

Legal and Ethical Implications of Unilateral Cancellation of Naming Rights: A Case Study of PT KAI and BT Batik Trusmi Cirebon

Siti Sopyah¹, Rani Dewi Kurniawati²

¹Faculty of Law, Majalengka University, Indonesia. E-mail: sopyahsiti34@gmail.com

²Faculty of Law, Majalengka University, Indonesia. E-mail: rani.dewikurniawati@gmail.com

Abstract: This study aims to analyze the legal and ethical implications of the unilateral cancellation of naming rights by PT Kereta Api Indonesia (Persero) against BT Batik Trusmi Cirebon, as well as to examine its implications for partnership practices between state-owned enterprises (SOEs) and the private sector in Indonesia. This study uses a legal-empirical approach, combined with a business ethics approach to assess the moral dimensions and social responsibility of corporate decisions. The results of the study show that unilateral cancellation violates the principle of *pacta sunt servanda* as stipulated in Article 1338 of the Civil Code and has the potential to cause a breach of contract in accordance with Article 1243 of the Civil Code because it was not done based on mutual agreement and without a valid settlement mechanism. This action also violates the principle of good faith, which requires the parties to act honestly and fairly in executing the agreement. From a business ethics perspective, this unilateral cancellation reflects the moral failure of corporations in applying the principles of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR), which is characterized by a lack of transparency, accountability, and social responsibility in the decision-making process. This situation has caused a crisis of trust between state-owned enterprises and private partners and has damaged the moral legitimacy of state-owned enterprises as public entities.

Keywords: Contract law, Good corporate governance, Naming right

1. Introduction

In recent years, the practice of naming rights for public facilities has become increasingly common in Indonesia, particularly in the transportation, sports, and commercial property sectors. Naming rights are a form of commercial cooperation that gives private parties the exclusive right to use their brand name on public assets for a certain period of time, in exchange for financial compensation to the asset owner. However, various legal and ethical issues arise when one party unilaterally cancels the agreement. The case of the cancellation of naming rights between PT Kereta Api Indonesia (KAI) and BT Batik Trusmi Cirebon is a clear example of this problem. In this partnership, BT Batik Trusmi obtained the naming rights to one of KAI's stations, but PT KAI unilaterally terminated the agreement before the contract period ended. This action raised legal issues related to breach of contract and contractual liability, as well as corporate ethical issues regarding the business commitments and reputation of the parties involved. This issue is important because unilateral cancellation not only causes financial losses but also has the potential to damage public trust in partnerships between SOEs and the private sector.¹ In addition, the absence of specific

¹ Heris Suhendar, Anissa Qotrunada, and M. Ilham T M. Ilham T, "Akibat Hukum Pembatalan Secara Sepihak Oleh Konsumen Dalam Perjanjian Pemasanan Ojek Online Gaskeun Delivery," *El Hisbah Journal of Islamic Economic Law* 3, no. 2 (2023): 123–36, <https://doi.org/10.28918/elhisbah.v3i2.1189>.

regulations regarding naming rights in Indonesia has led to legal uncertainty and opened up broad room for interpretation in the implementation and resolution of disputes.²

Rahmawati's (2023) research entitled “A Juridical Study of Naming Rights in the Context of Contract Law in Indonesia” highlights that the absence of specific regulations governing the practice of naming rights in Indonesia has resulted in legal uncertainty in its implementation.³ This research is highly relevant as it provides a basis for understanding the legal position of naming right agreements, such as the one between PT KAI and BT Batik Trusmi. Rahmawati also emphasizes the need for clauses protecting the rights and obligations of the parties in such agreements to prevent losses resulting from unilateral actions. There is a strong common thread running through this research. All three provide a theoretical basis for legal responsibility, business ethics, and legal loopholes related to naming rights practices. However, this research has a unique position because it combines legal and ethical analysis simultaneously in a concrete case, namely the unilateral cancellation of the naming rights agreement between PT KAI and BT Batik Trusmi Cirebon. Thus, this study not only expands on previous studies but also contributes to providing a new, more comprehensive analytical model for the issue of naming rights in Indonesia.

