Legal Protection for Parties in Sale and Purchase Transactions of Virtual Objects

**Article**

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This study aimed to analyze the regulation concerning transactions of buying and selling virtual objects in Indonesia and find out the legal protection for the parties in the event of default in such transactions. This study was normative juridical research using secondary data and statute approach. Virtual objects are intangible objects that, referring to Article 499 of the Civil Code, can be claimed, can be of property rights, and have economic value. The regulation concerning transactions for virtual objects refers to arrangement of buying and selling transactions in the Civil Code, specifically in Articles 1457 to Article 1540 thereof. Legal protection for the parties in buying and selling virtual objects refers to the agreement made by the parties. However, in buying and selling virtual objects, there is no written agreement except an agreement made based on conversations via social media of the parties, such as WhatsApp or E-mail. Therefore, any default committed by either party can only be proven by the provisions made by the parties in their conversations. On this matter, referring to Law No. 8 of 1999 concerning Consumer Protection, business actors are entitled to receive payments or goods, while the consumers are entitled to receive compensation if the goods received are not in accordance with the agreement.

**Keywords:** Sale and purchase; virtual object; default.

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**INTRODUCTION**

Human beings always need each other in their life. Social relations can occur between those who already know each other and between those who meet each other for the first time in everyday life.¹ Such relations occur based on customs, norms, or rules that apply within the community group, commonly called the law.² Today, the law is the most extensive branch of knowledge because it

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² Lukman Santoso Az Yahyanto, Pengantar Ilmu Hukum (Malang: Setara Press, 2016).
includes all customs and refers to increasing human growth as well. The law provides guidelines for a society whose interests differ to prevent conflicts.\textsuperscript{3}

The rapid development of technology has changed people’s activities, from physical to virtual using communication devices. The development of information technology began with computerization. Initially, computers were only functioning for making graphics, drawing, and as devices for storing data. Now, they have been transformed into soft networks, such as cellular phones, telegrams, and radios, that can cover the whole world.\textsuperscript{4} The law categorizes such objects as movable objects. When hearing the word “object”, we immediately think it means inanimate and physically transferable. However, referring to Article 499 to the Civil Code, objects (zaak) are everything that can become of property rights. Objects can also be intangible, unreachable by the five human senses.\textsuperscript{5}

Book II of the Civil Code also mentions movable and immovable objects, consumable and non-consumable objects, existing and future objects, and so on. Technology developments have led us to realize the existence of unreal objects called “virtual objects”, which are categorized as intangible objects. Even though they don’t have a physical form, humans often use them in their life and treat them like physical objects with economic value.\textsuperscript{6}

In the 1990s, the world began to know the internet, people started playing games online.\textsuperscript{7} In online games, some items can be traded. Such tradeable items were then known as virtual objects. Regarding making virtual objects as objects of sale and purchase, referring to the EULA (End User License Agreement) clause concerning the agreement between the application maker and user, often called a software license, the user may use the software only when he/she agrees not to violate any of restrictions listed therein.\textsuperscript{8} This clause regulates what the user may and may not do in relation to the license or permit for the online application program, including the transfer of rights through a buying and selling mechanism, if desired.

Meanwhile, buying and selling transactions that include the parties, namely sellers and buyers in it Indonesia can raise the economy also prosper the business and meet the needs of buyers.\textsuperscript{9} However, in reality, buying and selling transactions of virtual objects are mostly done between players because buying and selling between players without following the existing license conditions. Buying and selling transactions can run properly when the parties have good intention in fulfilling the agreement made. Because, in essence, an agreement starts from the contrasting points of the parties, then continues with negotiations, and ends with signing.\textsuperscript{10} However, problems can arise in buying and selling virtual objects when a default exists. For example, the buyer does

\textsuperscript{3} Jonaedi dan Johnny Ibrahim Efendi, \textit{Metode Penelitian Hukum Normatif Dan Empiris} (Depok: Prenadamedia Group, 2018).
\textsuperscript{5} Neng Yani Nurhayani, \textit{Hukum Perdata}, 2016.
\textsuperscript{9} Ismail Koto Ahmad Fauzi, “PERLINDUNGAN HUKUM BAGI KONSUMEN YANG TELAH DILANGGAR HAKNYA MELALUI JALUR LITIGASI DAN NON-LITIGASI,” \textit{Jurnal Yuridis} 9, no. 1 (2022): 14.
not pay, the virtual object sent is not in accordance with that in the agreement, or the online game service provider runs away, resulting in the loss of all virtual items.\textsuperscript{11}

