

**ANALYSIS OF THE IMPLEMENTATION OF MIXUE
FRANCHISE AGREEMENTS IN CIREBON REGENCY
REVIEWED FROM GOVERNMENT REGULATION NO. 42 OF
2007 CONCERNING WARALABA**



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Abstract. *A franchise agreement is one aspect of legal protection for the parties from acts that harm other parties. An exclusive agreement is an agreement to enter into an exclusive agreement that can result in hindering or hindering other business actors from entering into the same agreement. The purpose of writing this scientific paper is to find out how the implementation of Mixue franchise agreements according to Government Regulation No. 42 of 2007 concerning Franchising and Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition. The research method used in this scientific paper uses empirical juridical abbreviations, using primary and secondary data, which are then analyzed using descriptive qualitative analysis. This study's results show that the Mixue franchise agreement implementation in Cirebon Regency is guided by Chapter 5 of Government Regulation No. 42 of 2007 concerning Franchise. However, suppose you look at Chapter 15 of Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition in the Mixue franchise agreement. In that case, some practices cause monopolies and unfair business competition.*

Keywords: *Franchising, Franchise Regulation, Unfair Business Competition*

A.Introduction

Today, there are several development innovations in the business sector carried out by entrepreneurs and business actors supported by the end of the COVID-19 pandemic, which caused an economic downturn at that time. Various innovation efforts carried out by entrepreneurs have encouraged the growth of the business world, especially yanti.romlahayati@ugj.ac.id in terms of products and services. Business development in Indonesia seems to be dominated by cooperation between Indonesian entrepreneurs and Indonesian entrepreneurs or cooperation between Indonesian entrepreneurs and foreign entrepreneurs. Example, such as ice tea, Steet Boba, Rocket Chicken, Es Teller 77, McDonald's, Kentucky Fried Chicken, Pizza Hut, Burger King, Starbucks, and *Mixue*. This is very common in big cities or shopping centers.

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The number of trades with the franchise system is higher because the system is more profitable for franchisees and franchisors. Franchising or franchising occurs because of an agreement made in cooperation between entrepreneurs or business actors. In a franchise or franchise agreement, the franchisor formulates and desires a series of terms, conditions, and obligations for the franchisee.

In a franchise or franchise agreement, a series of terms, conditions, and obligations are formulated and desired by the franchisor for the franchisee. The franchise agreement regulates the rights of and the responsibilities of the franchisor, the standard location, the training provided by the franchisor, the fees that the franchisor must pay to the franchisor, the duration of the franchise agreement and the extension option, as well as the rights and obligations of the franchisor, as well as other provisions. Other terms governing the relationship between the Franchisee and the Franchisee¹ In a franchise or franchise agreement, the person authorized to make a franchise agreement or franchisee is the franchisor. The franchisor signs the agreement or can be called a franchisor. The franchisee can also be called a franchisee as evidence of an engagement or cooperation between the two parties.

Recently, a foreign franchise that has become popular among Indonesian business actors or entrepreneurs is the mixture franchise. Mixue is a franchise that serves various ice cream and tea drinks. The attraction of mixue can make people from various walks of life try mixue. By paying only Rp. 8000.00, people get delicious ice cream. With the community's enthusiasm for the existence of a mixue franchise in Cirebon Regency itself, there are many mixue franchise outlets. The number of mixed outlets present in Cirebon Regency makes the competition for ice cream and tea drinks, especially for mixed outlets themselves, tighter because individuals or business entities own mixture franchises themselves, so it is possible for unfair business competition.

By Chapter 1 letter (f) of Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition, unfair business competition is competition between business actors in carrying out production and or marketing activities of goods and or services that are carried out dishonestly or unlawfully or hindering business competition. To provide guidelines to every business actor to avoid monopolistic practices and unfair business competition between business actors in the franchise sector in Cirebon.

Regency laws and regulations strived to protect business actors through the implementation of Law Number 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition.

With the number of mixue outlets operating in Cirebon Regency, it is necessary to analyze the implementation of the partnership agreement. Based on the description stated above, the author is interested in examining this in a study entitled "Analysis of the Implementation of Mixue Franchise Agreement in Cirebon Regency Reviewed from Government Regulation No. 42 of 2007 concerning Franchise".

B. Research Methods

Based on the problems researched by the researcher, the research approach used is the empirical juridical method; the empirical juridical research method is sociological research, or it can also be called field research, where we can research and understand how social phenomena such as legal provisions that apply in community life and those that have occurred in community life.

