

Binding Force of Purchase Order as an Agreement

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ABSTRACT: A Purchase Order is a simple format of a modern contract that is widely used in sales and purchase transactions. For the parties involved in a sale and purchase agreement, the binding force of the the agreement plays an important role, because the document could be used as an evidence to ensure certainty and legal protection to uphold the rights and obligations as stated in the agreement. A Purchase Order that has fulfilled the elements of an agreement and is made by fulfilling the requirements for the validity of an agreement will give rise to legal consequences in the form of rights and obligations that must be carried out by the parties who made the Purchase Order based on the principle of *Pacta Sunt Servanda*. The research method used in this paper is normative research with statutory approach, which is supplemented with further analysis of various legal materials. The results of the author's analysis found that a Purchase Order that has fulfilled the requirement as a valid agreement has legally given birth to a binding force for the parties who made it, so that the rights and obligations they have agreed to must be fulfilled. Based on this result, the author suggests the imposition of moral sanctions from the business community for parties who deny the Purchase Order as an agreement that binds the parties, so that in the future people will be more careful to not renege on the previously agreed upon Purchase Order.

KEYWORDS: Purchase Order, agreement, legal, binding force, *Pacta Sunt Servanda*.

I. INTRODUCTION

Aristotle coined the term “*Zoon Politicon*,” which literally means that humans are social creatures. This means that humans interact with other humans to fulfill their needs daily.¹ A human's social life allows them to help each other by exchanging goods or food, protecting their communities from harm, and even developing culture, skills, language, and knowledge together to achieve a better standard of living.

The early stage of human life begins with hunting and gathering before progressing to farming and settlement building. While in this stage, the need to exchange goods and services arises as not everyone has access to the goods or services they need. Over time, the number of these exchanges grew along with the number and complexity of goods and services exchanged. The number of these exchanges have also increased as human civilization spreads across various regions. This led to the need to use money to pay for goods or services desired by other parties. At present, this concept of transactions or sales agreements involves a seller and a buyer in an exchange for the goods or services they desire.

A contract refers to a legal relationship between a seller and a buyer involved in a sales agreement. This contractual relationship enables them to exercise their respective rights and obligations. The seller has to deliver the goods or services they own and is entitled to payment for them. While, the buyer has to pay for the goods or services they purchase and receives the goods or services in return. Therefore, a regulation is needed to uphold this contract to ensure fairness of the sale and purchase agreement between the seller and buyer to avoid potential conflicts between the parties.

In essence, a contract is not the same as an agreement. The word “contract” comes from the word “*verbinten*” meaning to bind. Therefore, in civil law, the term refers to the concept of “binding” indicating a bond or legal relationship between the parties. Meanwhile, “agreement” comes from the word “*overeenkomst*” meaning to agree. In a legal context, this term is more directed towards the concept of “mutual agreement” often known as the principle of consensualism, which describes an agreement born from the consent of all parties.² Article 1233 of the Civil Code stipulates that obligation arises from both law and agreement, therefore, agreements are the source of obligations.

The formal legal definition of an agreement is written in Article 1313 of the Civil Code, which states that an agreement is an act in which one or more persons bind themselves to another one or more people. Since the agreement is made consciously and

¹ Peter Mahmud Marzuki, 2018, *Pengantar Ilmu Hukum*, Kuncana, Jakarta, h.95.

² R. Setiawan, 1999, *Pokok-Pokok Hukum Perikatan*, Putra A Bardin, Bandung, h.1-2.

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intentionally based on free will, it creates a stronger bond that incentivizes the parties to carry out whatever has been agreed upon. If one party fails to fulfill its obligations as agreed, the other party has the right to sue that party and demand fulfillment of their duties through legal proceedings.³

In general, agreement can be made either in writing or verbally. One form of written agreement is a contract. Contracts are often used in sales and purchase agreements because they are considered more effective in providing legal certainty for the parties regarding their rights and obligations as stipulated in the written agreement. In line with economic globalization, which has resulted in the advancement of sales and purchase transactions on a larger scale, contract forms have also experienced various variations in the formats used by those involved in sales and purchase transactions, such as the Purchase Order.