Dio Ariesky argued that virtual objects can provide benefits, although limited to online networks, and can be referred to as objects in the Civil Code.\textsuperscript{12} Della Junisa stated that virtual object transactions must be under signed agreement, which requires proof of authentic or underhanded delivery or through electronic media.\textsuperscript{13} Meanwhile, Bayu Ade Prasetyo stated that virtual objects are classified as intangible objects that can be traded and are legally valid.\textsuperscript{14} Several previous studies have similarities in the object of research conducted, namely virtual objects in the form of items in online games. Our recent research studies legal protection for the seller and the purchaser when a default occurs.

All parties involved in the sale and purchase of virtual objects should enter into agreements legally according to applicable law before or after their transactions for getting appropriate legal protection in the event of default. Based on the problems above, the researchers wanted to find more about virtual objects referring to the Civil Code and the laws and regulations that apply in Indonesia to protect parties when transferring virtual objects through a buying and selling mechanism.

\section*{RESEARCH METHODS}

The research method used in this research is normative juridical. Where the research uses literature or document studies,\textsuperscript{15} as well as legal material produced in the form of descriptive data which will later be used to solve the research problem formulation and conclude the research results in the conclusion section. Data sources in this study consisted of primary, secondary, and tertiary legal materials. Primary sourced from the Civil Code and Law Number 8 Year 1999 concerning Consumer Protection, then Secondary sourced from books; scientific journals and articles related to the title of this research, and Tertiary based on internet sources or other that aim to provide explanation after primary and secondary legal materials. The approach used in this research uses laws and regulations relating to transaction in buying and selling virtual objects along with legal protection for the parties in the event of default in the transaction.

\section*{ANALYSIS AND DISCUSSION

\textbf{Arrangements for Buying and Selling Transactions of Virtual Objects in Indonesia}

Information technology has changed society and created new and types of business opportunities. One area of information technology that is quite high in demand is the internet, which connects network between communications system. On the internet, people are free to choose what they want to do, including doing transactions. With the growth of technology, humans are currently interacting with one another through various digital technology devices.\textsuperscript{16} European countries that


\textsuperscript{12} Dio Ariesky, “Virtual Property Dalam Hukum Benda Indonesia” (Universitas Islam Indonesia, 2016).

\textsuperscript{13} Junisa, “Peralihan Hak Milik Virtual Property Melalui Jual Beli Dalam Sistem Hukum Indonesia.”

\textsuperscript{14} Bayu Ade Prasetyo, “Keabsahan Jual Beli Item Game Online Ditinjau Dari Perspektif Hukum Perdata” (Universitas 17 Agustus 1945 Surabaya, 2022).

\textsuperscript{15} Muhaimin, \textit{Metode Penelitian Hukum} (Mataram: Mataram University Press, 2020).

have launched the “industry 4.0” plan also encourage people to use digital technology to carry out transactions through the internet.\textsuperscript{17}

The efficiency and ease of using technological devices are currently proven in everyday life, such as online transportation. In addition, an idea essentially comes from a thinking activity. Silih Agung Wasesa stated, with the birth of the digital media, it not only makes information more powerful, but also conveys information quickly and interactively.\textsuperscript{18} From the time of the Greeks, two styles of thinking were separated. Namely axiomatic (systemic thinking) and tropical (problematic thinking). In terms of axiomatic thinking refers to thoughts that originate from facts and are not doubted so that they can produce unified conclusion. Meanwhile, in terms of tropical thinking, it refers to thoughts that contain contradiction, contain anything that is possible to be accepted. Therefore, this thought is presented with various arguments or specific reasons which will later be verified in a discussion forum.\textsuperscript{19}

Based on description of the style of thinking above, human thought is formed, like intelligent beings and have needs. In terms of realizing his desire he needs thought, both axiomatic and tropical in order to be able to develop the idea he/she has into a useful invention. The current generation, amidst various existing communication devices supported by creative content creators, becomes more adaptive in addressing technological growth. For this reason, online games that can be played virtually and allow everyone to meet cross-country players emerged. In fact, not only students, adult play online games as well. Virtual means unreal, virtual objects can simply be interpreted as unreal objects with unreal and unseen physical forms. Virtual objects in the Indonesian legal system are classified as intangible objects.

