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Legal Implications of Underhand Agreements Between Hospitals and Medical Device Distributors from a Health Law Perspective (Case Study of Dr. Yuniati Wisma Karyani Natuna Hospital)

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Abstractk. *Procurement of medical devices is an important part in supporting health services in hospitals. In practice, cooperation between hospitals and distributors of medical devices is often stated in the form of private agreements without involving a notary. This study aims to analyze the legal implications of private agreements in the event of a breach of contract between hospitals and distributors of medical devices, both in the perspective of civil law and health law, and to provide legal recommendations as a reference for dispute resolution. The type of research used is sociological juridical research with a case study at RSAU dr. Yuniati Wisma Karyani Natuna. The specifications of this research are descriptive analysis, the types of data used are primary data, secondary data, primary legal materials, secondary legal materials and tertiary legal materials, then the data collection method is by interviewing health workers at RSAU dr. Yuniati Wisma Karyani Natuna, and the analysis method in this study is qualitative analysis. The results of the study indicate that private agreements remain legally binding as long as they meet the requirements for a valid agreement as stipulated in Article 1320 of the Civil Code. However, such agreements have limitations in terms of evidentiary power compared to authentic deeds. In the event of a breach of contract, the injured party has the right to demand fulfillment of the performance, compensation, cancellation of the agreement, or transfer of risk. From a health law perspective, breach of contract has the potential to disrupt the quality of health services and patient safety, so that hospitals still bear legal responsibility in the provision of health services. Therefore, this study recommends that cooperation agreements be made in the form of authentic deeds or at least legalized.*

Keywords: *Agreement; Distributor; Equipment; Hospital; Medical.*

1. Introduction

A Hospital is a Health Service Facility that provides comprehensive individual Health Services through promotive, preventive, curative, rehabilitative, and/or palliative Health Services by providing inpatient, outpatient, and Emergency services.[1]Hospitals have a significant responsibility to provide high-quality and adequate medicines and medical devices to support optimal health care for the community. Considering the aforementioned role of hospitals, adequate efforts are needed to improve health standards and foster equitable, comprehensive, and integrated health care delivery.

To improve the quality of hospital services, it is essential to fulfill the vital needs required to support services, including the procurement of medicines and medical equipment. As a supporting aspect of hospital operations, the availability of medical equipment makes it easier to treat sick patients. In general, the more complete the medical equipment a hospital has, the more patients it can receive. To obtain the necessary medical equipment, hospitals engage in buying and selling with other parties willing to provide the necessary medicines and medical equipment.

A sales and purchase agreement is a means of fulfilling the vital needs required by hospitals. In practice, the procurement of medicines and medical devices in hospitals involves a third party as a provider of medical equipment procurement called a distributor, both a drug distributor and a distributor of medical devices. However, in practice, the form of agreement that occurs between the hospital and the distributor of medical devices is an underhand agreement, without involving a notary as a public official who is authorized to make an authentic deed.[2].

Underhand agreements according to Article 1320 and Article 1338 of the Civil Code (KUHPer) are still considered valid as long as they meet the requirements for a valid agreement, namely the agreement of those who bind themselves to the ability to make an agreement, a certain thing, a lawful cause. However, in terms of legal evidence and legal force, this underhand agreement has weaknesses when compared to an authentic deed. The weaknesses of underhand deeds include weak evidentiary power, not as strong as a notarial deed and often requiring additional evidence, vulnerable to misuse, easy to falsify because it is not made before an authorized official.[3]The absence of a notary in the agreement process between the hospital and the distributor can have legal implications, especially if a dispute arises later or if the agreement is used as evidence in a legal process, even though the private deed has been signed and acknowledged by both parties,

[1]In Chapter I, Article 1, paragraph 3, Law Number 17 of 2023 concerning Health.
[2]In Article 1 paragraph (1) of Law Number 2 of 2014 concerning the Position of Notary.
[3]Nikholas Andika, 2025, "Legal but vulnerable: legal facts of underhand agreements",https://www.porosjakarta.com/hukum, Accessed on August 20, 2025, at 13.58.

this is already perfect evidence like an authentic deed.[4].