A Purchase Order is a written document made by the buyer containing an order for goods or services to be submitted to the seller. Generally, a Purchase Order includes information based on the agreement between the buyer and seller regarding the buyer and seller's personal data, the type of goods or services ordered, the price and quantity, the preferred method of payment, the time and place of delivery of the goods or services, and so on. Therefore, if at any time a party reneges on the agreement, it will be considered a breach of the agreement.

The definition of a Purchase Order quoted from Black's Law Dictionary is "A document authorizing a seller to deliver goods with payment to be made later."⁴ This definition defines a Purchase Order as a document made by a buyer that authorizes a seller to deliver goods to the buyer with payment to be made at a later date. Another definition of a Purchase Order can be found in Bandung High Court Decision Number 314/Pdt/2008/PT.BDG which states that "A Purchase Order, according to business law, is a written mandate given to a seller to deliver verified goods or services at a predetermined price."⁵

According to Eggen, a Dutch law professor, every honorable individual will fulfill their promises. This affirms that a person's personal integrity and trust are a strong foundation for compliance with an agreement. Similarly, Dutch legal scholar Hugo Grotius reinforced this idea by aligning it with the philosophical basis of the Natural Law teaching that promises are binding (*pacta sunt servanda*). These two thoughts explain the concept that promises that have been made must be fulfilled because the obligation to carry out the promise is a form of moral responsibility of the person in question as a part of the social consensus in carrying out social interactions that are protected and enforced by law. In other words, the obligation to fulfill promises made, or what is called the principle of "*promissum implendum obligatio*" is a basic ethical norm that is important for building and developing social relationships based on trust and integrity.⁶

II. RESEARCH METHOD

Research is a systematic and planned process involving a series of scientific activities carried out logically, systematically, objectively, and measurably using scientific methods to answer or solve problems based on data and facts in order to uncover the truth to explain and understand existing phenomena.⁷ The research presented here is normative research, which starts with a problem that will be answered later, followed by a research plan and a collection of various legal materials for analysis to obtain valid conclusions based on the resources gathered. Therefore, the approach used in this research is the statutory approach as well as analyzing various legal materials to produce clarity that can answer the legal problems faced.⁸

III. DISCUSSION

Humans are constantly connected to various events, some of which are ordinary, while others can have legal consequences, known as legal acts. These legal acts may result in various legal relationships between them.⁹ The most common legal relationships in sales and purchase transactions are those related to bonds, agreements, contracts, and Purchase Order. To provide a deeper understanding, the section below describes some concepts that may be relevant to the aforementioned legal relationships.

A. Bond

The definitions of a bond, according to several legal experts, are as follows:¹⁰

1. Nieuwenhuis

A legal relationship between two or more people in the area of property, where one party is obligated to pay and the other party has the right to receive the payment.

³ Kartini Muldjadi dan Gunawan Widjaja, 2014, *Perikatan Yang Lahir Dari Perjanjian*, Rajagrafindo Persada, Jakarta, h.59.

⁴ Bryan A. Garner and Henry Campbell Black, 2009, *Black's Law Dictionary 9th Ed.*, MN:West, St. Paul, h.1354.

⁵ Achmad Feryliyan, 2021, *Purchase Order Dalam Perspektif Hukum Kontrak*, Deepublish, Yogyakarta, h.3.

⁶ Agus Yudha Hernoko, 2014, *Hukum Perjanjian: Asas Proporsionalitas Dalam Kontrak Komersial*, Kencana, Jakarta, h.128.

⁷ Ishaq, 2017, *Metode Penelitian Hukum dan Penulisan Skripsi, Tesis, serta Disertasi*, Alfabeta, Bandung, h.10.

⁸ Peter Mahmud Marzuki, 2021, *Penelitian Hukum*, Kencana, Jakarta, h.133-136.

⁹ L.J. Van Apeldoorn, 2015, *Pengantar Ilmu Hukum*, Balai Pustaka, Jakarta, h.6.

¹⁰ Salim H.S., 2015, *Pengantar Hukum Perdata Tertulis (BW)*, Sinar Grafika, Jakarta, h.173-174.

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2. C. Asser's

The characteristic of a bond is a legal relationship recognized and regulated by law, involving one party receiving a good or service and the other party having an obligation to provide a good or service.