The existence of this virtual world as a preference over the real world where humans grow. In this virtual world, every human being forms a space, environment, or any other place he/she wants. One of Indonesian celebrities, Raffi Ahmad at RANS Entertainment, has developed a metaverse called RansVerse. There he sold virtual land and was known to have sold 537 virtual land units in 27 minutes 20 seconds.\textsuperscript{20} It is alleged that the purchase of virtual land can be used as an opportunity to create digital assets in the midst of the soaring development of the blockchain industry. These virtual land owners have full and absolute freedom over whatever will be built on their virtual land, they can also interact with other virtual land owners.\textsuperscript{21}

Therefore, the virtual world is analogous to the real world, along with objects and all legal actions that occur in it are treated as objects. Because a virtual object is an object created by humans, the creator has the right to the object created by this virtual object.\textsuperscript{22} Then, virtual objects in Indonesian legal system are included in intangible objects. Speaking of objects, there is the term

\textsuperscript{18} Yusrin Ahmad Tosepu, \textit{MEDIA BARU DALAM KOMUNIKASI POLITIK (Komunikasi Politik I Dunia Virtual)} (Surabaya: Jakad Publishing, 2018).
\textsuperscript{22} Ariesky, “Virtual Property Dalam Hukum Benda Indonesia.”
zakenrecht in Dutch. The Indonesian legal system regulates objects in Book II of the Civil Code, also include regulations regarding the mastery of an object.  

Regarding intangible objects, it can also refer to Intellectual Property Rights (IPR), like materials rights, this produces products that originate from the development of ideas as well as the human mind. Intellectual Property Rights are often referred to as Intellectual Property in the form of intangible or immaterial objects which can also be used as property rights objects. Rachmadi Usman argued that, between the word “property” and the word “wealth” it would be more appropriate to use the word “property”. Because, the meaning of ownership has a more special domain compared to wealth. Being a crucial element in terms of protection rather than mastery of an object that can be controlled by another party without permission, therefore Intellectual Property Right is protected by international agreements, such as TRIP’s Agreement.

Processing an object can be done in good intention or bad intention, as stated in Article 530 of the Civil Code. According to Article 531 of the Civil Code, a person can be said to have good intention in processing an object if he first obtains ownership rights. On the contrary, he said to have bad intention, namely when he can be sued in this matter before the court, according to Article 532 of the Civil Code. Then, in terms of legal position, a person can transfer his possession of an object based on his authority, as stated in Article 538 of the Civil Code.

The article outlines various ways to possess an object, either an object with no owner or that owned by another person. As in the law of objects, anyone who owns an object has the right to take legal actions in terms if the object, such as transferring, guaranteeing, or giving it to another legal subject. In addition, Article 570 of the Civil Code states that the right to property is a right to the most perfect one. An object owner can use his property as long as not conflict with applicable law.

Peter Brown and Richard Raysman argued that virtual objects are valuable proprietary assets that can be exchanged for real money through various transactions, such as exchanges and buying and selling. Virtual objects are conceptualized as intangible objects and can be included in the right to property, thus transferable. The transfer of intangible objects according to Articles 613 paragraph (1) of the Civil Code is carried out with “proof delivery” which is made authentically or underhand related to the change in position for the holders of the objects. Fairfield said that virtual property has 3 (three) characteristics, namely Rivalrousness, Persistence, and Interconnectivity. Rivalrousness means exclusiveness, meaning that virtual property cannot be used by anyone other than the owner: Persistance means that it is fixed, that is, the virtual property will still exist and will not change. Meanwhile, Interconnectivity means being connected to each other each virtual property is connected to one another through computer technology and the internet.

Usually, we can find virtual objects in an online game that allows each player to interact with each other. Interactions between online game players can be making simple communication in chat rooms, collaborating in games, competing with each other, and even making buying and selling transactions of online game features that can be played through various devices, from

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mobile phones to laptops. Indonesia does not yet have a specific record of buying and selling virtual objects. However, at this time, we can be guided by the Civil Code. Because the elements of virtual objects are compatible with the elements of objects in Indonesian law, to be precise in Article 499 of the Civil Code, they can be owned, tangible and intangible, transferable, and have economic value.