In the context of hospitals, especially hospitals that use public or government funds, procurement of goods and services must refer to the principles of transparency, accountability, and effectiveness as stipulated in Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services. The use of underhand agreements that are not supervised by public officials can raise suspicions of potential abuse of authority, conflicts of interest, and potential state losses. The implementation of procurement contracts for goods and services has not yet been made in a notarial deed, because it is not yet understood by the parties who will contract that they can ask for assistance from a notary as a public official who has the authority to provide legal counseling, including regarding the understanding of default.[5]The role of a notary in making an agreement in the form of an authentic deed includes ensuring compliance with the law, providing an explanation regarding the contents of the agreement, guaranteeing legal certainty, ensuring correct procedures and recording and storing the deed so that the agreement made has authentic legal force and can be accounted for in the eyes of the law.[6]

This issue is important to examine from the perspective of civil law and health law considering the potential losses incurred not only for the hospital or distributor, but will impact the community as the beneficiary of health services. Legal certainty and legal protection that applies to patients, doctors and hospitals must be in accordance with the rights and responsibilities of each. Contracts and agreements are part of the patient quality and safety program. To ensure patient quality and safety, it is necessary to evaluate all services provided both directly by the hospital and through contracts. The contents of the contract with the contracted party must include what is expected to ensure patient quality and safety. Regarding this agreement, it is regulated in the Decree of the Director General of Health Services Number HK. 02. 02 / D? 47104 / 2024 concerning Hospital Accreditation Survey Instruments.

2. Research Methods

The type of research used is sociological juridical research with a case study at RSAU dr. Yuniati Wisma Karyani Natuna. The specifications of this research are descriptive analysis, the types of data used are primary data, secondary data, primary legal materials, secondary legal materials and tertiary legal materials, then the data collection method is by interviewing health workers at RSAU dr. Yuniati Wisma Karyani Natuna, and the analysis method in this study is qualitative

[4] Subekti, 2005, Law of Evidence, Pradnya Paramita, Fifteenth edition, Jakarta, page 29.
[5]Sari Melani, 2020, The Role of Notaries in Government Goods/Services Procurement Contracts (Analysis of Supreme Court Decision Number 3689 K/PDT/2016), Indonesian Notary, Volume 2, page 228
[6]Notary Rahmawan, 2025, "What is a notarial deed and why?"https://www.notariskendalrahmawan.com. Accessed on August 20, 2025, at 14.14.

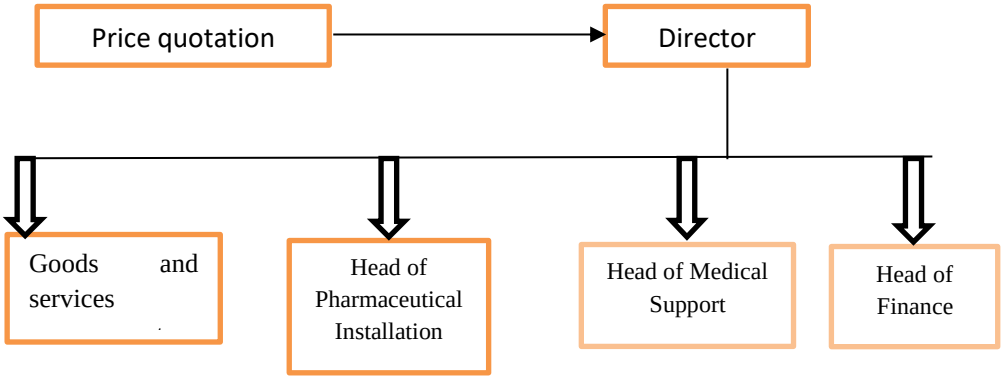
analysis.

3. Results and Discussion

3.1. Legal Implications of Underhand Agreements between Hospitals and Medical Device Distributors in the Event of Default at Natuna Air Force Hospital.

1) Overview of the Implementation of Underhand Agreements between Hospitals and Medical Equipment Distributors at Natuna Air Force Hospital.

