

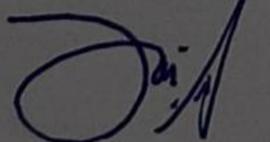
**LEMBAR
HASIL PENILAIAN SEJAWAT SEBIDANG ATAU PEER REVIEW
KARYA ILMIAH : JURNAL ILMIAH***

Judul Karya Ilmiah (Artikel) : LEGAL PROTECTION FOR RECIPIENTS OF FOREIGN FRANCHISE RIGHTS IN INDONESIA
 Jumlah Penulis : 2 Orang
 Status Pengusul : Penulis Pertama / ~~penulis ke.....~~ / ~~penulis korespondensi**~~
 Penulis Jurnal Ilmiah : Sugeng, Adi Nur Rohman.
 Identitas Jurnal Ilmiah : a. Nama Jurnal : Indonesia Law Review
 b. ISSN : 2356-2129
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Jakarta, 3 Mei 2021
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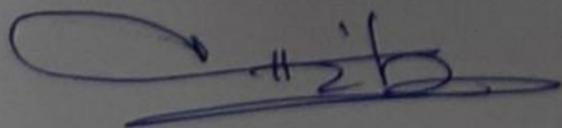
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	6. Kesesuaian bidang ilmu <i>septik artikel sesuai dengan bidang ilmu pengusul</i>					

Jakarta, 3 Mei 2021
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SEMESTER GENAP T.A. 2018/2019

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LEGAL PROTECTION FOR RECIPIENTS OF FOREIGN FRANCHISE RIGHTS IN INDONESIA

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Abstract

This article examines the legal issues that arise in granting license rights from foreign franchisors to franchisees, and how the laws in Indonesia provide protection for the rights and obligations of the parties. Due to globalization, world trade has increased tremendously. Franchising having surged as one of the many business models has the potential to improve the economy of the community. Basically, franchising refers to a method of goods and services distribution to consumers. The party who owns the method is referred to as the franchisor, while the party given the right to use a method the franchisee. The research employed the normative juridical method or library research. Normative legal research examines the law as a positive norm as it is written in the book. In accordance with Article 1320 and 1338 of the Indonesian Civil Code, arrangements of franchising agreement in Indonesia are based on the agreement between the parties. To provide legal protection for recipients foreign franchise in Indonesia, the government has enacted the Government Regulation No. 42/2007 on Franchise and Trade Minister Regulation No. 53/2007 on the Implementation of Franchising. In principle, the settlement of the problems that occur in international franchising agreement would be resolved by consultation or negotiation. If consensus is not reached, the parties can take the dispute to international arbitration. In general, the dispute over the franchise business concept is mostly resolved through the general justice institution.

Keywords: *foreign franchise, franchisor, franchisee.*

Abstrak

Artikel ini membahas masalah hukum yang timbul dalam pemberian hak lisensi dari pemilik waralaba asing ke pemegang waralaba di Indonesia, serta bagaimana hukum di Indonesia memberikan perlindungan untuk hak dan kewajiban para pihak. Penelitian ini dilakukan secara normatif dengan mengkaji bahan-bahan hukum dan wawancara terfokus. Hasil penelitian menemukan bahwa pengaturan perjanjian waralaba di Indonesia didasarkan pada perjanjian di antara para pihak, sesuai dengan pasal 1320 dan pasal 1338 KUH Perdata. Peraturan Pemerintah Nomor 42 Tahun 2007 tentang Waralaba dan Peraturan Menteri Perdagangan Nomor 53 Tahun 2007 tentang Waralaba adalah dasar hukum yang dapat digunakan untuk mengatasi masalah yang timbul dari konsep bisnis ini. Dalam praktiknya, penyelesaian perselisihan dilakukan melalui musyawarah atau mediasi. Jika tidak ada kesepakatan tercapai, para pihak dapat membawa perselisihan ke lembaga arbitrase. Secara umum, sengketa konsep bisnis waralaba sebagian besar diselesaikan melalui lembaga peradilan umum.