Virtual objects can be said to be objects that cannot be physically perceived by the five human senses but can be transferred to other people, thus classified as intangible objects. Therefore, transactions related to them must refer to the provisions of Article 1457 to Article 1540 regarding buying and selling in the Civil Code, where the parties agree to hand over their ownership rights to an object to the buyer, and buyer agrees to pay for it. In addition, if the agreement is still ongoing and the buyer does not make the payment as agreed (commits a default), the seller has the right to cancel the agreement, as stated in Article 1517 of the Civil Code.

Legal Protection for the Parties in the Event of a Default in the Sale and Purchase Transactions of Virtual Objects

Actions carried out in cyberspace, even though they are virtual, can still be categorized as real legal actions. By law, in today’s virtual world it is no longer suitable to place an object in a conventional setting. This is based on the rise of crimes that occur in cyberspace as well as things that are protected from legal snares. All actions on these virtual objects have visible consequences even though the evidence is electronic. Thus, the perpetrators must also be considered as legal subject who have actually committed legal actions. It is true that with this virtual buying and selling transaction, the parties can be said to be easy to do. Because it is not constrained by differences in time or place.

Some parties are not accountable and use various methods to renege on the virtual object sale and purchase agreement. For the sake of the realization of good legal actions, both the seller and the buyer have rights and obligations. The buyer must pay for the object at the agreed price, while the seller must hand over the proper object for the payment that has been made. With this, of course, legal protection is needed to limit everything that is not based on legal norms, especially those stated in legislation. Because this is one form of determining what reaction should be issued in dealing with legal issues in the field. Referring to Article 28D Paragraph 1 of the 1945 Constitution, it is stated that the state is responsible for providing recognition of guarantees, protection and legal certainty and justice. Participating in the state is intended to optimize the welfare of citizens lives which can be realized by establishing legal means, through policies and stipulation of relevant laws and regulation.

27 Yosef Freinademetz Sabon Doni, “Kedudukan Fitur-Fitur Virtual Game Online Dalam Kitab Undang-Undang Hukum Perdata,” no. 28 (2014).
28 Pasal 499 Kitab Undang-undang Hukum Perdata
According to data from GGWP, which is an Indonesian e-sports company, e-sports will continue to experience a significant growth rate and probably will become a lifestyle in the next few years. With the continued growth of people’s interest in online games, the business fields in online game applications are increasingly broad. Many people often make buying and selling transactions and benefit from such transactions. They only use their cellphones and internet quota to play the game and make transactions with sellers or fellow players.

In fact, to this day, many actors buying and selling virtual objects have defaulted. The purpose of default is the negligence or omission of one of the parties to the agreement, where the party does not fulfill or is negligent in carrying out obligations as agreed by both parties. In order to determine the parties is outside the territory of Indonesia, then it will refer to the agreement that they previously agreed upon. Whether one of the parties committed a default, it can be seen based on the element of good faith on the part of that party. Basically this good faith is related to the honesty of a human being for the sake of his/her survival as well. In the agreement, it is definitely prohibited to use evil, disgraceful acts, which cause harm to the party who made it.

As the first informant, Muhammad Arya Damar, a student from SMAN 5 Bekasi who ia a seller if virtual objects, stated he had sent the item agreed upon, but the buyer had not made a payment. On the contrary, he received items that were different from the specifications mentioned in the agreement. The second informant, Rizaldi Adnan, a private employee from Tangerang, who has also been actively playing online games for 8 years, also often experiences defaults as he could not use vouchers because the payment codes were not valid. The third informant, Aditya Reynaldi, a private employee from Jakarta, actively participates in various online game tournaments with his teammates. He made transactions based society on trust. The seller put him in a WhatsApp group, he paid the sum agreed upon, but he did not get promised them.

The individual interviews above show that breaking promises in buying and selling virtual objects appears to be a common thing and can be detrimental to some parties. The aggrieved parties cannot do anything because of their ignorance, and there are no specific regulations governing virtual objects. Legal protection is protection of the position and legalization of legal subjects based on legal regulations in order to be able to protect one thing from another. Laws that are born in a social life are to connect and accommodate common interests that are usually in conflict with one another. Therefore, legal protection is a guard that must be able to integrate in avoiding conflicts with minimum risk.