Cooperation agreements between hospitals and medical device distributors are generally made based on mutual agreement. The distributor begins with a price offer to the hospital's board of directors, the hospital's top management. The price offer is then reviewed by various parties involved in the hospital's procurement system, including the drug and medical device procurement department, the pharmacy department, the finance department, and the medical support department.[7].



In each hospital, the process of procuring drugs and medical equipment in the hospital can be different, depending on the SOP (standard operating procedure) of each hospital.The procurement process for drugs and medical devices can vary from hospital to hospital, depending on the institution's Standard Operating Procedures (SOPs). These differences are influenced by various factors, such as hospital management policies, logistics systems, funding sources, and the complexity of the services provided.

In general, procurement SOPs are designed to ensure the timely availability of medicines and medical devices, in the right quantity and quality, while also ensuring efficient and accountable budget utilization. Some hospitals implement a centralized procurement system through the pharmacy unit or logistics facility, while others use a decentralized system involving each service unit.[8].

[7]Dwi Indra Darmawan, Director of Dr. Yuniati Wisma Karyani Natuna Air Force Hospital, interview, Natuna, October 26, 2025.
[8]M. Irawan, 2022, Health Logistics Management, EGC, Jakarta, pp. 85–88.

Furthermore, the procurement process can also be influenced by the hospital's status, whether government-owned or private. Government hospitals typically follow statutory procurement regulations, such as through e-catalogs or auctions, while private hospitals have greater flexibility in choosing procurement methods based on internal policies.

These differences in SOPs aim to adapt to service needs, patient characteristics, and the resource capacity of each hospital. Nevertheless, the entire procurement process must adhere to the principles of patient safety, quality of service, transparency, and compliance with applicable regulations.

After the distributor's offer has been approved by several departments involved in drug and medical device procurement, negotiations begin regarding the price and specifications of the offered goods. This negotiation process aims to reach a mutually beneficial agreement for both parties, both the hospital as the user and the distributor as the medical device provider. Negotiations cover not only price but also product quality, warranty terms, delivery times, and payment mechanisms.

After the negotiation process reaches an agreement, the next step is to draft a cooperation agreement between the hospital and the medical device distributor. This cooperation agreement is generally made in the form of a private deed signed by both parties: the hospital director and the medical device distributor director, or can also be represented by the distributor's branch manager domiciled in the hospital's area. Even though it is made privately, the agreement remains legally binding as long as it meets the requirements for a valid agreement as stipulated in Article 1320 of the Civil Code.

Cooperation agreements are typically made for a specific period, typically a semester (six months) or a year. After the agreement expires, it can be extended by mutual agreement. This timeframe provides for evaluation of the distributor's performance, the quality of the supplied goods, and compliance with the terms of the agreement. With these periodic evaluations, hospitals can ensure that the collaboration continues to support improved healthcare quality and complies with applicable regulations.[9].

The agreement outlines several key points, including the identities of the parties representing the hospital and the medical device distributor, their legal status, and the purpose of the agreement. Furthermore, the agreement also outlines the rights and obligations of each party, including provisions regarding the price of medical devices, placement of medical devices, payment procedures, the validity period of the agreement, provisions regarding force majeure, dispute resolution mechanisms, notification procedures, and closing provisions. The agreement is

[9]W. Hadikusuma, 2021, Contract Management & Procurement of Goods/Services, Salemba Empat, Jakarta, pp. 132–134.

concluded with the signatures of both parties representing them as a form of agreement and ratification of the entire agreement.

An underhand agreement between a hospital and a distributor of medical equipment remains valid as long as it fulfills the elements of Article 1320 of the Civil Code. An agreement will have full evidentiary power if it is made as an authentic deed by or before a notary according to the Notary Law (UUJN).[10].

However, from an evidentiary perspective, private agreements have limitations in the event of a dispute. The evidentiary power of private agreements depends heavily on the testimony of the parties who signed them. If one party denies their signature or the contents of the agreement, the interested party must prove the validity of the agreement through other evidence, such as witnesses or additional evidence, making the evidentiary process more complex.

This differs from agreements made in the form of authentic deeds by or before a notary, as stipulated in the Notary Law (UUJN). Notarial deeds have perfect evidentiary force (volledig bewijskracht) regarding both the formal and material truth of their contents. This means that everything stated in a notarial deed is presumed true until proven otherwise by a court decision. This provides greater legal certainty for the parties.