This study aims to analyze the legal impact of the unilateral cancellation of naming rights by PT KAI against BT Batik Trusmi Cirebon, particularly in relation to the legal consequences arising from the breach of the cooperation agreement. In addition, this study also assesses the business ethics aspects of the unilateral cancellation decision by reviewing the application of the principle of good faith and corporate social responsibility that should be upheld by companies, especially state-owned enterprises.

This study presents an integrative approach between legal analysis and business ethics in examining the practice of unilateral cancellation of naming rights agreements between state-owned enterprises and private partners—a perspective that has not been widely developed in business law studies in Indonesia. Through a combination of normative-critical analysis and empirical data from the PT KAI–BT Batik Trusmi case, this study not only identifies legal gaps in the regulation of naming rights for public assets, but also offers a conceptual model for ideal regulations and contract clauses to prevent unilateral cancellation in the future. Thus, this study makes an original contribution to strengthening the legal and ethical framework for commercial cooperation between the public and private sectors in Indonesia.

2. Method

This study uses a legal-empirical approach. Data collection techniques were carried out through interviews, documentation, and literature studies. Interviews were conducted in person and online to obtain empirical views, while documentation included analysis of cooperation contracts, cancellation decrees, and official publications from both parties. Literature studies were used to strengthen legal and ethical arguments by referring to contract theory, the *pacta sunt servanda* principle, the principle of good faith, and the principle of distributive justice. Data analysis was conducted qualitatively by systematically and thoroughly interpreting the legal and ethical meanings behind the cancellation of the agreement. The results of the analysis are then synthesized to produce legal arguments that

² Andien Muarifah Primawati and Arief Suryono, “Tanggung Jawab PT. KAI (Persero) Terhadap Kecelakaan Kereta Api Pada Keselamatan Penumpang,” *Eksekusi: Jurnal Ilmu Hukum Dan Administrasi Negara* 2, no. 2 (2024): 179–89, <https://doi.org/10.55606/eksekusi.v2i2.1103>.

³ Ni Made Silvia Gayatri, I Putu Gede Seputra, and Luh Putu Suryani, “Pembatalan Sertifikat Hak Milik Atas Tanah Akibat Cacat Administrasi,” *Jurnal Analogi Hukum* 3, no. 1 (2021): 79–83, <https://doi.org/10.22225/ah.3.1.2021.79-83>.

explain the legal implications and ethical implications of the unilateral cancellation of the naming rights agreement.

3. Results and Discussion

3.1. Analysis of the Legal Impact of Unilateral Cancellation of Naming Rights

The unilateral termination of the naming rights agreement between PT KAI and BT Batik Trusmi raises serious legal issues because it directly relates to the basic principles of contract law in the Civil Code (KUHPerdota).⁴ Based on Article 1338 paragraph (1) of the Civil Code, “all agreements made legally are valid as law for those who make them.” This means that the contract is absolutely binding on both parties (the principle of *pacta sunt servanda*) and cannot be changed or terminated unilaterally unless there are valid legal reasons or mutual agreement. In the case of PT KAI BT Batik Trusmi, a review of the agreement documents shows that there is no unilateral termination clause that gives either party the right to terminate the contract without the other party's consent. Therefore, when PT KAI decided to terminate the cooperation without renegotiation or deliberation procedures, this action could legally be qualified as a form of breach of contract in accordance with Article 1243 of the Civil Code, namely negligence in fulfilling obligations without a justifiable reason.⁵

In addition, termination without a resolution mechanism through a legal or alternative forum (such as mediation, arbitration, or deliberation as is customary in commercial contracts) also violates the principle of Article 1266 of the Civil Code, which requires that the termination of an agreement must be ratified by a court decision or based on an agreement between the parties. Thus, PT KAI's actions do not have a strong legal basis and may give rise to legal liability to provide compensation for damages to BT Batik Trusmi, both in the form of financial and reputational losses.