Empirical legal research is a legal research approach that aims to observe law in practice and analyze how law operates in the context of society. Because this study focuses on the study of individuals in social interaction, the empirical legal research approach can be called a sociological approach to law. Thus, this legal research focuses on actual information contained in society, legal entities, or government agencies.²

C. Research Results

Franchise Legal Regulation In Cirebon Regency

The franchise system is a concept in the business world where a company allows individuals to sell products or services that come from the company by the guidelines set by the company or franchisor. Franchisees can take advantage of the name, reputation, products, services, marketing strategies, skills, operating procedures, and supporting facilities of the company or franchise owner.³

Franchise agreements are closely related to the basis of Indonesian law, such as the principle of freedom of contract contained in Chapter 1338 paragraph (1) of the Criminal Code, which explains that all legal agreements and contracts apply as law to the parties therein.

Sumardi, as quoted in the journal Rina Suryana Nasution, Indonesia's treaty law adheres to the principle of consensuality, which means that an agreement is born from the agreement reached between the franchisor and the franchisee. The franchise agreement is valid and valid if there is an agreement between the two parties regarding the main matters.⁴

Franchising is regulated in Government Regulation No. 42 of 2007 concerning Franchise which was previously regulated in Government Regulation No. 16 of 1997 concerning Franchise and for the implementation of franchising is regulated in Regulation of the Minister of Trade No. 71 of 2019 concerning Franchise Administration.

In Chapter 3 of Government Regulation No. 42 of 2007 concerning Franchises, franchises must have the following criteria:

1. It has business characteristics;
2. Proven to have provided wholeness;
3. Standards for services and goods or services offered that are made in writing;
4. Capital is taught and applied;
5. There is continuous support; and
6. Intellectual property rights that have been registered.

¹ Laraswati Usman, "Implementation of Franchise Agreements According to Book III of the Civil Code and Its Legal Consequences", *Lex Privatum*, Vol. VI, No. 8, October 2018.

Government Regulation No. 42 of 2007 concerning Franchises is also regulated regarding the provisions of the franchise agreement contained in Chapters 4, 5, and 6, which read:

Chapter 4

1. Franchising is organized based on a written agreement between the franchisor and the franchisee by paying attention to the laws in Indonesia
2. If the agreement as referred to in paragraph (1) is written in a foreign language, the agreement must be translated in a foreign language into Indonesian.

Chapter 5

1. Names and addresses of the parties;
2. Types of intellectual property rights;
3. Business activities;
4. Rights and obligations of the parties;
5. Assistance, facilities, operational guidance, training and marketing provided by franchisors to franchisees;
6. Business area;
7. Term of the agreement;
8. Procedures for payment of rewards;
9. Ownership, change of ownership and rights of heirs;
10. Dispute resolution; and
11. Procedures for extension, dismissal and termination of agreements.

Chapter 6

1. A franchise agreement may contain a clause granting the right for the franchisee to appoint another franchisee.
2. The franchisee who is given the right to appoint another franchisee must own and operate at least 1 (one) franchise business place by himself.

In Chapter 7 of Government Regulation No. 42 of 2007 concerning Franchising, the rights and obligations of the franchisor are listed which read:

1. The franchisor must provide a prospectus of the franchise offer to the prospective franchisee when making the offer.
2. The prospectus of the franchise offer, as referred to in paragraph (1) contains at least the following:

² Muhaemin, *Legal Research Methods*, (Mataram: Mataram University Press, 2020), p. 83.

³ Yogabakti Adipradana Setiawan, "The Function of the Prospectus in the Franchise Agreement", *Badamai Law Journal*, Vol.3, Issues 2, September 2018, p. 324.

⁴ Rina Suryana Nasution, "Juridical Analysis of Franchise Business Agreements Based on the Code of Law

⁵ - Civil Law", *Scientific Journal of Law Enforcement*, Vol. 5 No. 2, December 2018, p. 97.

- a. Identity data of the franchisor;
- b. The legality of the franchisor's business;
- c. History of business activities;
- d. Organizational structure of the franchisor;
- e. Financial statements for the last 2 (two) years;
- f. Number of places of business;
- g. List of franchisees; and
- h. Rights and obligations of franchisors and franchisees.