Kata kunci: *waralaba asing, pemilik waralaba, franchisee.*

I. INTRODUCTION

The concept of a franchise business is in demand by business people because it is almost the same as opening a business branch. The difference is that the franchise lies only in its implementation, namely the operation of the expansion of the franchise business is funded and carried out by another party called the franchisee for the risks and responsibilities of his own.¹ Business people prefer franchise business because the type of goods they are going to sell and the quality of the goods are well known to the public, so there is no need to do any more promotions. Granting a franchise license requires a study, whether the Government Regulation No. 42/2007 on Franchising and Regulation of the Minister of Trade No. 53/2007 on Franchising, is effective enough to protect the interests of the parties.²

The definition of franchise can be found in some business literature. The committee on Small Business, United States Congress defines franchise as franchising is a contractual method for marketing and distributing goods and services (franchisors) through a dedicated or restructured network of distributors (franchisees).³ Another meaning of the franchise is a method of doing business by which the franchisee is granted the right to engage in offering, selling, or distributing goods or services under a marketing format which is designed by the franchisor.⁴ In Indonesian law, franchising is a special right that is owned by an individual or business entity against a business system with business characteristics in order to market goods and/or services that have been proven successful and can be used and/or used by other parties based on a franchising agreement.⁵

One of the benefits of a franchise business system is when the franchisee starts a business, does not promote, because the customer is available. Unlike the new independent business (non-franchise), who must conduct promotions and marketing independently.⁶ In addition, this business system also provides a process and regularity of work that is integrated in management, organization, administration, financial, human resources, and marketing that produces outputs of products or services with maintained quality standards.⁷ Then, the business system is outlined in the form of standard operating procedures (SOPs) which serve as guidelines for working and doing the business. The SOPs is made in the form of a book or DVD called the Franchise Manual.⁸

On the other hand, there are several challenges faced by franchisees, such as, difficulties in getting good cooperation from the parties. The franchisee is very much attached to the franchisor, so he has no freedom to do business creations

¹ Cheryl L. Mullin and Todd A Fisher, "Franchisee v. Agent : The Relationship between Franchisors and Area Representatives," *Franchise Law Journal* 36, No. 3 (2017): 491–504.

² Lathifah Hanim, "Perlindungan Hukum HaKI Dalam Perjanjian Waralaba Di Indonesia," *Jurnal Hukum XXVI*, No. 2 (2011): 571–589.

³ United Congress, *The Committee on Small Business* (United States of America: s.n., 1990).

⁴ USDC, *The United States Department of Commerce* (United States of America: s.n., s.a.).

⁵ Indonesia, *Peraturan Pemerintah tentang Waralaba (Government Regulation regarding Franchise)*, PP No. 42 Tahun 2007 (Government Regulation No. 42 Year 2007).

⁶ Christopher A. Wingrove and Boris Urban, "Franchised Fast Food Brands : An Empirical Study of Factors Influencing Growth," *Independent Research Journal in the Management Sciences No. 2413–1903* (2016): 1–8.

⁷ Andrew Elmore, "Franchise Regulation for the Fissured Economy," *THE GEORGE WASHINGTON LAW REVIEW* 86, No. 4 (2018): 907–965.

⁸ Carl E Zwisler *et al.*, "A Proposed Mandatory Summary Franchise Disclosure Document : A Solution in Search of a Problem," *Franchise Law Journal* 541, No. 35 (2016): 465–490.

and innovations, including in production and marketing.⁹ Another weakness is the decision and business policy of the franchisor greatly affects the success and failure of the business and has an impact on the franchisee.

Prior to 1997, the franchise agreement in Indonesia was only regulated by the agreement of the parties. The agreement is guided by Articles 1320 and 1338 of the Indonesian Civil Code. The law regulates general principles of contract validity, including contracts in business activities. Then, the provisions of the Indonesian Civil Code were considered irrelevant to the needs of the parties, especially in legal protection and dispute resolution. In order to fulfilling the legal needs of business people, the government issues several provisions that specifically regulate franchise agreements. Currently, Government Regulation No. 42/2007 on Franchising is the highest franchise law in Indonesia.