The researchers conducted interviews with three categories of informants, namely PT KAI (Persero) legal officials, BT Batik Trusmi representatives, and academics who are experts in business ethics. The first informant was Mr. AR, Head of the Legal and Compliance Division of PT KAI, who was responsible for signing and evaluating the naming rights cooperation contract for Cirebon Station. The second source was Ms. DS, President Director of BT Batik Trusmi, who was directly involved in the negotiation and implementation of the commercial cooperation agreement with PT KAI. The third source was Dr. MH, S.H., M.Hum, a lecturer at the Faculty of Law, University of Indonesia, who provided normative and ethical perspectives on the practice of unilateral cancellation. Based on the interview results, it was found that each source had a different perspective on the legal and ethical basis for canceling the cooperation.

According to Mr. AR, the cancellation of the cooperation was based on compliance with SOE internal policies related to brand governance and corporate image. He stated:

“We consider reputation and compliance with SOE principles that cannot be directly linked to a specific commercial brand. In addition, the evaluation shows that the contract does not fully comply with the principles of good governance in business agreements.” (Mr. AR, Head of the Legal and Compliance Division of PT KAI)

⁴ Fazindra Adiansa, Cicilia Julyani Tondy, and I Wayan Karya, “Tanggungjawab Notaris Terhadap Akta Yang Dibatalkan Oleh Pengadilan,” *ARMADA: Jurnal Penelitian Multidisiplin* 2, no. 1 (2024): 42–55, <https://doi.org/10.55681/armada.v2i1.1123>.

⁵ Titha Nurrahmawati and Romi Fashlah, “Analisis Kebijakan Monopoli Dan Persaingan Bisnis Dalam Sektor: Kasus Pt. Kereta Api Indonesia,” *Jurnal Kajian Hukum Dan Pendidikan Kewarganegaraan* 1, no. 3 (2025): 285–90.

PT KAI believes that the agreement clause allows for termination in the event of “corporate strategic considerations” without liability for compensation, as long as official notification is given. However, it acknowledges that there are no specific legal guidelines regarding naming rights on public assets.

On the contrary, Mrs. DS asserted that the cancellation was unilateral and without a strong legal basis. She stated:

“We have fulfilled all contractual obligations, including payments and joint promotions. Sudden cancellation without negotiation or compensation clearly violates the principle of *pacta sunt servanda* and causes reputational damage to our company.” (Ms. DS, President Director of BT Batik Trusmi)

BT Batik Trusmi also highlighted the absence of an effective dispute resolution mechanism in the contract and the imbalance in bargaining power between state-owned enterprises and private parties. They considered PT KAI's actions to be in violation of the principle of good faith as stipulated in Article 1338 paragraph (3) of the Civil Code.

According to Dr. MH, this issue illustrates the legal vacuum regarding the regulation of naming rights in Indonesia. He stated:

“The absence of regulations means that agreements rely entirely on the principle of freedom of contract. However, in the context of state-owned enterprises, this freedom is limited by the principles of public accountability and state business ethics.” (Dr. MH, S.H., M.Hum, a lecturer at the Faculty of Law, University of Indonesia)

From an ethical perspective, Dr. MH believes that unilateral cancellation without dialogue or compensation is contrary to the principles of relational justice and business transparency. He recommends that the Ministry of State-Owned Enterprises or the Financial Services Authority formulate ethical and legal guidelines for commercial cooperation related to public assets.

Furthermore, based on the principle of good faith in Article 1338 paragraph (3) of the Civil Code, the parties are obliged to implement the agreement in good faith and without harming the other party. The unilateral cancellation without adequate communication or notification reflects a violation of this principle. In modern contract law doctrine, a violation of good faith is not only a moral wrong, but can also be a legal basis for claiming compensation as it is considered an abuse of contractual rights. Therefore, from a contractual perspective, the unilateral cancellation by PT KAI not only has the potential to constitute a breach of contract, but also demonstrates non-compliance with the principles of legal certainty and good faith, which are the foundations of Indonesian civil law.⁶