Therefore, although private agreements remain legally valid, the use of a notarial deed in medical device procurement collaborations between hospitals and distributors is a safer option. A notarial deed not only strengthens the legal standing of the parties but also prevents future disputes because the entire agreement is clearly and objectively stated and attested by authorized officials. Therefore, agreements made in the form of an authentic deed provide optimal legal protection and increase trust in the collaborative relationship.

According to Nadia Mulya, the legal certainty of private agreements cannot always be implemented according to the agreement stated/contained in the agreement, where the agreement desired by the parties, various things can happen that result in an underhand agreement being cancelled due to certain things, either cancelled by one of the parties or cancelled by the court. This condition is usually one of the parties violating or not fulfilling the things that have been agreed in the private PPJB.[11].

2) Forms of Default in the Agreement between Hospitals and Medical Equipment Distributors at Natuna Air Force Hospital.

Default is a form of contractual breach that occurs when one party fails to fulfill the obligations as agreed in the agreement. Default can take the form of not fulfilling obligations at all, fulfilling obligations but not in accordance with the

[10]UUJN number 2 of 2014 concerning amendments to the Notary Law, page 4.
[11]Nadia Mulya, Notary, interview, October 26, 2025

terms of the agreement, fulfilling obligations late, or committing acts prohibited by the contract. One form of default that has developed in practice is anticipatory breach, which is a situation where one party has expressly indicated that it will not fulfill its obligations before the time for performance arrives. This condition gives the injured party the right to demand fulfillment of the performance, cancellation of the agreement, and compensation in accordance with civil law.[12]

In the study of contract law, breach of contract does not only mean a general breach of promise, but has certain forms that serve as a reference in assessing contract violations according to civil law theory. In general, breach of contract can take the form of not performing the performance at all, namely when the obligated party does not fulfill their obligations according to what has been agreed; performing the performance but late, meaning the obligation is still fulfilled but past the deadline specified in the agreement; performing the performance but not in accordance with the provisions of the agreement, namely the fulfillment of the obligation is carried out but does not meet the quality requirements, quality, or specifications that have been agreed; and doing something prohibited in the agreement, namely actions that contradict the prohibitions expressly stated in the contents of the contract so that they are detrimental to the other party. These four forms serve as benchmarks for determining whether an act can be qualified as a breach of contract according to Indonesian civil law.[13].

Based on studies and interviews in the field, the forms of default frequently encountered at Natuna Air Force Hospital include:

a. Delays in Medical Device Delivery

Natuna's geographical location, remote from major cities, and its reliance on sea and air transportation often result in distributors being late in delivering goods. However, in some cases, the delays are not caused by external factors, but rather by the distributor's negligence in not preparing stock or delivering goods on time.[14].

b. Item Does Not Match Specifications

This non-conformity can include technical aspects, quality, brand or volume that have been expressly stated in the agreement. In the legal framework of agreements between hospitals and medical device distributors made based on

[12]Dewi Sulistianingsih and Christian Chandra Wijaya, 2024, "Juridical Consequences of Anticipatory Breach as a Form of Breach of a Contract," Journal of Indonesian Legal Studies, Vol. 9 No. 1, p. 13, https://journal.unnes.ac.id/journal/jils/article/view/4537.
[13]Michelle Abigail Suganda and Rasji, "Regulation of Forms and Qualifications of Default Due to Inconsistency of Land Objects in Sales and Purchase Agreements," Kertha Semaya Journal, Faculty of Law, Udayana University, Vol. 13 No. 10 (2025): p. 3.
[14]Dwi Indra Darmawan, Director of Dr. Yuniati Wisma Karyani Natuna Air Force Hospital, interview, Natuna, October 26, 2025

previously agreed cooperation agreements, what often happens is that the goods sent are sometimes of a different brand from those agreed upon at the beginning of the cooperation agreement. Munir Fuady emphasized that default is not limited to delivering goods, but also delivering goods that are "inappropriate or do not meet the standards as promised" because the substance remains a failure to fulfill performance.[15]

c. Hospital payment failure.