According to data from the Ministry of Trade of the Republic of Indonesia, the franchise industry in Indonesia has increased by 35%. There are around 698 franchises with 24,400 outlets, consisting of 63% franchises, and around 37% of foreign franchises with revenues of 172 trillion rupiah, in the past ten years.¹⁰ The Indonesian people's lifestyle tends to choose famous brand products from abroad.¹¹ This condition causes foreign franchisees to easily enter the Indonesian market. Moreover, Indonesia has become a member of the ASEAN Economic Community (AEC), which drives the flow of goods and people across countries more freely.¹² The franchise industry in Indonesia has significantly grown in recent years and show promising developments over time.

In a franchise business system, the most important thing is the agreement of both parties, namely the franchisee and the franchisor.¹³ The agreement is stated in an agreement. The franchise agreement should apply equally between the franchisor and the franchisee in order to avoid the loss of the party.¹⁴ In relation to franchising involving foreign parties, the franchisor and franchisee usually take procedures commonly used in contract law.¹⁵ There are two different legal systems in a contract, causing the parties to reach an agreement to choose one legal system.¹⁶ To support the development of franchise industries in Indonesia, since 2007 the government has made regulations relating to franchises. However, the regulation has not sufficiently protected by the authority against foreign franchise recipients. In practice, many franchise recipients feel disadvantaged because the agreement is only one-sided and

⁹ David L. Steinberg, Derek D. Mcleod, and Emily M Mayer, "Anti Trust and Franchising Law: Uncertainty Abounds: The Joint Employer Doctrine and the Franchise Business Model Office," *Michigan Bar Journal*, No. 5 (2017): 26–29.

¹⁰ Muhamad Farhan Fathurahman, Anissa Windarti, and Iwan Purwanto, "Pengaruh *Value* dan *Physical Benefit* Produk Waralaba Terhadap Kepuasan Konsumen," *Journal of Applied Business and Economics* 4, No. 4 (2018): 305–319.

¹¹ U. Sudjana, "Pembangunan Hukum Dalam Peningkatan Daya Saing Usaha Mikro, Kecil, dan Menengah di Indonesia Sebelum dan Pasca Kesepakatan Integrasi Ekonomi ASEAN," *Jurnal Ilmu Hukum* 4, No. 2 (2015): 298–318.

¹² Masnur Tiurmaida Malau, "Aspek Hukum Peraturan dan Kebijakan Pemerintah Indonesia Menghadapi Liberalisasi Ekonomi Regional: Masyarakat Ekonomi ASEAN 2015," *Rechts Vinding* 3, No. 2 (2015): 163–182.

¹³ *Ibid.*

¹⁴ Tami Rusli, "Analisis Terhadap Perjanjian Waralaba (Franchise) Usaha Toko Alfa Mart (Studi Pada PT Sumber Alfaria Trijaya, Tbk)," *Keadilan Progresif* 6, No. 26 (2015): 17.

¹⁵ M. Basarah dan Faiz Mufidin, *Bisnis Franchise Dan Aspek-Aspek Hukumnya* (Bandung: Citra Aditya Bakti, 2008): 12.

¹⁶ Bayu Seto Hardjowahono, *Hukum Perdata Internasional* (Jakarta: Citra Aditya Bakti, 1992): p. 5.

benefits the franchisor.

The agreement is one of the most important things in the franchise business, because in the concept of the business, it contains clauses that must be agreed upon during the franchise contract. Thus, it is important to conduct a study to find out how legal protection for franchisees and forms of settlement if there is a dispute from the agreement between the foreign franchisor and the franchisee in Indonesia. The results of this study are expected to provide input for improving franchise regulations, as well as the application and supervision.