The legal impact of this unilateral cancellation also reflects the imbalance of bargaining power between state-owned enterprises and private parties. In the contractual relationship between the two parties, PT KAI has a dominant position because of its status as a manager of state public assets. This condition places private parties such as BT Batik Trusmi in a

⁶ Vania Digna Anggita, Mohamad Fajri, and Mekka Putra, “Implikasi Hak Atas Tanah Yang Diperoleh Secara Melawan Hukum Hampir Dapat Disamakan Sebagai Kebutuhan Pokok Yaitu Sebagai Tempat Untuk,” *USM Law Review* 5, no. 2 (2022): 782–95.

subordinate position, without sufficient bargaining power to reject or negotiate the cancellation decision. Normatively, a fair contractual relationship should be based on the principles of proportionality and balance of contract, which are recognized in modern legal theory as counterbalances to the principle of freedom of contract.⁷

However, the results of the study show that there is no explicit legal protection mechanism for private partners in the context of naming rights cooperation with public entities. As a result, when SOEs take unilateral policies, private parties do not have a strong legal basis to demand justice. Furthermore, the legal vacuum regarding naming rights in Indonesia exacerbates this uncertainty. There are no laws or regulations that specifically regulate the procedures for granting, managing, and terminating naming rights on public assets. This condition places naming rights contracts in the category of innominaat contracts (unnamed agreements) as regulated in Article 1319 of the Civil Code, which means that they depend solely on the agreement of the parties.⁸

As a result, the principle of legal certainty is weakened, because such agreements do not have substantive legal protection from the state. In this context, PT KAI can indeed argue that the cancellation was carried out to maintain the neutrality of state-owned enterprises and the public interest, but from a juridical perspective, this justification cannot automatically remove legal obligations towards private parties. The principle of *ultra vires* (acting beyond authority) can be applied if PT KAI's actions are deemed inconsistent with the approved agreement and violate the limits of corporate authority as stipulated in Law Number 19 of 2003 concerning SOEs, which emphasizes that every action of an SOE must be based on the principles of professionalism and accountability.⁹

Thus, legally, the unilateral cancellation not only results in a breach of contract, but also has implications for the principle of SOE governance. PT KAI, as a public entity, has an obligation to act consistently with the agreements it has made, because any contractual violation can be interpreted as a violation of the principles of good corporate governance (GCG) as stipulated in Minister of State-Owned Enterprises Regulation Number PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises.

From a business law perspective, unilateral cancellation also has a systemic impact on the business world's trust in SOEs as contractual partners. The private sector will consider that working with state entities carries high risks because there is no guarantee of contract stability. This condition can hinder private participation in public asset commercialization projects, even though the government is promoting the public-private partnership (PPP) model to support national economic development.

Furthermore, this kind of legal uncertainty can reduce the investment climate and contractual trust in business in Indonesia. In the long term, this has the potential to damage the country's reputation as a legal environment conducive to business contracts, especially in cooperation involving public entities. Therefore, this study emphasizes that the legal impact of unilateral cancellation does not stop at the relationship between the two parties, but also has macro implications for the national contract law system. Unclear regulations and

⁷ Andien Muarifah Primawati and Arief Suryono, "Tanggung Jawab PT. KAI (Persero) Terhadap Kecelakaan Kereta Api Pada Keselamatan Penumpang."

⁸ Bambang Hartono, Intan Nurina Seftiniara, and Thendy Hussein, "TOFEDU : The Future of Education Journal The Criminal Responsibility of the Offender in the Theft of Railway Iron" 1, no. 6 (2025): 1892–1900.

⁹ Sealtiel K C Wongkar, "Akibat Hukum Terhadap Pembatalan Akta Pengikatan Jual Beli Tanah Di Kelurahan Kopandakan I Kecamatan Kotamobagu Selatan, Kota Kotamobagu Sulawesi Utara," *Journal Scientia De Lex* 10, no. 2 (2022): 1–14.

unilateral practices by SOEs can create legal uncertainty, which is contrary to the principle of the rule of law as stated in Article 1 paragraph (3) of the 1945 Constitution.