In Chapters 8 and 9 of Government Regulation No. 42 of 2007 concerning Franchises, it contains things that must be given by franchisors to franchisees such as:

Chapter 8

Franchisees are obliged to provide coaching in the form of training, and operational guidance on management, marketing, research, and development to franchisees on an ongoing basis.

Chapter 9

1. The franchisor and the franchisee prioritize the use of goods and/or services produced in the country as long as they meet the quality standards of goods and/or services set in writing by the franchisor.
2. The franchisor must cooperate with small and medium-sized entrepreneurs in the local area as franchisees or suppliers of goods and or services as long as they meet the requirements set by the franchisee.

In Cirebon Regency itself, franchises have not been specifically regulated so that franchises are included in the category of modern stores. This is in accordance with what was said by Mr. Ardiles Alfa Jatiwantoro as the Head of Distribution Facilities at the Cirebon Regency Trade and Industry Office.

For the modern store business license itself is now centralized in OSS, Online Single Submission (OSS) is the implementation of risk-based business licensing. This OSS is a form of the implementation of Law No. 6 of 2023 concerning the Implementation of Government Regulations instead of Law No. 2 of 2022 concerning Job Creation into Law. In the Trade and Industry Office, franchise business licenses are included in modern store permits because franchises can be classified as modern stores. The Trade and Industry Office only recommends that the business is eligible for a permit.⁵

Of course, in providing these recommendations, some criteria must be met, such as ⁶:

1. Provisions for building area

In Chapter 26 paragraph (2) of Cirebon Regency Regional Regulation No. 7 of 2014 concerning the Arrangement and Development of Traditional Markets, Shopping Centers, and Modern Shops, which reads:

⁵ Interview with Mr. Ardiles, Head of Distribution Facilities of the Cirebon Regency Trade and Industry Office.

⁶ Ibid.

Modern stores that are not located in shopping malls and have a floor area of more

than 2000 m² (two square meters) are required to provide business space for small businesses and informal businesses.

2. Distance

There is no clear provision for franchise distances in Cirebon Regency Regional Regulation No. 7 of 2014 concerning the Structuring and development of Traditional Markets, Shopping Centers, and Modern Shops. Franchise distances are regulated only for minimarkets, supermarkets, and hypermarkets.

As in Chapter 21 of Cirebon Regency Regional Regulation No. 7 of 2014 concerning the Structuring, Development of Traditional Markets, Shopping Centers and Modern Shops, which reads:

1. In the implementation of shopping centers and modern markets must meet the following requirements:
 - a. The minimarket is at least 1 km from the traditional market and 0.1 km from the small business located on the side of the collector/arterial road;
 - b. Supermarket and Store Department are at least 1.5 km away from the traditional market located on the side of the collector's road/artery;
 - c. Hypermarkets and markets are at least 2.5 km away from traditional markets located on the side of collectors/arteries;
 - d. the space belonging to the road is prohibited from being used for trading business or partnership between a trade center or modern store with trade in the SME category;
 - e. The spacing in letters a, b, c, and d does not apply to the primary central area.

2. Service Hours

The service time of modern stores is listed in Chapter 33, paragraph (1) of Cirebon Regency Regional Regulation No. 7 of 2004, which reads: *"The service time of shopping centers and/or modern stores starts at 10.00 WIB until 22 WIB."*

In the provisions of the mixue building area determined by the central mixue is for the mall area or indoor area without glass doors is 25 m² while for shophouses/buildings with glass doors it is 30 m². For a minimum side width of 3.7 m² with a minimum plfon height of 2.7 m². for the time of the mixue waiter himself in Cirebon Regency from 10.00 WIB to 21.00 WIB.

For the distance provision from the mixture itself, the company does not have a policy regarding the distance between the radii between the stores, so there is no exact figure for the entire area. The consideration of opening a mixture store is obtained from a review of the target market location, market size, and acceptance of the brand in the area.

The implementation of the Mixue franchise agreement is according to Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition. Implementation of mixue franchise agreements in Cirebon Regency.