Hospitals sometimes delay payments due to budget changes, delays in funds from the Mabesau finance department or incompatibility of goods with hospital needs.[16]Hospitals sometimes delay payments to medical device distributors due to budget changes, delays in disbursement of funds from relevant agencies such as the financial department, or due to the incompatibility of the goods received with the hospital's needs. This situation indicates that financial administration and budget management factors significantly affect the smooth implementation of procurement contracts. Furthermore, inconsistencies in product specifications with those agreed upon are also a rational reason for hospitals to delay payments as a form of quality control and protection of institutional interests. This is in line with the principles of financial management and procurement, which emphasize the importance of verifying goods before payment to avoid losses to the state and healthcare institutions.

3) Legal Implications of Underhand Agreements in the Event of Default

Based on interviews with notaries, private agreements between hospitals and medical device distributors remain legally binding as long as they meet the requirements for a valid agreement as stipulated in Article 1320 of the Civil Code. However, private agreements have a weakness in terms of proof because they lack the enforceability of an authentic deed.

Based on an interview with the Director of RSAU dr. Yuniati Wisma Karyani Natuna, it was discovered that private medical equipment procurement agreements remain legally binding as long as they meet the legal requirements for a valid agreement as stipulated in Article 1320 of the Civil Code. The agreements are drafted by the hospital's legal team and reviewed before being signed, so they remain legally binding on the parties. However, private agreements have the disadvantage of not having the enforceable power of a notarial deed, so any disputes must be resolved through a court of law.

In practice, hospitals have experienced defaults from distributors. Resolutions are based on the type of violation, and if no effective solution is found, the cooperation agreement is reviewed. This demonstrates that defaults have legal

[15]Munir Fuady, 2015, Contract Law, Citra Aditya Bakti, Bandung, Page 78
[16]Suyanto, 2020, Hospital Financial Management, Salemba Empat, Jakarta: Salemba Empat, pp. 145–148.

implications, including the right for the injured party to demand fulfillment of performance, compensation, or termination of the agreement in accordance with Articles 1238 and 1266 of the Civil Code.

From a health law perspective, default in medical device procurement has the potential to disrupt healthcare services and patient safety. Therefore, hospitals conduct initial evaluations of the quality and legality of medical devices through quality control and legal teams. This aligns with the hospital's obligation to ensure the quality of healthcare services in accordance with Ministry of Health regulations. Therefore, default not only has civil consequences but also impacts the hospital's responsibility in providing healthcare services.

In the event of a breach of contract, the injured party has the right to demand fulfillment of the contract, that is, to require the negligent party to continue to fulfill its obligations as agreed. Furthermore, the injured party may also demand compensation for any losses arising from the breach. Under certain circumstances, the injured party has the right to file for cancellation of the agreement through applicable legal mechanisms. Furthermore, a transfer of risk may occur in accordance with civil law, particularly if the object of the agreement is damaged or lost due to the negligence of one of the parties. Thus, a breach of contract has legal consequences for which the party violating the agreement must be held accountable.

According to Article 1238 of the Civil Code, a debtor can be declared in default after being given a warning (summons). Cancellation of an agreement is not automatic but requires a court decision, as stipulated in Article 1266 of the Civil Code.

From a health law perspective, default in the procurement of medical devices has the potential to cause various negative impacts, including hampering the operation of health services, reducing the quality of health services, and endangering patient safety. Delays or failure to provide medical devices that meet standards can disrupt the medical service process, reduce the quality of medical procedures provided, and increase the risk of medical errors that can harm patients. Therefore, compliance by the parties to the medical device procurement agreement is a crucial aspect in ensuring the provision of safe and high-quality health services.

Therefore, hospitals remain legally responsible for ensuring the availability of appropriate medical devices that meet healthcare standards. Normatively, private agreements remain valid and binding as long as they meet the subjective and objective requirements as stipulated in Article 1320 of the Civil Code. This aligns with the notary's opinion that sales and purchase agreements (PPJB), whether authentically or privately drawn up, remain legally binding.