From the above analysis, it can be concluded that the unilateral cancellation of the naming rights by PT KAI against BT Batik Trusmi violates the legal principles of agreements as stipulated in Article 1338 of the Civil Code because it was not done based on an agreement between both parties.¹⁰ This action also has the potential to cause breach of contract and liability for damages, both material and immaterial, as stipulated in Article 1243 of the Civil Code. In addition, this cancellation reflects a violation of the principle of good faith in the implementation of contracts as stipulated in Article 1338 paragraph (3) of the Civil Code.¹¹ More broadly, this action creates legal uncertainty due to the absence of specific regulations regarding the practice of naming rights in Indonesia and the weak bargaining position of private parties vis-à-vis SOEs. On the other hand, this decision also contradicts the principles of good corporate governance (GCG) and accountability that must be applied by SOEs as public entities. Thus, this unilateral cancellation not only has legal implications for the parties involved, but also creates a negative precedent for public trust and business partners' confidence in legal certainty in Indonesia.

3.2. Legal and Ethical Implications of Naming Rights Practices in Indonesia

The unilateral cancellation of the naming rights by PT KAI against BT Batik Trusmi Cirebon has broad implications, not only for the parties directly involved, but also for the contract law system, state-owned enterprise governance, and business ethics in Indonesia as a whole. This incident highlights the weak normative foundation in naming rights practices, which should have legal certainty and ethical protection in every public-private partnership.¹²

Legally, this case highlights a legal vacuum regarding naming rights agreements in Indonesia. To date, there is no legislation that specifically regulates the mechanism, conditions, or legal consequences of naming rights agreements between public entities and private parties. As a result, such contracts are based solely on the principle of freedom of contract as stipulated in Article 1338 of the Civil Code, which is open-ended but carries a high risk of legal uncertainty in the event of a dispute.¹³

The absence of a specific legal basis leaves private parties vulnerable to unilateral actions by public entities such as state-owned enterprises. In the case of PT KAI BT Batik Trusmi, the cancellation was carried out without a clear legal mechanism and without a regulatory basis governing the rights and obligations of the parties. This condition shows that legal protection for private partners is still weak, and there are no legal standards that guarantee contractual justice in commercial partnerships with SOEs.¹⁴

¹⁰ Cinde Semara Dahayu and Ambar Budhisulistiyawati, "Tinjauan Yuridis Tentang Pelaksanaan Kerjasama Kemitraan," *Jurnal Privat Law* 8, no. 1 (2020): 70.

¹¹ Tika Andarasni Parwitasari et al., "Kesadaran Hukum Dan Etika Dalam Menggunakan Media Sosial," *Gema Keadilan* 9, no. 1 (2022), <https://doi.org/10.14710/gk.2022.16032>.

¹² Tiara Oktaviana et al., "IMPLEMENTASI MANAJEMEN KRISIS OLEH PLAZA INDONESIA DAN PT KERETA API INDONESIA (PERSERO) (Literature Review Kasus Kekerasan Terhadap Hewan Dan Pelecehan Seksual)," *Kajian Ilmu Sosial ...* 6, no. 1 (2025): 1–8, <https://jurnal.umj.ac.id/index.php/kais/article/view/27904%0Ahttps://jurnal.umj.ac.id/index.php/kais/article/download/27904/12288>.

¹³ Lovita Apriliana et al., "JIIC : JURNAL INTELEK INSAN CENDIKIA PERALIHAN HAK ATAS OBJEK SENGKETA TANAH (Studi Kasus Putusan Mahkamah Agung Republik Indonesia Nomor 1572 K / Pdt / 2023) CANCELLATION OF PPAT SALE PURCHASE DEED RESULTING IN TRANSFER OF RIGHTS TO LAND DISPUTED OBJEC," no. November (2024): 4504–17.

¹⁴ Fellycia Lauwtania, "PERLINDUNGAN HUKUM TERHADAP PENGGUNA JASA... (Fellycia Lauwtania)," *Binamulia Hukum* 10, no. 1 (2021): 69–78.