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35 Results of an individual interview with an online game player in the city of Bekasi who has experienced a default, Friday, July 29 2022
36 Results of an individual interview with an online game player in the city of Tangerang who has experienced a default, Sunday, July 31 2022
37 Results of an individual interview with an online game player in the city of Jakarta who has experienced a default, Sunday, July 31 2022
So far, everything has only been based on the Civil Code, mainly related to default, which, if it has been based on a written agreement, refers to Article 1243 of the Civil Code, the party who defaults must make reimbursement for losses incurred. If the parties do not enter into a written agreement, the provisions of Law Number 8 of 1999 concerning Consumer Protection, specifically Articles 4-7 of the Consumer Protection Act, shall apply. The provisions contain the rights and obligations of business actors and consumers in order to create fair legal protection for them.

As regulated in Article 4 of the Consumer Protection Act, consumer rights are the right to choose and obtain goods under conditions according to the agreement; the right to have their opinions and complaints heard about the goods and/services they get, and; the right to obtain compensation and/or replacement, if the goods received are not in accordance with the agreement. Furthermore, Article 5 of the Consumer Protection Act states that the consumer’s obligation is to act in good intention in transactions; pay according to the agreed value; and comply obediently in the event of a dispute. Then, in Article 6 of the Consumer Protection Act, the rights of business actors are to receive payments according to the agreement and to obtain legal protection against consumers who do not have good intentions. Meanwhile, Article 7 of the Consumer Protection Act states that the obligation of business actors is to have good intentions, provide clear, correct, and honest information, and provide compensation if the goods and/or services delivered are not in accordance with the agreement.

Through this Consumer Protection Law, it is clear that the rights and obligations of the parties are divided, namely businessman and consumer. This individual’s sense of responsibility. Also on the aspect of legal protection based on Consumer Protection Act this can apply if the parties are in the territory of Indonesia. If in the future it is found that one of the parties is outside the territory of Indonesia, then it will refer to the agreement that they previously agreed upon.

Legal protection for buying and selling virtual objects has nothing to do with Law Number 19 of 2016 concerning Amendments to Law Number 11 of 2008 regarding Information and Electronic Transactions that explain about electronic transactions in general only without regulating the buying and selling of virtual objects. E-sport which nowadays looks quite popular. It can be seen from the endless competition of game developers to market their products. The game association was initiator of the birth of e-sport in Indonesia in 1999. Despite the limited facilities and information coverage, this did not dampen the enthusiasm to promote and attract game players to participate in competitions. Until finally in 2001 the first online game competition in Indonesia finally took place as well as the official League Game Community.

The Presidential Staff stated that the e-sport Presidential Cup Tournament was the largest e-sport competition event in Indonesia that started in 2019 and continued until the third event in 2021 as the implementation of one of President Joko Widodo’s commitments. The activity indicated President’s seriousness in expanding and accommodating online game players. Therefore, referring to the teachings of the German legal science, Friedrich Carl Von Savigny, who stated: “Das recht wird nicht gemacht, est ist und wird mit dem volke” (law is not made but grows and develops with the people).

42 Lili Rasjidi and Thania Rasjidi, Pengantar Filsafat Hukum (Bandung: Mandar Maju, 2012).
society), it would be better if the law could fulfill people’s aspirations and be dynamic in following the transformations in society before the cases become increasingly complex. Virtual objects are closely related to human life, thus requiring regulations in a separate legal specification. Because, responsive law can be realized, if the law can bring a sense of security and peace. And can be a means of protection against actions that threaten or undermine human rights.

CONCLUSION
Based on the explanation described above, it can be concluded that virtual objects are a classification of intangible objects regulated in the Civil Code. The legal basis underlying the sale and purchase of virtual objects is the provisions of Articles 1457 to 1540 of the Civil Code. Furthermore, legal protection for the parties in the sale and purchase of virtual objects, if the sale and purchase is carried out based on a written agreement, refers to the Civil Code and, if based on unwritten agreement, to Law Number 8 of 1999 concerning Consumer Protection. In this law, the form of legal protection, in accordance with Article 4 of the Consumer Protection Act, is that consumers have the right to obtain clear information regarding the objects being traded and to obtain compensation if the objects do not conform to the agreement. At the same time, business actors also get legal protection, as stated in Article 6 of the Consumer Protection Act. They are entitled to protection from consumers who do not have good intentions and to rehabilitation of their good names if the losses suffered by consumers are not business actors’ faults. Efforts that need to be made are to make special regulations related to buying and selling transactions of virtual objects to give legal protection for all parties in the event of default due to irresponsible people.

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