However, from a legal perspective, underhand agreements have several weaknesses. Among them, they lack the full evidentiary power of an authentic deed, making them more difficult to prove in the event of a dispute. Furthermore, underhand agreements lack enforceable power, requiring a court hearing to prove their validity. Furthermore, this type of agreement is prone to multiple interpretations if the clauses are not clearly and detailed, which can ultimately lead to disputes between the parties.

From a health law perspective, hospitals, as providers of healthcare services, are obligated to ensure patient safety and quality of service. Therefore, distributor default that results in delays or non-conformities in medical devices not only has civil implications but can also impact the hospital's liability to patients. This demonstrates that cooperation agreements for the procurement of medical devices have inseparable civil and health dimensions.

4) Default Settlement Mechanism in Natuna Air Force Hospital.

Based on the practice of implementing services at Natuna Air Force Hospital, the settlement of default is carried out in several stages, namely:

a. Negotiation and deliberation

The first step always taken in resolving a breach of contract is through consultation between the hospital and the medical device distributor. This amicable resolution is undertaken as a sign of good faith on the part of both parties to maintain the existing working relationship. The purpose of consultation is to find a fair and mutually beneficial solution without resorting to legal action.[17].

In cases of late delivery, the parties typically grant additional time under certain mutually agreed-upon conditions. These conditions may include rescheduling the delivery, issuing a warning letter, or adjusting the payment schedule. This allowance takes into account technical factors such as distribution constraints, weather conditions, and other unforeseen operational obstacles.

In some other cases, the resolution of defaults depends on the type of violation committed by the distributor. If the violation relates to the quality of goods that do not meet specifications, the hospital can request replacement or repairs as per the terms of the agreement. However, if the violation is serious and repeated, the hospital can review the cooperation agreement and even terminate the cooperation according to the agreed terms.

This approach to dispute resolution demonstrates that the hospital prioritizes the principles of prudence and proportionality in responding to breaches of contract, while adhering to the contractual clauses and applicable legal provisions.

[17]T. Iskandarsyah and Muzakkir Abubakar, "Resolution of Default Disputes in House Sale and Purchase Agreements in Darul Imarah District, Aceh Besar Regency," Student Scientific Journal in the Field of Civil Law, pp. 12–13.

Therefore, dispute resolution focuses not only on legal aspects but also considers the continuity of healthcare services to the community.

b. Statement of Default (summons)

If no agreement is reached, the injured party can issue a written warning. This warning is usually given in the form of a notification letter to the party not complying with the agreement. In this case, the one who has...happenis a default regarding payment failure from the hospital to the distributor, usually the distributor provides a debt collection letter to the hospital in written form with the completeness in the letter containing the company's identity letterhead, the unpaid invoice number from the hospital along with the time period for the delay from the specified payment deadline complete with the nominal stated on the invoice[18]If the debt collection letter (summary) to the hospital remains unfulfilled, a new debt collection letter must be issued within a specific deadline. Other instances of default include the delivery of goods that do not meet the specifications outlined in the cooperation agreement, or goods delivered that are of a different brand than those listed in the agreement.

c. Termination of agreement

If the default is still not corrected, the hospital will unilaterally terminate the agreement and not continue the collaboration. This is done especially when it concerns default in terms of the discrepancy between the brand sent and that stated in the collaboration agreement between the hospital and the medical equipment distributor.[19]The easiest way to determine whether a person has committed a breach of contract is in an agreement which aims not to carry out an action. If that person does so, it means he is violating the agreement.

d. Civil Lawsuit

In theory, the injured party can file a lawsuit in the district court. Subekti provides a theory based on Article 1267 of the Civil Code, where the creditor can sue the negligent debtor with a claim.[20].

1) Fulfillment of the Agreement

2) Cancellation of Agreement Accompanied by Compensation

3) Just Demand Compensation

4) Cancellation of Agreement

5) Cancellation with Compensation

[18]Harnoko, Medical Equipment Distributor, interview, October 26, 2025.
[19]Subekti, 2014, Contract Law, Intermasa, Jakarta, page 46
[20]Subekti, Ibid, p. 53

A problem in the matter of a debtor's negligence is whether, after he has clearly been negligent (has been warned and is unable to fulfill his obligations), he is still permitted to fulfill his obligations. This problem is usually called the problem of the possibility for the negligent debtor to cleanse himself from his negligence.