II. DISCUSSION

A. Franchise Agreement

By law, a franchise is an engagement whereby one party is given the right to use and or use intellectual property or a meeting of the characteristics of a business owned by another party with a reward based on the requirements set by the other party in the context of providing and or selling goods and services. Franchising grew in the 1980s when foreign franchises entered Indonesia, such as Kentucky Fried Chicken (KFC), Mc Donald's, Burger King and Wendy's.¹⁷ Franchise Industry can grow rapidly because the marketing methods and business development facilities are used by various types of business fields, from restaurants, retail businesses, hair salons, photos, hotels, car dealers, and others. In response to this situation, the authority publishes an accommodative business climate and regulation.

The franchise was first introduced in the 1850s by Isaac Singer, a Singer sewing machine maker, when he wanted to increase the distribution of sewing machine sales. Although his efforts failed, he was the first to introduce this franchise business format in the US. In its development, this business system underwent various improvements, especially in the 1950s which became known as a franchise business format (business format) or often also referred to as a second-generation franchise. The development of such a franchise system, especially in its home country, the US, causes franchises to be popular as a business system in various business fields, reaching 35% of all retail businesses in the US.¹⁸

The example of a growing franchise in Indonesia is Kentucky Fried Chicken (KFC), which is in various places, and the example of a local franchise that is developing in Indonesia is Indomaret, with its outlets spread in various strategic places. Until 1997, there was no legal basis specifically for regulating franchises. In Indonesian civil law the franchise agreement made by the parties including the agreement is not named, so the agreement is made based on a written agreement, which refers to the principle of freedom of contract as stipulated in Article 1338 of the Indonesian Civil Code.

Prior to the enactment of Government Regulation No. 16/1997 on Franchise and Decree of the Minister of Industry and Trade of the Republic of Indonesia No. 259/MPP/Kep/7/1997 on Provisions and Procedures for Franchise Business Registration, franchising can still be carried out through an agreement stipulated in the Book III of the Indonesian Civil Code, because all agreements can be justified as long as they

¹⁷ Indra Hastuti, "Aspek Hukum Perjanjian Waralaba (Franchise)," *Hukum dan Dinamika Masyarakat* (2006): 27-38.

¹⁸ Neraca, "Harian Ekonomi Neraca," <http://www.neraca.co.id/>, accessed 29 August 2019.

are legally carried out as well as not against the law and decency.¹⁹ In civil law, there are at least five important principles that must be fulfilled, including: the principle of freedom of contract; principle of consensualism; the principle of legal certainty (*pacta sunt servanda*); the principle of good faith (*geode trouw*); and personality principles (personality).²⁰ The agreement that has been made cannot be withdrawn, other than by agreeing on both parties, or for reasons stated by law. The agreement must be carried out in good faith. Thus, the franchise agreement is not specifically regulated, because the system adopted in the Indonesian agreement law is an open system and contains a principle of freedom of contract.²¹

In the Indonesian contract law, the concept of a franchise business is a special agreement because it is not regulated in the Civil Code. This agreement is accepted, because the principle of freedom of contract is the right of the parties. Agreements made legally apply as laws for those who make them. Based on the analysis and conditions of the agreement conditions, the franchise is held according to a written agreement between the franchisor and the franchisee. If the agreement written in a foreign language, it must be translated into Indonesian and delivered at least two weeks before signing the agreement to be studied by prospective franchisees. The franchisee must have proof of legality legalized by a notary and a certificate from the Indonesian trade attaché or representative officer in the origin country.

According to Article 2 of the Government Regulation No. 42/2007 on Franchising, there are several criteria that must be met in a franchise agreement, including: Having a business characteristics; proven to have provided benefits; have a standard for services and goods and/or services offered made in writing; easy to teach and apply; continuous support; and registered intellectual property rights. In the Ministerial Regulation concerning the Implementation of Franchising, also regulated the processes and obligations that must be carried out by both parties, in running the franchise business, one of which is about the obligation of the franchisee to have the Franchise Registration Certificate (STPW) and register the franchise agreement.