The implementation of an agreement is the realization or fulfillment of the rights and obligations agreed upon in the agreement by the parties who agree to the agreement to achieve its goals. The goal will not be realized without the implementation of the agreement. The things that are promised to be carried out in a program can be divided into three types, namely:

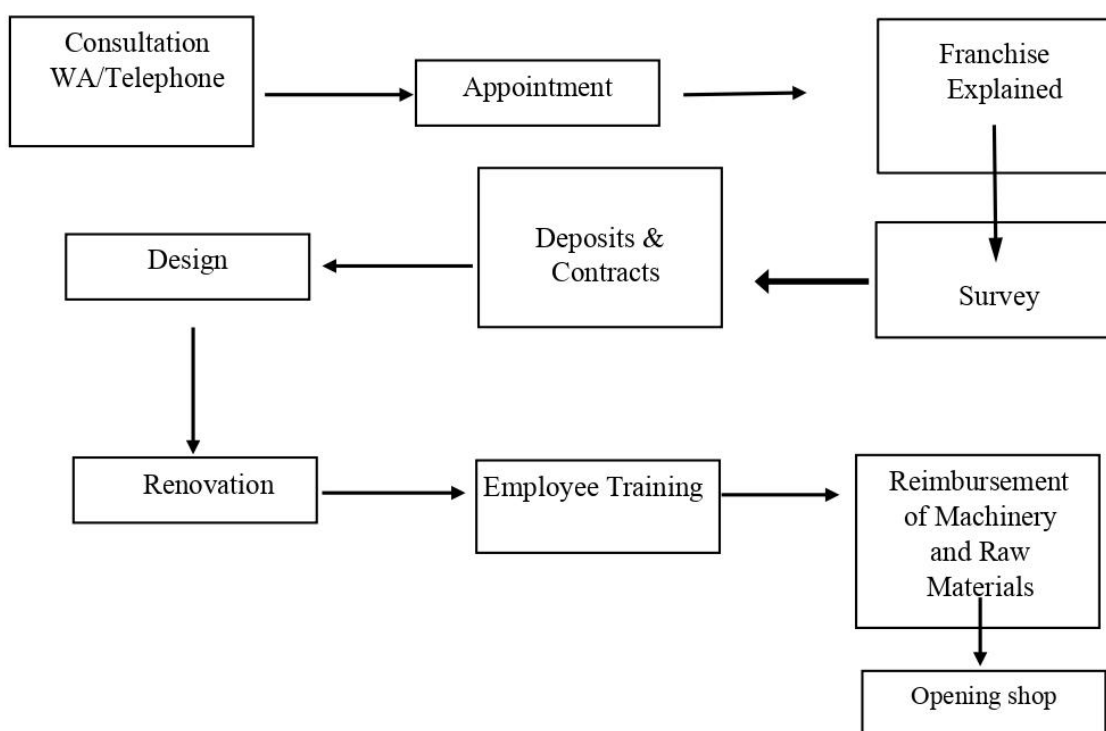
1. An agreement to provide an item/object (Chapter 1237 of the Criminal Code).

2. Perianjian to do something (Chapter 1241 of the Perth Criminal Code).

The intention not to do something (Chapter 1242 of the Perth Criminal Code).⁷

In the franchise system (Franchise) Mixue itself is an independent business where each partner is required to manage his store or cannot autopilot for example employee management, licensing, taxes, promotions, and social media are managed by the independent but follow all central provisions.

Before buying franchise rights, the franchisor must provide and present the facts about the conditions of sale, personnel, and finance to prospective buyer partners or recipients of the franchise (franchisee). The facts of facts provided are confidential documents and should not be used by prospective franchisees for personal interests; this is called a prospectus.



In Chapter 7 of Government Regulation No. 42 of 2007 concerning Franchise contains the obligation of franchisors (franchisors) that franchisors (franchisors) must provide a prospectus of franchise offers to prospective franchisees when making franchise offers that contain at least the following clauses:

1. Identity data of the franchisor;
2. The legality of the franchisor's business;
3. History of its business activities;
4. Organizational structure of the franchisor;
5. Financial statements for the last 2 (two) years;
6. Number of places of business;

⁷ P.N.H. Simanjuntak, Civil Law of Indonesia, (Jakarta, Kencana:2017), p. 290.

7. List of franchisees;
8. Rights and obligations of franchisors and franchisees.

The time required for the Mixue process to the soft opening stage is 6 months after the location is obtained and confirmed, this was conveyed by Mrs. Witria as the owner of Mixue Tegalsari. Furthermore, a franchise agreement was made as a follow-up to the MoU that had been made based on a mutual agreement. A franchise agreement is a set of terms and conditions as well as obligations of the parties involved in it. A franchise agreement is made and desired by the franchisor for the franchisees. In the franchise agreement, the obligations of the franchisor and the franchisee are listed, for example, the territorial rights owned by the franchisee, training provisions, fees that must be paid by the franchisee to the franchisor, the provisions on the length of the franchise contract and the concession and other provisions that regulate the relationship between the franchisor and the franchisee (franchisee).