3. Sudikno Mertokusumo

A legal relationship consists of rights and obligations.

4. Salim H.S.

A legal bond between two legal entities in the field of property, with one entity having the right to receive a good or service and the other having the obligation to provide the good or service.

In conclusion, the essence of the elements of a bond is the existence of a legal relationship involving two parties, each with their own rights and obligations to fulfill a duty, and is within the scope of the property sector.¹¹ Additionally, a bond within the scope of civil law is a legal relationship that is binding and regulates the rights and obligations of the parties based on the agreement made. A person who is said to have a right¹² is interpreted as having been given the authority or power by law to demand that the other party fulfill their obligations according to the bond.

B. Agreement

We will find definitions of an agreement based on the following theories:¹³

1. Old Theory

According to this theory, an agreement underlies legal acts performed by the parties, resulting in legal consequences for them. Therefore, the elements of an agreement include interrelated legal acts based on the consensus out of the parties' wills, expressed through mutual cooperation based on mutually agreed intentions to produce reciprocal legal consequences in a accordance with applicable law.

2. New Theory

This theory, put forward by Van Dunne, emphasizes that an agreement is not dependent on the moment of agreement between the two parties, but also depends on prior events or actions that may influence the agreement between the parties involved. According to Van Dunne, there are three stages in forming an agreement: the pre-contractual stage (offer and acceptance), the contractual stage (conformity of the parties' wills), and the post-contractual stage (when the agreement is made).

Essentially, an agreement is declared to have been born when the parties reach a consensus over an issue or an interest that has been mutually and consciously agreed upon (as indicated clearly by stating their desire to be bound by the agreement).¹⁴ An agreement that has been made will have legal consequences in the form of binding rights and obligations to carry out what has been agreed upon. Referring to the valid requirements of an agreement based on Article 1338 of the Civil Code, an agreement made by fulfilling these requirements will be a valid agreement so that it cannot be terminated except on the basis of a clear indication or statement from the parties or because there are legal regulations that prohibit it.¹⁵ This rule, known as the Living Law, permeates the society in the form of social norms or legal events that occur in social life (*Res Cotidiane*).¹⁶

According to Edi Krisharyanto,¹⁷ for an agreement to be legally binding, then the anatomy of the agreement must be clear, well-organized, and free from hidden or ambiguous meanings. A good agreement must have the following anatomies:

1. A heading (title) that describes the contents of the deed according to the agreement. It can also include a contract number or deed number, as is the case for notarial deeds.
2. The opening (preamble) is the beginning of the deed, stating the date the agreement was made.
3. The comparison (comparatie) lists the names and authorities of the parties involved in the agreement.
4. The premises (recital) are the introduction to the agreement, stating the main intent and reasons for the parties to enter into the agreement. It always begins with the word "That".
5. The contents of the agreement are the main part, containing the terms and conditions to be implemented by the parties.
6. Special clause which are often used in cross-border contracts.
7. Testimony (closure) is the closing part of the agreement, such as the sentence "This agreement has been signed by the parties or their representatives."
8. Attestation (signature) consists of the signatures of the parties and witnesses to the agreement.
9. Attachment, which can be included, such as letters of authority, related reports, charts, and so on.

¹¹ *Ibid.*

¹² Satjipto Rahardjo, 2012, *Ilmu Hukum*, Citra Aditya Bakti, Bandung, h.67.

¹³ Salim H.S., 2017, *Hukum Kontrak: Teori dan Teknik Penyusunan Kontrak*, Sinar Grafika, Jakarta, h.25-27.

¹⁴ Subekti, 2005, *Pokok-Pokok Hukum Perdata*, Intermasa, Jakarta, h.138

¹⁵ *Ibid.*, h.139.

¹⁶ Sudikno Mertokusumo, 2020, *Penemuan Hukum Sebuah Pengantar*, Maha Karya Pustaka, Yogyakarta, h.131.

¹⁷ Edi Krisharyanto, 2005, "Anatomi Suatu Perjanjian", *Jurnal Perspektif*, Vol.X No.1, h.36-47.