However, in the context of Natuna Hospital, litigation is rarely pursued due to distance and high costs. Non-litigation solutions are more often chosen to resolve issues arising from contractual breaches.

e. Mediation as an alternative

A number of hospitals implement internal mediation between parties representing hospitals and medical equipment distributors as an effort toavoidThis internal mediation involved hospital management, the legal team, and the procurement unit, ensuring that the dispute resolution process could proceed objectively and in a structured manner. The primary goal of this mediation was to find mutually acceptable common ground without resorting to litigation.

Through the internal mediation mechanism, the parties are given the opportunity to raise objections, demands, and clarifications regarding the implementation of the agreement. This process also opens up space for renegotiating certain clauses deemed detrimental to one of the parties, as long as they do not conflict with applicable laws. Thus, internal mediation serves not only as a means of conflict resolution but also as an evaluation of the effectiveness of the cooperation agreement.

The implementation of internal mediation reflects the hospital's commitment to upholding the principles of good faith, deliberation, and fairness in contractual relationships. Furthermore, this step aims to maintain the continuity of cooperation with medical device distributors, given that the availability of medical devices significantly impacts the smooth delivery of healthcare services to patients. With internal mediation, it is hoped that potential disputes can be resolved quickly, efficiently, and without harming the interests of both parties.

3.2. Legal Recommendations as a Reference for Hospitals and Medical Device Distributors in Resolving Default Disputes from a health law perspective

AgreementWorkAgreement between PT. Ortho Timur and Natuna Air Force General Hospital: This agreement regulates cooperation in the provision of implants and orthopedic and traumatology medical devices, where the FIRST PARTY acts as a distributor and the SECOND PARTY as a service user. The scope of cooperation includes an ordering mechanism through a Purchase Order (SP), issuance of invoices, delivery of goods, and guarantee of product quality and quantity.

The rights and obligations of the parties are clearly stated, including the FIRST PARTY's obligation to guarantee the quality of the goods and replace damaged

products, as well as the SECOND PARTY's obligation to make payment via transfer after the goods are received. Also regulated are the mechanisms for storing implant stock (consignment), replacement of goods within a maximum of 3x24 hours, and the obligation to replace in the event of loss.

The agreement is valid for one year and may be extended by mutual agreement. Disputes will be resolved through prior deliberation, and if no agreement is reached, they will be resolved through the courts. Force majeure provisions and an addendum mechanism are also included to provide legal certainty for both parties.

The research results indicate that non-litigation mechanisms such as deliberation and negotiation are preferred for dispute resolution. This approach aligns with the principles of family and efficiency in dispute resolution. However, to provide stronger legal certainty, cooperation agreements should be drawn up in the form of a notarial deed or at least legalized for greater evidentiary power. Furthermore, the agreement should contain a clear default clause, including the type of violation and its legal consequences, and clearly state dispute resolution mechanisms, both through non-litigation and litigation channels.

Based on interviews with hospital directors and notaries, it is recommended that medical equipment procurement cooperation agreements be drawn up in the form of a notarial deed or at least legalized to strengthen legal certainty. A notarial deed provides perfect evidentiary power because the deed is drawn up by an authorized public official, so that if a dispute arises in the future, the agreement can be used as valid evidence before the law. Furthermore, legalization by a notary also serves to ensure the authenticity of the parties' signatures and the date of the agreement, thereby preventing any breach of the agreement. The cooperation agreement should also contain a clear default clause, dispute resolution mechanism, and proportional sanctions to provide legal protection for both parties. A clear default clause will help determine the limits of each party's liability in the event of a breach of the agreement, while regulating the dispute resolution mechanism, whether through deliberation, mediation, or litigation, provides certainty regarding the legal steps that can be taken. Thus, the agreement functions not only as an administrative tool, but also as a legal instrument that can protect the interests of the parties in a balanced manner and prevent future disputes.