The latest provisions regarding the prohibition of monopolistic practices and unfair business competition, determine that the franchise agreement is included in the jurisdiction of business competition law. Especially, in some aspects related to price fixing or resale price maintenance, tying agreement, exclusive dealing contract, and post expiry non-competition. Based on Article 6 of the Ministerial Regulation on Organizing Franchises, franchise business activities must comply with the provisions of legislation in the field of consumer protection, health, education, environment, spatial planning, labor, and intellectual property.

In classical theory, there are two forms of franchise organizations, namely, Franchising Association and Manufacturer Sponsorship franchise. The former refers to the implementation of wholesalers for marketing products or services. While the latter is the manufacture (franchisor) forms independent distribution networks, based on the conditions set by the manufacturer. Modern franchise refers to the type of Business Format Franchises (BFF). More than 80% of franchises in the world apply this type. There are three known BFFs, such as: Product and Trade Name Franchises (PATNF); Business Format Franchises, and Conversion Franchises (CF).²²

¹⁹ Sudargo Gautama, *Aneka Masalah Hukum Perdata Internasional* (Bandung: Alumni, 1985), p. 14.

²⁰ Subekti, *Hukum Perjanjian* (Jakarta: Intermasa, 2014), p. 12.

²¹ Peni Rinda Listyawati, "Perjanjian Franchise Sebagai Perjanjian Innomenaat Dalam Pandangan Hukum Perdata," *Jurnal Hukum XVII*, 2no. (2006): 11-12.

²² Amir Karamoy, *Percaturan Waralaba Indonesia* (Jakarta: Foresight Asia, 2013), p. 13.

At present, the BFF type is the most widely used. In this type, franchise recipients are only permitted to run their business strictly. All production processes and business activities, such as business operations, promotion, physical design of outlets must be standard. Unlike, the PATNF, the rules are more flexible. In certain contexts, PATNF is similar to brand or product licenses or dealership systems, as well as marketing automotive products in Indonesia. The agent became a pioneer of the development of the franchise business in the future. While, in the CF type the franchisee is a company that has experience in operating similar businesses. This type is not only applied by the hotel industry, but also by consultants and real estate.

Each franchisee is required to have standard operating procedures (SOPs) that become a reference in the company's business, which includes: Operational and service manuals; manual purchase of goods/raw materials and storage methods; marketing, promotion and advertising manuals, bookkeeping manuals and royalty payments, field assistance manuals (field support); quality control and audit manuals; training manual; and site analysis manual (site analysis).²³ After all requirements have been met, the franchise agreement must be registered with the Ministry of Trade, in Jakarta. Whereas for domestic franchisees or domestic advanced franchise recipients, who already have STPW from the Ministry of Industry and Trade, registration of a franchise agreement can be submitted by the franchisor to the licensing service in the franchise business area.

In addition, in the franchise agreement, the franchisor provides a description of the prospectus regarding the data or information of the business correctly to the franchisee which at least contains: The franchisor's identity, intellectual property rights or findings or characteristics of the business that is the object of the franchise; investment costs; and assistance or facilities provided by the franchisor to the franchisee; and the rights and obligations between the franchisor and the franchisee.

Basically, there are three franchise concepts applied, namely: *Single Unit*, which is a direct relationship between the franchisor and the franchisee; *Multi Unit*, is the relationship between the franchisor and the main franchise recipient in an area or a country, where the main franchisee is permitted to build more than one outlet and is self-managed; and *Sub Franchise*, is the granting of rights from the franchisee to the main franchisee to recruit other franchise recipients²⁴. The concept is also generally developed in Indonesia.