From a business law perspective, this implication can reduce the confidence of investors and business actors in the certainty of contracts with state-owned entities. Private actors will consider that investing or partnering with SOEs carries a high risk because there is no guarantee of contract certainty. In the long term, this has the potential to reduce the interest of the private sector in supporting the public-private partnership (PPP) scheme that the government is promoting for national economic development. In other words, this case sets a negative precedent that weakens the credibility of SOEs as law-abiding and bona fide business partners.

In addition, from the perspective of state administrative law, PT KAI's unilateral action can also be considered a form of abuse of power if it is carried out without a clear legal basis and results in losses for other parties. As a state-owned enterprise, every policy of PT KAI must comply with the principles of accountability, legal certainty, and professionalism as stipulated in Law Number 19 of 2003 concerning SOEs. The cancellation of contracts that is not transparent and does not go through a valid legal mechanism can be considered a violation of these principles.

Therefore, normatively, this study emphasizes that the government needs to immediately establish specific regulations or contractual guidelines governing the practice of naming rights in Indonesia. Such regulations are important to ensure legal protection for all parties, create contractual justice, and uphold the principle of the rule of law in business relationships between public and private entities.

From a business ethics perspective, this unilateral cancellation demonstrates a failure to apply the principles of good faith, integrity, and corporate social responsibility (CSR) that should be inherent in the governance of state-owned enterprises. As a public entity, PT KAI has a moral responsibility to maintain the trust of its business partners and the public through fair, transparent, and equitable practices.

The unilateral cancellation without open communication with business partners reflects a violation of corporate ethics, particularly in terms of honesty, fairness, and responsibility. From a business ethics perspective, strategic decisions made by corporations are not only assessed in terms of legality, but also in terms of the moral legitimacy of the action—that is, the extent to which the decision can be ethically justified in the context of social justice and business integrity.

This unilateral decision also caused a trust crisis between SOEs and the private sector. Trust is a fundamental element in the business world; when a public company such as PT KAI fails to uphold its contractual commitments, the impact is felt not only by the aggrieved partners but also by the entire business ecosystem that interacts with SOEs. This crisis of trust has the potential to damage the corporation's reputation, worsen the public image of SOEs, and weaken the public's perception of the integrity of state institutions in implementing the principles of good corporate governance (GCG).¹⁵

Furthermore, ethically speaking, this action also demonstrates a moral imbalance between economic interests and social responsibility. PT KAI, under the pretext of internal policy adjustments, ignored the social and reputational impact on its business partners. In fact, one of the main elements of modern business ethics is the balance between profit, people, and principle namely, economic gain, human interests, and moral values. In this case, PT KAI's decision was more inclined toward internal administrative aspects than considering the principles of fairness and moral responsibility toward other parties.

This case emphasizes the need for reform of SOE agreement governance so that all forms of commercial cooperation are carried out in a transparent, fair, and accountable

¹⁵ Muhammad Habibi et al., "Rewang Rencang : Jurnal Hukum Lex Generalis. Vol.6. No.4 (2025) Tema/Edisi : Hukum Perdata (Bulan Keempat) <https://jhlgr.wangrencang.com/>" 6, no. 4 (2025): 1–18.

manner. As a public entity, PT KAI is required to strengthen the implementation of Good Corporate Governance (GCG), particularly in terms of accountability and transparency. Every contract termination policy must have a valid legal basis, accompanied by a clear notification mechanism and proportional compensation for the aggrieved party.¹⁶ In addition, it is necessary to establish a standard contractual clause model in every naming rights cooperation or other forms of commercialization of public assets. These clauses need to contain clear provisions regarding termination clauses that explain the valid reasons for termination and the settlement mechanism, compensation clauses that guarantee legal protection for private parties in the event of contract termination, and renegotiation clauses that provide room for dialogue and amicable settlement before unilateral decisions are made. With this model clause, it is hoped that agreements between SOEs and private parties will not only have strong legal force, but also reflect ethical values, fairness, and corporate social responsibility in business practices in the public sector.

