of the Civil Code, such as the absence of a specific object or the existence of an unlawful purpose, including those that contradict the law, public order, or morality, may result in the agreement being null and void by law.

In the cancellation of the agreement at the Gianyar Regency Notary, the legal consequence is that both parties must return all performances to their original position before the agreement was made. The seller, Mr. YB, is obliged to refund the money received from the buyer. Meanwhile, the

buyer, Mrs. LS, must also return the goods received, which is in the form of a Certificate of Ownership of the land. Furthermore, the party who feels aggrieved has the right to file a claim against the party deemed to have caused the harm. Therefore, Mrs. LS can file a claim against Mr. YB to obtain compensation for the losses arising from the cancellation.

In essence, when the implementation of an agreement made between a seller and a buyer is not executed as per the initial agreement, it will lead to consequences that result in the nullification of an agreement or contract. There are various ways to cancel it, as occurred with the Notary in Gianyar Regency. The cancellation mechanism was conducted by the Notary in Badung Regency on March 26, 2024, where the agreement was made between Mr. YB and Mrs. CS with the presence of the first buyer, Mrs. LS, who would sign the cancellation under the conditions set by the Notary and the conditions from Mrs. LS herself. The Notary in Badung Regency created a settlement by drafting a cancellation statement privately, including the following conditions:

- 1) The parties state first that based on the agreement and mutual understanding between both parties, they hereby cancel and abolish so that it has no legal effect anymore:
 - a) Deed of Agreement Number 17 dated July 26, 2023, made in the presence of a Notary in Gianyar.
 - b) Power of Attorney Deed Number 18 dated July 26, 2023, made in the presence of a Notary in Gianyar.
- 2) The cancellation of the said Deeds according to the explanations of the Parties is carried out using the following terms and conditions:
 - a) Article 1

This cancellation is effective from the date this agreement is signed. And hereby, the parties will not sue each other, nor will the Parties file any claims against the Notary, either civilly or criminally, now or in the future.

- b) Article 2
 - a. With the cancellation of the deed, a calculation has been made between the Parties as it should be, so each Party is released from responsibility in relation to the cancellation.
 - b. The agreement is void by disregarding Articles 1266 and 1267 of the Civil Code, meaning that the cancellation of the agreement does not require a court decision and the parties declare that these deeds are no longer valid.
 - c) Article 3
 - a. Regarding the Agreement and all its consequences, the Parties agree to choose a permanent place of jurisdiction (domicile) at the Registrar's Office of the local District Court.
 - b. With this cancellation, the previous deed that has been signed by the parties is declared null and void.

Thus, this cancellation letter is made and signed by the parties with sufficient stamps, fully aware and without any pressure from any party so that the parties will not make any claims or legal actions in any way in the future. After the Notary has finished reading the cancellation letter and it has been approved by the parties, namely the seller and the buyer, it is then followed by the signatures of the seller Mr. YB and the buyer Mrs. LS. This step is taken as proof of the agreement to cancel the agreement, whereby Mr. YB as the seller returns to Mrs. LS, the buyer, a sum of Rp. 2,200,000,000 (two billion two hundred million rupiah). Along with this return, the Deed of



Agreement Number 17 dated July 26, 2023, and the Power of Attorney Deed Number 18 dated July 26, 2023, both of which were made in the presence of a Notary in Gianyar Regency, are also revoked.

With the cancellation of Agreement Deed Number 17 and Power of Attorney Deed Number 18 dated July 26, 2023, all parties agree that the agreement is no longer valid. The seller, Mr. YB, refunds the amount of Rp. 2.200.000.000,- to Mrs. LS, as part of the restitution process governed by Article 1451 of the Civil Code. In addition, Mrs. LS demands compensation for the time lost, which has been agreed upon by Mr. YB. This compensation payment is a form of goodwill from Mr. YB to resolve the dispute amicably, in accordance with the provisions of Article 1320 of the Civil Code which regulates the requirements for a valid agreement. Through the cancellation executed with full awareness and without pressure, both parties agree not to sue each other in the future, demonstrating the importance of fulfilling the valid requirements in agreements to maintain legal certainty and avoid disputes in the future.

CONCLUSION

The principle of good faith in the sale and purchase agreement of land rights based on civil law must be founded on an agreement made with awareness, honesty, sincerity, free from coercion and deceit, and executed openly and in cash as evidence of the buyer's good faith in making the agreement. Thus, the agreement reached as intended in Article 1320 of the Civil Code can be used as proof that the agreement is valid and has fulfilled the good faith requirements in accordance with the provisions of Article 1338 of the Civil Code. The legal consequences for the seller regarding a sales agreement that is not based on the principle of good faith are null and void by law because the sale and purchase agreement of ownership rights to land made by the seller is contrary to the principle of good faith in accordance with the provisions of Article 1338 of the Civil Code and also violates Article 1320 of the Civil Code related to the requirement of a lawful cause. Therefore, the agreement made by the seller is invalid as it does not meet the objective requirements of the agreement.

It is advisable for the public to be cautious when entering into agreements for the sale and purchase of land ownership rights. The provisions of Article 1338 and Article 1320 of the Civil Code must be adhered to by the public, in order to ensure that the sale and purchase agreements made are valid under the law or that the agreements do not conflict with the law, aiming to guarantee legal certainty.

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