Regarding franchise criteria, there are no clear rules governing them. There is no obligation to include audited financial statements of recent years and has audited by a public accountant, to ensure that a franchise business has been proven reliability. This means this business model is considered feasible to be applied in Indonesia. In addition, the criteria for franchising in Indonesian law are not specifically related to intellectual property. Those are some critical notes to improve the franchise law, so that it can provide rules that protect the interests of the parties, and the growth of this business.

²³ Amir Karamoy, *Sukses Usaha Lewat Warala* (Jakarta: Grafika, 1996), p. 18.

²⁴ Jose M. Ramirez-Hurtado, Juan M. Berbel-Pineda, and Beatriz Palacios-Florencio, "Study of the Influence of Socio-Economic Factors in the International Expansion of Spanish Franchisors to Latin American Countries," *PLoS ONE* 1, No. 1 (2018): 1-19.

B. Intellectual Property Rights of Franchise

From a business perspective, the franchise gives special rights to a person or business entity, to produce or assemble, sell, market a product or service. In the business context, franchise means the freedom to run a business independently in a particular area. Through this right, the franchise holder has the right to run a business model and monetize it. Whereas in terms of law, franchise is a legal agreement between two parties in cooperating to produce, assemble, sell, market a service product. As compensation for the use of license rights, the franchisee must pay royalties according to the agreement.²⁵

Franchising involves areas of contract law, specifically agreements on granting licenses, laws on names of commerce, brands, patents, models, and designs. All of these laws can be grouped in the fields of treaty law and the legal field of intellectual property rights.²⁶ Elements of intellectual property rights as the most important part of the franchise can be seen from the provisions of Article 1 point 1 of Government Regulation No. 42/2007 on Franchising, which emphasizes franchising as special rights owned by individuals or business entities against business systems with business characteristics in marketing goods or services that have been proven successful and can be used and used by other parties under the franchise agreement. Intellectual property is a component of intangible assets that are important in increasing the growth of the world economy.²⁷

The substance of regulation of franchise intellectual property is also regulated in Regulation of the Minister of Trade Number 12/MDag/Per/3/2006 on Provisions and Procedures for Issuance of Franchise Business Registration Certificates (Ministerial Regulations Provisions and Procedures for Issuance of Franchise Business Registration Certificates). Based on the provisions of the regulation, intellectual property is a core element of franchises in Indonesia. A business will not be franchised if it does not contain an element of intellectual property. The franchise agreement has regulated the protection of intellectual property specifically, namely by promising certain restrictions that must be obeyed by the franchisee, aimed at protecting this right from the franchisor. Protection of wealth includes brands, patents, copyrights, and trade secrets.²⁸ To get more certain legal protection from the authorities, right holders must also register the intellectual property rights that accompany the franchise business model.

The franchise agreement includes: a). Franchise rights, location, and trial period, b). Franchise period, c). Franchise fees and payment methods, d). Royalties, and e). Image maintenance²⁹. In the context of granting the right to use trade secrets, the trade secrets must be something unique and different from the forms of formats, formulas, characteristics, methods, procedures, or systems that are of a unique nature and have commercial value. Something that does not have a certain uniqueness that can be distinguished from goods or similar services or consists only of a series of information processes that are publicly available and can be held and

²⁵ Gunawan Wijaya, *Lisensi* (Jakarta: Raja Grafindo Persada, 2003), p. 7.

²⁶ Juajir Sunardi, *Aspek-Aspek Hukum Franchise Dan Perusahaan Transnasional* (Bandung: Citra Aditya Bakti, 1995), p. 25.

²⁷ Slamet Yuswanto, "Analisis Pengembangan Usaha Berbasis Kekayaan Intelektual," *Lingkar Widyaiswara* 4, No. 4 (2017): 8-24.

²⁸ Henry Soelistyo, *Hak Kekayaan Intelektual: Konsepsi, Opini, Dan Aktualisasi* (Jakarta: s.n., 2014), p. 16.