According to the results of interviews with Mr. Junaedi the manager of Mixue Kemantren and Mrs. Witria the owner of Mixue Tegalsari, it can be stated that the initial investment package in the Cirebon Regency area requires a capital of 750 – 800 million rupiah. For Mrs. Witria herself, the initial capital that must be spent is 750 million to 1 billion with building rent. For other areas, it depends on the cost of renting the location and the level of the expensiveness of the area where the mixue outlet will be established.

The investment is used as initial capital for a deposit of 40 million during the current contract, management of 18 million per year, machinery and equipment of 183 million, raw materials for the first batch of 130 million are estimated to run out within 2 weeks, training costs of 3 million for 2 employees for 7 days for 3 years, survey of 2 million for the Cirebon Regency area, renovation of 200 – 350 million depending on the area of the building and design, the cost of renting a shophouse is 75 – 150 million, the cost of upgrading the power up to 33,000 Watts is 30 – 50 million.

For the mixue franchise purchase system itself, all payments are made at the beginning and for royalty payments in the mixue franchise, there is no royalty payment, pure profit for the partners themselves. It's just that there is a payment of management fees per year. For the annual management fee, it is Rp. 18 million for the district itself. The management fee is for quality control from the central mixue management team for each mixue store outlet, the payment includes consultation on store problems and regular visits to the store.⁸

The initial investment is expected to be paid back in approximately a year. For Mixue Kemantren itself, it pays back in 12-14 months with an average daily turnover of 4 million – 5 million. As for Mixue Tegalsari, it has not yet broken even because it has only been established for 6 months. However, for Mixue Tegalsari, the average daily turnover is 3 million – 6 million with a monthly turnover of as low as Rp. 90 million to the highest of Rp. 190 million. This is according to information from Mr. Junaedi as the manager of Mixue Kemantren and Mrs. Witria the owner of Mixue Tegalsari.

⁸ Interview with Mrs. Witria, owner of Mixue Tegalsari on July 19, 2023.

When buying mixue franchise rights, the franchisee must follow all the rules set by the

franchisee. Although in the operation of the store, it is required to manage its store, the franchisee (franchisee) is obliged to run his own business by using trademarks or service marks by utilizing the methods and procedures or procedures that have been set by the franchisor (franchisor).

This is to the statement of Mr. Jaenudi as the manager of Mixue Kemantren which stated that in running a mixue franchise, there should be no other food sold, only mixue products can be traded, even for the front yard of the store, there should be no other sellers selling on the platform of the mixue store.

After the franchise agreement is made and signed by the parties, the next stage is the store design. The design of the store is made directly by the center and is free of charge, in the construction of the store the contractor must use the center mixue, the construction period is 4 – 7 weeks. After everything was ready to eat, the store was opened.

Based on an interview conducted by the author in the implementation of the mixue franchise business in Cirebon Regency. In the operation of the Mixue Kemantren there were no serious violations or irregularities. The prohibition carried out by Mixue Kemantren is the negligence of employees who do not wear mixue uniforms according to SOPs and this is immediately subject to fines. Meanwhile, in Mixue Tegalsari itself, the violation committed is by buying product packaging or cups from outside parties, not from the mixue, so that it is subject to violations.

If the parties comply with the rules that have been determined, there will be no problems in the implementation of this franchise business. The violation causes default, which results in losses to the franchisor. The juridical consequence of the act of default is the right of the aggrieved party in the agreement to compensate the aggrieved party. This is a form of protection, especially in the implementation of this franchise agreement. The law provides compensation for the default of the agreement, and by law, the implementation of the agreement is considered to be a duty that must be performed.

Franchise agreement mixue According to Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition.

For the business world, competition must be seen as a positive thing where explained in economic theory, perfect competition is an ideal market condition. But in reality, there is rarely a market where there is perfect competition, which often occurs in imperfect competition. In this imperfect competition, monopolistic and oligopoly practices will be encountered.⁹

A franchise agreement is an agreement between the franchisor and the franchisee in which the rights and obligations of the parties are discussed. The franchise agreement is based on the principle of freedom of contract where in the agreement there are the rights and obligations of the parties based on the agreement that

9 Azhari Akmal Tarigan, "Monopoly Practices and Unfair Business Competition in the Perspective of Economic Law and Islamic Law", Mercatoria Journal Vol. 9 No. 1, June 2016, p. 57.