Furthermore, hospitals are advised to optimize the role of their legal and quality control teams before entering into partnerships with distributors. Hospitals without an in-house legal team can collaborate with a legal consultant to ensure the security of their agreements. In addition to resolving default disputes through deliberation, hospitals are advised to optimize the role of their legal and quality control teams before entering into partnerships with medical device distributors. This is crucial because the involvement of an internal legal team or legal consultant helps ensure that all contract provisions comply with laws and regulations and

legal protection principles, thereby minimizing the risk of default. Furthermore, in hospital contracts, management needs to establish criteria and monitor the implementation of agreements to ensure quality and patient safety, including by requesting and analyzing quality information and taking corrective actions if necessary as part of the quality control efforts within the cooperation contract.[21].

It's also important to update agreements if there are ongoing practices that haven't been formalized in writing, as stipulated in Article 1347 of the Civil Code, as a tacit agreement. This ensures that these practices have a clear legal basis and prevent future disputes. Therefore, these legal recommendations are expected to serve as guidelines for hospitals and medical device distributors in preventing and resolving breach of contract disputes effectively, fairly, and with legal certainty.

Proportional sanctions are also crucial for providing a deterrent effect and ensuring fairness for all parties, ensuring that the agreement provides optimal legal certainty and protection. This recommendation aligns with the opinion of a notary source who advised that the parties thoroughly understand the agreement's clauses and establish good communication to avoid misunderstandings.[22]This recommendation aligns with the opinion of a notary source who suggested that the parties thoroughly understand the agreement's clauses and establish good communication from the outset. A comprehensive understanding of the agreement's contents will minimize differences in interpretation, while effective communication can prevent future conflicts due to misunderstandings. Thus, the legal relationship established is not merely formal but also based on trust and good faith between the parties.

From a health law perspective, dispute resolution must also consider the principles of patient protection, service quality standards, and hospital accountability as a healthcare facility. Therefore, drafting a clear, detailed, and legally binding agreement is crucial to minimize the potential for future disputes.

A legal recommendation that can be used as a reference for hospitals and medical device distributors in resolving disputes over breach of contract under contract is to prioritize non-litigation resolution through deliberation, negotiation, or mediation. If these efforts do not result in an agreement, the parties can pursue litigation in accordance with applicable law. Furthermore, to prevent future disputes, it is recommended that cooperation agreements be drawn up in the form of a notarial deed or at least legalized, and contain clear clauses regarding rights and obligations, sanctions for breach of contract, and dispute resolution mechanisms to provide certainty and legal protection for the parties.

[21]Subekti & Tjitrosudibio, 2020, Principles of Contract Law, Pradnya Paramita, Jakarta, pp. 112–114.
[22]Tatik Suryani et.al, 2021, Business Agreement and Contract Law in Indonesia, Kencana, Jakarta, pp. 201–203.

4. Conclusion

The legal implications of underhand agreements between hospitals and medical device distributors still have binding legal consequences., as long as the agreement meets the legal requirements of an agreement as stipulated in Article 1320 of the Civil Code. A private agreement has legal force for the parties based on the principle of pacta sunt servanda, but in terms of evidentiary strength it has limitations when compared to an authentic deed, especially if one party denies the contents or signature in the agreement. If a breach of contract occurs, the injured party has the right to demand fulfillment of performance, compensation, cancellation of the agreement, or transfer of risk in accordance with applicable civil law provisions. In addition, from a health law perspective, breach of contract in the procurement of medical devices has the potential to disrupt the quality of health services and patient safety, so that the hospital still bears legal responsibility as a health service provider. Legal recommendations as a reference for Hospitals and Medical Device Distributors in Resolving Default Disputes can in principle be reached through non-litigation or litigation channels, prioritizing deliberation to reach a consensus as the initial step in resolving the dispute. If amicable settlement is not reached, the parties can pursue legal mechanisms through the courts in accordance with civil law provisions. From a health law perspective, dispute resolution must also consider the principles of patient protection, service quality standards, and hospital accountability as a healthcare facility. Therefore, drafting a clear, detailed, and legally binding agreement is crucial to minimize the potential for future disputes.

5. References

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QS Al-Maidah ayat 1

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