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The basic principles of a legal system are formulated into legal principles, which are then embodied in statutory regulations and judicial decisions, applied within the legal framework of our daily life as a country that abides to the rule of law.¹⁸ Legal principles serve as the foundation of the legal system to uphold legal values within the boundary of legal norms in society.¹⁹ The principles underlying contract law serve as the basis to enforce contractual rule agreements in social life, including:

1. The Principle of Consensualism, which states that an agreement arises when there is an agreement between the parties.
2. The Principle of Freedom of Contract, which means that everyone is free to enter into an agreement with anyone on any matter, as long it does not violate the law and takes the form they desire.
3. The Principle of *Pacta Sunt Servanda* stipulates that an agreement is valid as law for the parties who make it, to be implemented as agreed upon.
4. The Principle of Good Faith, which requires that an agreement be based on the good faith of the parties to fulfill their ends in the agreement.

C. Contract

The definition of a contract can be further explained as follows:

1. Black's Law Dictionary²⁰ states that a contract is an agreement between two or more people to perform or refrain from performing an action, where this agreement will have legal consequences, and must be implemented according to the provisions set forth in the agreement.
2. Charles L. Knapp and Nathan M. Crystal²¹ argue that a contract must be in written form that has been agreed upon and contain the rights and obligations of the parties as stated in the agreement.
3. Arthur S. Hartkamp and Marianne M. M. Tilema²² define a contract as a legal act based on the will of the parties, which can result in legal consequences in the form of benefits or burdens for one or both parties.

In sum, a contract can be said to be a written document containing elaborated provisions with stronger legal consequences for the parties. Contracts differ from agreements in that the latter are broader in meaning, encompassing various forms that may or may not have the same strong legal protections as contracts.²³

D. Purchase Order

A Purchase Order is a variation of a contract format that is also widely used in sales agreements for ordering goods or services. Achmad Ferylian²⁴ explained that a Purchase Order is a business document widely used in sales agreement to facilitate transactions, serve as a guide for both parties to better understand their rights and obligations, safeguard their legal interests in the event of a dispute, and can also serve as strong evidence that can be used in court.

In today's modern business world, Purchase Orders are often used as a document to ensure that the buyer's order meets their expectations, based on the agreed upon price with the seller, and to determine the delivery schedule. Essentially, a Purchase Order contains information such as the parties' personal details, as well as the type, price, and quantity of goods or services ordered. Additional details such as the method of delivery, lead time, and payment method can also be included. The inclusion of information like this aims to enable buyers to clearly state their wishes to obtain the goods or services they want, the price and quantity, as well as the delivery schedule. Purchase Orders can even be used as evidence if there is a dispute between the parties regarding this sales transaction.²⁵

Several obstacles and challenges may arise while issuing Purchase Orders. These obstacles include errors in data input due to incomplete information on the price or quantity of goods ordered, being given the wrong data from the ordering party, different understandings regarding the quality of the goods or services ordered, and so on. Challenges that may arise can take the form of a limited budget from the ordering party, changes in the quality of the goods or services ordered, the emergence of new legal

¹⁸ B. Arief Sudharta (Alih Bahasa), 2015, *Refleksi Tentang Hukum: Pengertian-Pengertian Dasar Dalam Teori Hukum*, oleh JJ.H. Bruggink, Citra Aditya Bakti, Bandung, h.119.

¹⁹ *Ibid.* h.131.

²⁰ Salim H.S., *Hukum Kontrak, Loc.Cit.*

²¹ *Ibid.*

²² Agus Yudha Hernoko, *Op.Cit.*, h.19.

²³ R. Subekti, 2020, *Perbandingan Hukum Perdata*, Pradnya Paramita, Jakarta, h.40.

²⁴ Achmad Ferylian, *Op. Cit.*, h.4.

²⁵ Faiz Rafii Aditya Wiwaba, "Keabsahan Purchase Order Berbahasa Asing Sebagai Perjanjian Jual Beli Berdasarkan Undang-Undang Nomor 24 Tahun 2009 Tentang Bendera, Bahasa, dan Lambang Negara, Serta Lagu Kebangsaan, *Privat Law*, Nomor 1, Volume 12, Januari-Juni 2024, h.50.