They have agreed that the franchise marketing system used is a vertical system which means that the franchisor is willing to give the right to the franchisee to use all of his business systems. A closed agreement is a prohibited agreement made by a business actor. Chapter 15 of Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition prohibits business actors from entering into closed agreements with other business actors.

An exclusive agreement is an agreement between business actors as buyers and sellers to make an exclusive agreement that can result in hindering or hindering other business actors from making the same agreement. In addition to pricing, other vertical barriers that are non-price barriers as contained in exclusive agreements are restrictions on access to sales or supply, as well as regional restrictions can be categorized as closed agreements.¹⁰ Closed agreements are one of the strategies that can be carried out by business actors to strengthen their influence in the market which may have the potential to disrupt the competitive climate and ultimately can harm consumers.

Usually, in closed agreements, there are additional obligations that are binding and tend to limit competition. Obligations – These additional obligations include the push for marketing, the willingness to receive a certain number of products, the storage of goods in the warehouse as well as the obligation to sell all products provided by the supplier.

It is clear that in some cases it will be beneficial in some situations by reducing distribution costs. However, if this is done by a few large companies in a particular market that allow access to smaller or newer companies to build a marketing network, it can cause problems. The existence of an exclusive franchise agreement provides an opportunity for the franchisor to include clauses or requirements in the franchise contract that have the possibility of violating the principle of prohibition of monopolistic practices and unfair business competition. Therefore, clear regulations are needed so that franchise business actors can run their franchise business by applicable laws.

In the mixue franchise system, franchisees are required to buy equipment such as machines, raw materials and mixue cup packaging only from mixue and are not allowed to buy raw materials from outside. This is based on an interview with the manager or head of the Mixue Kemantren store.

According to Mrs. Witria as the owner of Mixue Tegalsari, stated that raw materials and product packaging are only allowed and must be bought from mixue and must not be bought from outside except lemons. However, this became an obstacle along with the number of mixue present in Cirebon Regency due to limitations in the purchase of raw materials so that it slightly interfered with the process of selling mixue products. For example, in the purchase of cream, you can usually buy 4, but now you are only allowed to buy 2. There are some empty raw materials, such as cones for ice cream so they cannot sell ice cream cones mixue.¹¹

¹⁰ Chapter III of the Regulation of the Business Competition Supervisory Commission Number 5 of 2011 concerning Guidelines for Chapter 15 (Closed Agreements) of Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition.

¹¹ Interview with Mrs. Witria, owner of Mixue Tegalsari on July 19, 2023.

Every month there is a periodic check from the audit that comes to the store to check whether the raw materials and packaging are only bought from the mixue whether there is no

purchase of raw materials from outside except lemons and if there is a purchase of raw materials from outside, it will be subject to sanctions in the form of fines.¹²

In Chapter 15 of Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition, which reads:

1. Business actors are prohibited from making agreements with other business actors that contain the requirement that the party receiving the goods and/or services will only supply or not resupply the goods and/or services to certain parties and/or in certain places.
2. Business actors are prohibited from making agreements with other parties that contain requirements that the party receiving certain goods and or services must be willing to buy other goods and or services from supplier business actors.
3. Business actors are prohibited from making agreements regarding specific prices or discounts on goods and services, which contain the requirement that business actors who receive goods and/or services from supplier business actors:
 - a. must be willing to buy other goods and or services from supplier business actors; or
 - b. will not buy the same or similar goods and or services from other business actors who are competitors of supplier business actors.

In the provisions of Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition, two approaches can be applied, namely *the per-se* approach and the rule of reason *approach*. The *per-se* approach means that if a rule in Law Number 5 of 1999 is violated by a business actor, then punitive action will be enforced in accordance with the applicable provisions. Meanwhile, the *rule of reason* approach involves the application of the provisions in Law Number 5 of 1999 by considering whether the action violates and results in hindering competition or causing losses to other business actors.

Thus, the mixue franchise agreement contains what is prohibited in Chapter 15 of the 1999 Law concerning the Monopoly Practice and Unfair Business Competition. In Chapter 15 of the Law, there is no exception at all.