²⁹ Setiawan, "Segi-Segi Hukum Trade Dan Licensing," *Varia Peradilan* 7 (1991): 152.

carried out by everyone without the need for special assistance or guidance is clearly not a trade secret.³⁰

Previous studies show that the Government Regulation No. 42/2007 on Franchising and Regulation of the Minister of Trade Number 12/MDag/Per/3/2006 on Provisions and Procedures for Issuance of Franchise Business Registration Certificates, has not been effective in providing protection for foreign franchise recipients in Indonesia. In practice, the registration obligation is not always followed by the franchisee. This situation causes supervision by the local trade service to not run well.

C. Franchise and License

International business development can be done in several ways, such as export, licensing, franchising, joint ventures, acquisitions. As an alternative to expanding the market and reducing costs, a form of cooperation is called for as a license³¹. The license is the permission by competent authority to act which, without such as permission would be illegal, a pass, a tort, or otherwise would not allowable³².

In relation to the franchise agreement, the license is a right to carry out one or a series of actions provided by the authorized party. Without permission, the action is prohibited and illegal. Through a license, the authorized party to another party to make or sell a product or service. Those who give permission are entitled to receive royalties. The royalty is always connected with the number of products or services sold within a certain period of time. In practice, exclusive or not exclusive licenses are not sufficient for the parties. Especially, if the licensor intends to homogenize, which includes the rights and obligations of the operational system and activities.

Franchise is special rights owned by individuals or business entities to the business system with business characteristics in the context of marketing goods and / or services that have been proven successful and can be utilized and/or used by other parties based on franchise agreements. While, license is the right granted by the licensor to the licensee to use its intellectual property rights only without granting the right to use the business format of the licensor.

As the licenses, franchises also rely on the ability of business partners to develop their business through the procedures, processes and codes of conduct, and systems determined by the franchisor. As part of the compliance of business partners to the rules, the franchisee is granted the right to use intellectual property, either in a trademark, copyright on logos, industrial designs, patents, or trade secrets. Then, the franchisor is entitled to royalties. Therefore, franchises and licenses can be used to expand business extensively throughout the world, without borders.

In Indonesian law, licenses are regulated in several intellectual property laws. Especially in trademark, copyright, and trade secret laws. In the law, the issuance of permits is essential in the license, which is made in an agreement by the parties. If there is a licensing agreement that can cause consequences that harm the national economy or unfair business competition, the government will cancel the agreement. In principle, licenses differ from the provision of technical assistance related to project implementation. However, it is a permit to use intellectual property rights.

³⁰ Adrian Sutedi, *Hukum Waralaba* (Bogor: Ghalia Indonesia, 2008): 27.

³¹ Jacob S Sherkow, "The CRISPR Patent Landscape: Past, Present, and Future," *The CRISPR Journal* 1, No. 1 (2018): 5-9.

³² Bryan A. Garner, *Black's Law Dictionary* (s.l.: West Group, 2014).

III. CONCLUSION

The legal protection of intellectual property owned by the franchisor regulates the protection of intellectual property rights specifically, namely by promising certain limits that must be obeyed by the franchisee, which is directly or indirectly intended to protect intellectual property rights by the franchisor. In a franchise agreement that provides intellectual property protection, the provisions of a franchisee must protect the trade secrets provided by the franchisor for a period of at least two years after the franchise term expires. Franchisees are obliged to protect the rights and interests of the franchisor as the holder of the rights to the brand. Settlement of disputes in Indonesia is usually done by deliberation/consensus as an Indonesian legal culture. If a dispute cannot be resolved through deliberation/consensus, then the parties submit the case to the judiciary, in this case the District Court as the first court. In addition to settlement through the judiciary, it can also be resolved outside the court through alternative dispute resolution by means of consultation, negotiation, mediation, conciliation, or expert judgment carried out peacefully or can also be resolved through an arbitration body.

This study is limited to fast food franchises from the United States. For further research, it is necessary to conduct research on franchises of several business sectors from other countries, with franchise recipients in several cities in Indonesia. Thus, the results of subsequent research can contribute more broadly and significantly.

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