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regulations that significantly impact the order of goods or services, and so on. To overcome these obstacles and challenges, the parties can take the following steps:

- Develop a clear and thorough plan for budget allocation, prioritize critical goods or services, and anticipate future obstacles and challenges so they can be addressed early.
- Improve communication systems to be more efficient so that coordination between both parties can proceed clearly and smoothly in accordance with the agreement.
- Create harmonious collaboration between parties so that the issuance of Purchase Orders aligns with the provisions of various relevant departments, such as finance, procurement, legal, and suppliers of goods or services.

Seeing a Purchase Order as a simple form of contract widely used in various sales transactions, which is sometimes just in the form of a piece of paper with certain data, can a Purchase Order be called an agreement? To understand this, it's important to first understand the elements of an agreement. The elements of an agreement are divided into two parts: the principal elements (*essentialia*) and additional elements that regulate or supplement (*naturalia* and *accidentalia*). These elements are explained as follows:²⁶

1. *Essentialia* elements are the core elements of an agreement; without them, the agreement is considered legally invalid. For example, in a sales agreement, the *essentialia* elements are the goods and the price, if these elements are not present, it cannot be considered a sale and purchase agreement.
2. *Naturalia* elements are additional elements that complement the agreement. Their function is to regulate the agreement, but their presence is not absolutely required. For example, the seller's obligation to guarantee that there are no hidden defects in their goods or services.
3. *Accidentalia* elements are additional elements in an agreement that do not substantially affect the rights and obligations of the parties. They are usually used as a supplement to anticipate future situations. The presence of these elements is not absolutely required in the agreement. An example of this element is the inclusion of a clause regarding the choice of law for dispute resolution.

Based on the description above, a Purchase Order can be said to contain the *essentialia* elements of a sales and purchase agreement, namely the goods and price listed in the document. While the *naturalia* and *accidentalia* elements are not always included in the Purchase Order (since the presence of these additional elements is optional), it can be said that the Purchase Order meets the requirements to be called an agreement. However, the most important part is that a Purchase Order can only qualify as a contract for ordering goods or services if the agreement to order the goods or services has been clearly expressed or stated by the parties by including their respective signatures in the Purchase Order and fulfilling the provisions of Article 1320 of the Civil Code.

The main parts of an agreement are offer and acceptance, so the validity of an agreement also begins with the validity of the offer and acceptance.²⁷ The validity of an offer must meet the criteria that the conditions necessary to form the agreement must be clearly outlined and based on a sincere intention to be bound by the other party if the offer is accepted. Meanwhile, the validity of acceptance must be clearly and unequivocally demonstrated by the offeree in expressing their agreement to accept the offer made to them. Formerly, based on Article 1320 of the Civil Code, four conditions must be met for an agreement to be declared valid:²⁸

1. Consent of those who bind themselves.
2. Capacity to enter into a contract.
3. A certain issue or interest.
4. A lawful cause.

After understanding the description above, we will now analyze whether the Purchase Order has the following elements of a valid agreement:

- Consent or agreement: a Purchase Order contains information indicating the parties' agreement regarding the goods or services to be ordered by the buyer and provided by the seller, including the type and price of the goods or services that have been included in the document.
- Capacity: a Purchase Order is usually made by a purchasing officer or specially appointed representatives; this shows that a Purchase Order is made by people who are competent and have the authority to carry out legal actions.
- A certain issue or object of agreement: a Purchase Order contains deeds that must be fulfilled by the seller to be given to the buyer.
- A lawful cause: orders for goods or services in a Purchase Order are goods or services that are free to be traded and do not clash with existing laws, morality, and public order.

Based on the description above, the characteristic of the binding force of a Purchase Order in an agreement to order goods or services is as follows:

²⁶ Augs Yudha Hernoko, *Op..Cit.*, h.226.

²⁷ Ida Bagus Wiyasa Putra, 2015, *Hukum Kontrak Internasional*, Refika Aditama, Bandung, h.123-124.

²⁸ Samuel M.P. Hutabarat, 2020, *Sistem Hukum, Globalisasi dan Keabsahan Kontrak*, Rajagrafindo Persada, Jakarta, h.141.

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1. As a valid agreement:

A Purchase Order has legally binding force on the parties who created it to carry out the terms of the agreement they have agreed to. Thus, when a Purchase Order satisfies the conditions necessary for a legitimate agreement, it becomes a valid agreement and has given rise to a binding force for the parties to carry out their rights and obligations as agreed in the Purchase Order.