However, Chapter 50 of Law No. 5 of 1999 concerning the practice of prohibiting Monopoly and business does not provide an exception in enforcing its provisions on agreements related to franchises. This is in accordance with Chapter 50 letter which reads: "Agreements related to intellectual property rights such as licenses, patents, trademarks, copyrights, industrial product designs, integrated electronic networks, and trade secrets, as well as agreements related to franchising"

However, the franchise agreement may contain provisions or clauses that have the potential to hinder business competition so that it gives rise to activities that have the potential to monopolize, such as setting selling prices, restricting supply, having to buy other products from franchisors that have nothing to do with franchising, division of territory and prohibition from carrying out the same business activities after the expiration of the franchise agreement.

In the mixue agreement itself, there is a provision or clause that requires the franchisee to supply the raw materials only from mixue. This actually aims to protect its business activities related to trade secrets. However, this is contrary to ICC Decision No. 57 of 2009 concerning Exemption from the Application of Law No. 5 of 1999 to Agreements Related to Franchises.

¹² Interview with Mr. Junaedi, manager of Mixue Kemantren on July 3, 2023.

In the Decision of the Business Competition Supervisory Commission No. 57 of 2009 concerning the Exemption from the Application of Law No. 5 of 1999 to Agreements Relating to Franchising states that the franchisor is not allowed to prohibit the franchisee from purchasing the supply of goods or services from other parties as long as the goods or services meet the quality standards required by the franchisor, the franchisor is not allowed to absolutely determine access to purchase or supply as long as it does not interfere with the concept of a franchise business.

Although franchising is exempted in Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition, elements that can result in monopolistic practices and unfair business competition are contained in the franchise agreement.

Considering that in the provisions for buying raw materials specified by mixue, this can interfere with the sales process of franchisees because the availability of these raw materials is increasingly limited and can make several mixue menus that cannot be sold and because mixue is a franchise that in Cirebon Regency itself there are many mixue outlets with a fairly close distance, mixue can be said to have carried out activities that can cause competition unhealthy and monopolistic business.

According to the Regulation of the Business Competition Supervisory Commission No. 5 of 2011 concerning Guidelines for Chapter 15 (Closed Agreements) Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition is regulated regarding sanctions for violations of Chapter 15 of Law No. 5 of 1999, namely:

Administrative Actions

The Commission has the authority to impose administrative action against violations in the form of:

1. Determination of agreement termination to business actors who enter into closed agreements.
2. Orders to business actors to stop activities that are proven to cause monopolistic practices and/or cause unfair business competition and/or harm to the community.
3. The determination of fines as low as Rp. 1. 000. 000. 000, 00 (one billion rupiah) and as high as Rp. 25. 000. 000. 000, 00 (twenty-five billion rupiah).

E. Conclusions And Suggestions

Conclusion

1. Franchise agreements are included in *innointerest agreements* because they are not included in the Criminal Code. Franchise is regulated in Government Regulation No. 42 of 2007 concerning Franchise and for the implementation of franchise is regulated in Regulation of the Minister of Trade No. 71 of 2019 concerning Franchise Administration. In Cirebon Regency itself, franchises have not been specifically regulated and in their licensing they are classified as modern stores.
2. The implementation of the agreement in Mixue is guided by Chapter 5 of Government Regulation No. 42 of 2007 concerning Franchises. Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition contains clauses that cause monopolistic activities. Although in Chapter 50 (b) franchising is exempt from anti-monopoly activities, in practice the franchise agreement contains clauses that can give

rise to monopolistic practices. It is about the need to provide raw materials to the central mixue so that it can disturb partners. The imperative to provide raw materials from the central mixue was an attempt for the central mixue to protect trade secrets. However, this is contrary to the Decision of the Business Competition Supervisory Commission No. 57 of 2009 concerning Exemption from the Application of Law No. 5 of 1999 to Agreements Related to Franchises.

Suggestion

1. For order in franchise regulations in Cirebon Regency, the Cirebon Regency Trade and Industry Office should regulate specifically about the implementation of franchising in Cirebon Regency.
2. To avoid problems in the implementation of the franchise business agreement, the franchisor should conduct a strict selection so that things that can harm the franchisor do not occur. Franchisors should be able to take the positive side of laws and regulations that are indeed imperfect in regulating this franchise business system, by not taking advantage of existing exceptions to freely conduct unfair business competition and from avoiding business competition laws. For franchisees (franchisees), they should be careful and thorough before buying franchise rights and first learn about the clauses listed in the agreement given by the franchisor.

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