Considering both legal and ethical dimensions, it can be concluded that the unilateral cancellation of the naming rights by PT KAI against BT Batik Trusmi not only demonstrates a weakness in legal certainty, but also a moral failure in corporate governance. Legally, this action reveals a regulatory vacuum and weak contractual protection for private parties; while ethically, it shows a lack of application of the principles of good faith, accountability, and corporate integrity. This case serves as an important lesson for the Indonesian business world that legal certainty must go hand in hand with ethical certainty. Without a balance between the two, business practices will lose their moral legitimacy and public trust. Therefore, it is necessary to reform the regulatory system and contractual governance to not only guarantee legal justice but also uphold ethical standards in partnership relationships between the public and private sectors.

3.3. Business Ethics and Corporate Responsibility Analysis

The unilateral cancellation of the naming rights by PT KAI against BT Batik Trusmi not only raises legal issues, but also reflects an ethical crisis in the governance of state-owned enterprises.¹⁷ From a business ethics perspective, every contractual relationship is measured not only by compliance with written laws, but also by the extent to which the parties uphold moral values, integrity, and a sense of social responsibility in executing the agreement. Business ethics is a moral pillar that ensures that economic activities are conducted fairly, honestly, and with respect for the rights of others. One of the fundamental principles in business and contractual relationships is the principle of good faith. This principle, as reflected in Article 1338 paragraph (3) of the Civil Code, contains moral and legal obligations for the parties to implement the agreement honestly, fairly, and without harming other parties. In the context of ethics, good faith means honesty in intentions, openness in communication, and a willingness to act fairly towards business partners.

PT KAI's unilateral decision to cancel the agreement without transparent communication and deliberation demonstrates a lack of good faith. The decision was made internally without considering the direct impact on business partners, even though a healthy business relationship requires openness and consultation before taking strategic steps that could potentially harm other parties. From a contractual ethics perspective, this behavior can be categorized as a moral violation of business commitments, as it contradicts the principles of honesty and fairness in executing agreements. In addition, PT KAI's actions give the

¹⁶ Andres Dharma Nurhalim, "Pentingnya Etika Bisnis Sebagai Upaya Dalam Kemajuan Perusahaan," *Jurnal Ilmu Komputer Dan Bisnis* 14, no. 2a (2023): 11–20, <https://doi.org/10.47927/jikb.v14i2a.536>.

¹⁷ Intan Manisa Putri Aulia, "Akibat Hukum Klausula Pemutusan Secara Sepihak Dalam Perjanjian Pengikat Jual Beli (PPJB) Hak Milik Atas Tanah," *Acta Diurnal* 3, no. 2 (2020): 225.

impression that parties with higher authority (in this case, state-owned enterprises) have the freedom to act without considering the position of weaker partners. This contradicts the ethics of fairness, which demands moral equality and respect for the interests of other parties in contractual relationships. Violations of the principle of good faith are not merely ethical mistakes, but also undermine trust the most fundamental element in the business world.¹⁸

As a state-owned company, PT KAI has a greater responsibility to uphold the values of Good Corporate Governance (GCG), which includes the principles of business ethics, integrity, and social responsibility.¹⁹ Corporate ethics not only govern internal relationships between employees, but also how the company treats its business partners and the community. In this case, PT KAI's unilateral action shows a failure to implement corporate ethics and corporate social responsibility (CSR). The principle of Corporate Social Responsibility (CSR) requires that every business decision consider the social, economic, and moral impacts on stakeholders, not just the interests of the company. By canceling the agreement without compensation and fair communication, PT KAI has ignored the principle of social business morality, namely that the sustainability of a public company's reputation is highly dependent on fairness and empathy in treating business partners. CSR in this context is not only related to philanthropic activities, but also includes ethical responsibility in executing contracts and maintaining business trust.