This statement is in line with the opinion of Salim H.S., who states that when seller and buyer achieve a suitable price for an item, that is when a sale and purchase agreement is born. So the main focus lies more on the agreement of will between the two parties rather than the physical execution of the sale and purchase itself.²⁹ Similarly, Subekti reiterated that an agreement that has fulfilled the requirements for a valid agreement has directly given binding power to the parties based on the principle of consensualism and the principle of the validity of the agreement that has been recognized by various legal systems within society.³⁰

From what was said earlier, we can see that a Purchase Order, which is an agreement to buy goods or services, is a real and valid agreement. It sets out the rights and obligations of both sides involved that must be fulfilled. According to the law, this agreement has binding force and must be carried out as agreed in the Purchase Order.³¹ Furthermore, Fani Martiawan Kumara Putra stated that a binding agreement, if implemented consistently, will create a just and orderly social atmosphere.³²

2. As a legal document:

A Purchase Order can serve as strong evidence for the parties to protect their rights and encourage the other party to fulfill their obligations as stated in the agreement. This idea is also stated by Ida Bagus Wiyasa Putra, that a Purchase Order, such as an order for goods or services, can be considered a legal document with the ability to serve as a foundation for defending the parties' rights and motivating the other party to carry out its responsibilities in line with the terms of the contract.³³

Consequently, it can be said that the purpose of the law in a contract or agreement for the purchase of goods or services is to:³⁴

- a. Provide clear guidelines for implementing the contract so that the parties can understand their respective obligations and rights.
- b. Allow the parties the freedom to determine the contents of their contract as long as it does not violate the law, public order, and morality.
- c. Provide a mechanism for intervention to ensure that the harmed party can seek justice and regulate appropriate sanctions or compensation to address any violations.
- d. Protect the rights of the parties involved in the contract so that they can pursue their obligations and rights fairly and legally.

3. As a written document:

A Purchase Order provides legal certainty and legal protection for the parties regarding their rights and obligations under the relevant laws. If a sales contract is based solely on verbal agreements or is not documented in writing, it can increase the risk of future disputes. This is because differences in interpretation between the parties regarding previously agreed terms may arise. While it cannot completely prevent disputes, a written contract can provide clearer guidance for the parties. This is because the written document will contain detailed and clear notes regarding the terms, rights, and obligations of each party in the transaction.³⁵

It should also be understood that since a contract is legally binding on the parties, it is best to have it in writing to offer clarity regarding the rights and obligations of the parties, as well as provide legal certainty, legal protection, and compliance with applicable legal requirements. By doing so, we can reduce the risk of disputes and increase trust between the parties, while also ensuring that the rights and obligations of all parties are adequately protected. Therefore, the characteristics of a written contract or agreement for ordering goods or services, such as Purchase Order, are:³⁶

- a. To help the parties exercise greater caution and be fully aware of the contents and impact of the contracts they sign.

²⁹ Salim, *Hukum Kontrak*, Op.Cit., h.49.

³⁰ R. Subekti, *Loc. Cit.*

³¹ A.E.R. Kesatriawan, J.M. Meliska, M. Indriani, dan T.T Putera, "Kedudukan Purchase Order Sebagai Dasar Kewajiban Pembayaran", *Notaire*, Nomor 2, Volume 5, 2022, h.188.

³² Fani Martiawan Kumara Putra, "Paksaan Ekonomi dan Penyalahgunaan Keadaan Sebagai Bentuk Cacat Kehendak Dalam Perkembangan Hukum Kontrak", *"Yuridika"*, Vol.30, No.2., 2015 h.233.

³³ Ida Bagus Wiyasa Putra, *Op. Cit.*, h.243.

³⁴ R. Priyanto, "Prinsip-Prinsip Kontrak Dagang Internasional (Unidroit) Sebagai Bahan Referensi Hukum Kontrak Indonesia Modern", *Inkracht*, Nomor 2, Volume 2, 2018, h.137.

³⁵ Huala Adolf, 2011, *Perancangan Kontrak Internasional*, Keni Meida, Bandung, h.5.

³⁶ Munir Fuady, 2020, *Teori Hukum Pembuktian (Pidana dan Perdata)*, Citra Aditya Bakti, Bandung, h.157-158.

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- b. To verify the specific goals and intentions of the parties involved in the transaction.
- c. To ensure stability and consistency in the contract or document.
- d. To strengthen the authenticity of the data by adding signatures and a stamp to the contract document.
- e. To ensure that the contract is legible and understandable to the parties involved.
- f. To ensure that the contract is acceptable to the authorities or the court as legal evidence.
- g. To facilitate further duplication of the contract or document if necessary to meet the needs of the parties requiring it.
- h. To finalize the parties' intentions in writing and provide a clear and complete record of those intentions.
- i. To maintain all records and information so that they can be clearly read and understood by the parties.
- j. To state all legal rights and obligations that must be implemented by the parties in accordance with the statutory requirements for the transactions agreed upon in the contract.

It is important to remember that a Purchase Order can only become a valid agreement if it has been accepted as a form of agreement between the buyer and seller, through the signatures of both parties, and must meet the requirements for a valid agreement as stipulated in Article 1320 of the Civil Code. Furthermore, based on the agreement between the parties, the principle of consensualism in the agreement has been fulfilled so that the parties are bound by a legal relationship. Moreover, based on the principle of *Pacta Sunt Servanda*, the Purchase Order creates a legally binding force for the parties to exercise their rights and obligations as agreed.

It is also worth noticing Ronald Dworkin's view regarding freedom of contract, through the principle of *Pacta Sunt Servanda*, that freedom of contract is not absolute, as moral and justice principles can limit the principle of freedom of contract. Therefore, although everyone has the freedom to enter into agreements with anyone, the freedom to formulate the content of the agreement, and the freedom to determine the form of the agreement, it must remain within the boundary of morality and justice that protect and respect human dignity. This view does not explicitly limit freedom of contract but rather limits a contract through a moral approach to law. For example, if an agreement is substantially unfair, oppressive, or exploitative, contrary to the principles of justice, then the agreement is non-enforceable because it violates morality and justice; thus, only agreements that uphold the human dignity should be enforced.

In reality, several legal cases can arise because certain parties renege on Purchase Orders they have issued for various reasons. One reason could be that they believe a Purchase Order is not a formal and valid agreement, thus feeling unbound by the terms of the Purchase Order. This can lead to legal uncertainty, which can result in losses for any of the parties bound by the Purchase Order. Therefore, to ensure legal certainty and legal protection for parties who have legitimately created Purchase Orders, it is necessary to implement strict legal regulations regarding the binding force of Purchase Orders.

These legal rules are in accordance with Articles 1320, 1338, 1457, and 1458 of the Civil Code and can also be seen in the jurisprudence of Supreme Court Decision Number 1506 K/Pdt/2002, which provides the legal principle that "A Purchase Order signed by both parties who are bound constitutes an agreement and therefore applies as a law that binds both parties." Consequently, the general public must acknowledge that a Purchase Order that has been specifically approved by both parties will be considered as a legitimate agreement and obligate the parties to fulfill their rights and responsibilities as specified in the Purchase Order they made, in accordance with the legal regulations that have been explicitly stated in Indonesian law.

IV. CONCLUSION

A Purchase Order as one of the simple forms of contract that is widely used in the agreement of ordering goods or services, has met the elements of *essentialia*, *naturalia*, and *accidentalita* to be qualified as a sale and purchase agreement. It cannot be considered a legally binding agreement until it has been approved by the buyer and seller by their signatures and satisfies the condition outlined in Article 1320 of the Civil Code pertaining to legally binding agreements. Thus, with the principle of *Pacta Sunt Servanda*, the Purchase Order becomes a valid agreement that has a strong binding force on the parties involved to carry out what they have agreed upon. The binding force of the Purchase Order as an agreement has the characteristics of a valid agreement as a legal document as well as a written document that guarantees legal certainty that binds the parties to the agreement made.

Indonesian law can enable strict enforcement by finding a party guilty of breaching the agreement in Purchase Order if, in a legal case, they continue to disobey a Purchase Order. Moreover, the business community can also apply moral penalties to those who disobey the Purchase Order so that in the future everyone will be more careful not to disobey the Purchase Order they have made.

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