PT KAI's failure to uphold these values has the potential to cause reputational damage that is far greater than any legal losses. In the modern corporate world, reputation and public trust are invaluable assets. When state-owned enterprises fail to demonstrate social and moral responsibility in business partnerships, public trust in state-owned enterprises as a whole can decline. In the long term, this can hamper the government's efforts to strengthen collaboration between the public and private sectors, as the private sector will perceive high ethical risks in dealing with state entities.²⁰

Within the framework of modern business ethics, corporate legitimacy depends on the extent to which a company carries out its responsibilities ethically in the eyes of the public. PT KAI's decision to cancel the agreement without deliberation and moral consideration weakens the company's social legitimacy as a public entity that should be a role model in business ethics. As a state-owned enterprise, PT KAI is not only required to achieve economic efficiency, but also to maintain public trust as a manifestation of the state's responsibility to conduct business fairly.

Neglecting business ethics can lead to the erosion of public trust in state institutions and lower the level of corporate accountability. In this context, business morality cannot be separated from the law; the law provides normative boundaries, while ethics provides moral legitimacy for corporate actions. Thus, unilateral cancellation that may be administratively valid can still be considered unethical if it does not consider the values of fairness, responsibility, and empathy towards business partners.²¹

¹⁸ I. D. Sucitra, M. H. Pratikno, and E. J. Kawung, "GOVERNANCE: Jurnal Ilmiah Kajian Politik Lokal Dan Pembangunan," *GOVERNANCE: Jurnal Ilmiah Kajian Politik Lokal Dan Pembangunan* 10, no. 3 (2024): 67–68.

¹⁹ Nur Luqman Shalahudin and Didik Hariyanto, "Strategi Humas PT KAI Dalam Memutus Mata Rantai Kekerasan Seksual Di Atas Kereta Api," *Al-Qalam: Jurnal Ilmiah Keagamaan Dan Kemasyarakatan* 17, no. 3 (2023): 1916, <https://doi.org/10.35931/aq.v17i3.2158>.

²⁰ Erlina B, Suta Ramadan, and Riyan Saputra, "ANALISIS PERTIMBANGAN HAKIM DALAM SENGKETA PERBUATAN MENGALIHKAN , MENJAMINKAN SECARA SEPIHAK HARTA WARISAN (Studi Putusan Nomor : 27/PDT.G/2022/PN.TJK)," *Pagaranyuang Law Journal* 7, no. 1 (2023): 63–88, <https://doi.org/10.31869/plj.v7i1.4557>.

²¹ Maidin Gultom and Royen N Lumbangaol, "Jurnal Profile Hukum Jurnal Profile Hukum," *Journal Profile Hukum Fakultas Hukum, Universitas Katolik Santo Thomas Medan* 3, no. 1762 (2025): 101–10, <https://ejournal.ust.ac.id/index.php/JPH/article/view/3554>.

4. Conclusion

The unilateral cancellation of naming rights by PT KAI against BT Batik Trusmi Cirebon is a form of imbalance between legal certainty and ethical certainty in public-private partnerships. From a legal perspective, this action clearly contradicts the pacta sunt servanda principle in Article 1338 of the Civil Code, as it was carried out without mutual agreement, without a valid legal basis, and without a resolution mechanism stipulated in the contract, thus potentially causing breach of contract as referred to in Article 1243 of the Civil Code and violating the principle of good faith in Article 1338 paragraph (3). This condition shows the weak legal protection for private parties and the existence of a legal vacuum that causes legal uncertainty in the practice of naming rights. From a business ethics perspective, PT KAI has failed to apply the principles of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) by neglecting the values of transparency, fairness, and social responsibility, thereby creating a trust crisis that damages the moral reputation of state-owned enterprises as public entities that should be role models of business ethics. More broadly, this case emphasizes the importance of reforming the governance of SOE agreements and establishing specific regulations on naming rights with the application of standard contractual clauses such as termination clauses, compensation clauses, and renegotiation clauses to ensure contractual fairness and balance. Thus, this case proves that legal certainty without ethical certainty will give rise to moral inequality and business injustice; therefore, public-private partnership practices in Indonesia must be built on two main foundations, namely legal compliance and ethical compliance, in order to create business governance that is not only legally valid but also morally dignified and fair to all parties.

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