

The Dilemma of Digital Music Royalties: Between Public Creativity and Creators' Rights

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Abstrak: Penelitian ini bertujuan untuk mengkaji sinkronisasi pengaturan royalti atas praktik *cover* lagu dan pemutaran musik di ruang publik guna memberikan perlindungan terhadap hak ekonomi pencipta di tengah perkembangan monetisasi digital. Dinamika distribusi musik berbasis platform menghadirkan tantangan baru, khususnya terkait batas penggunaan komersial dan nonkomersial yang belum dirumuskan secara eksplisit. Penelitian ini menggunakan metode hukum normatif dengan pendekatan perundang-undangan dan konseptual guna menilai konsistensi norma serta relevansinya terhadap praktik aktual. Kebaruan penelitian ini terletak pada analisis terhadap norma kabur dan kekosongan norma parsial dalam klasifikasi penggunaan digital yang berimplikasi pada ketidakpastian hukum. Hasil penelitian menunjukkan bahwa meskipun sistem pengelolaan royalti telah diatur dan dilembagakan, implementasinya masih menghadapi tantangan berupa ambiguitas parameter komersialisasi, rendahnya kesadaran hukum pengguna, serta kebutuhan peningkatan transparansi dalam distribusi royalti. Kesimpulannya, perlindungan hak ekonomi pencipta telah tersedia secara normatif, namun efektivitasnya dalam menjamin kepastian hukum masih memerlukan penguatan pada aspek implementatif. Rekomendasinya, diperlukan penegakan parameter monetisasi digital, harmonisasi pengaturan klasifikasi penggunaan komersial, serta penguatan transparansi dan akuntabilitas sistem pengelolaan royalti guna mewujudkan kepastian hukum yang lebih adaptif dan berkeadilan di era digital.

Kata Kunci : Hak Cipta, Royalti, Cover Lagu, Komersial, Kepastian Hukum

Abstract: *This study aims to examine the synchronization of royalty regulations on song cover practices and music playback in public spaces in order to protect the economic rights of creators amid the development of digital monetization. The dynamics of platform-based music distribution present new challenges, particularly regarding the boundaries between commercial and non-commercial use, which have not been explicitly defined. This study uses a normative legal method with a legislative and conceptual approach to assess the consistency of norms and their relevance to actual practices. The novelty of this study lies in its analysis of vague norms and partial normative gaps in the classification of digital use, which have implications for legal uncertainty. The results show that although the royalty management system has been regulated and institutionalized, its implementation still faces challenges in the form of ambiguity in commercialization parameters, low legal awareness among users, and the need for increased transparency in royalty distribution. In conclusion, the protection of creators' economic rights is available normatively, but its effectiveness in ensuring legal certainty still needs to be strengthened in terms of implementation. The recommendation is that it is necessary to clarify the parameters of digital monetization, harmonize regulations on the classification of commercial use, and*

strengthen the transparency and accountability of the royalty management system in order to achieve greater legal certainty that is more adaptive and equitable in the digital era.

Keywords: *Copyright, Royalty, Song Cover, Commercial, Legal Certainty*

A. PENDAHULUAN

The development of digital technology has fundamentally transformed the patterns of distribution and consumption of copyrighted works, including songs and/or music. The increasing use of the internet in Indonesia has accelerated the digitalization of creative works. Data from the Indonesian Internet Service Providers Association (APJII) shows that more than 80%, or around 229.4 million people in Indonesia, are connected to the internet, the majority of whom use it to access social media and digital platforms.[1] The high level of internet penetration has driven the transformation of social and economic activities, including in the music industry, which now relies on digital platforms and social media as the primary means of distributing works.

The transformation of music distribution from physical media to digital-based systems enables individuals to record, reproduce, upload, and redistribute songs at relatively low cost. Platforms such as YouTube, TikTok, and other streaming services function not only as spaces for expression but also as mediums for monetization.[2] This condition creates new dynamics in copyright protection, particularly concerning the practices of song covers and the playing of music in public spaces.

Article 1 paragraph (1) of Law Number 28 of 2014 concerning Copyright explains that copyright is an exclusive right held by the creator or rights holder to announce, reproduce, and grant permission for the use of their work, while still observing the limitations stipulated in the applicable laws and regulations. Copyright protection as regulated in Article 8 and Article 9 includes exclusive rights, namely the moral rights and economic rights of the creator.

Thus, any use of a copyrighted work for commercial purposes requires permission from the creator or the copyright holder. However, in digital practice, the boundary between commercial and non-commercial use has become increasingly blurred. Many creators upload song covers without permission but still gain benefits through monetization features, advertising, or increased popularity that generates indirect economic value.[3]

In addition to the practice of song covers, controversy also arises in the context of playing music in public spaces such as cafés, restaurants, shopping centers, and various other commercial venues. The playing of music intended to support the business atmosphere essentially constitutes a form of economic exploitation of copyrighted works. The management and distribution of royalties are carried out through collective management mechanisms;

however, in practice, they often give rise to debates regarding payment obligations, transparency in distribution, and fairness for both business operators and creators.[4]

The controversy surrounding royalty payments in public spaces is even linked to the concept of communication to the public in the European Union legal system, which emphasizes that any communication of a work to the public for commercial purposes gives rise to an obligation to pay royalties.[5] This comparison shows that the issue of royalties is not merely an administrative matter, but also concerns the conceptual construction regarding the limits of public use of copyrighted works.

Previous studies generally discuss the protection of song copyrights in the digital era through several approaches, namely normative studies on the legal protection of copyright holders in digital music distribution, research on the use of music on social media platforms from the perspective of intellectual property law, studies on the economic rights of creators in relation to cover version practices, as well as analyses of royalty management and distribution through collective management organizations. Although these studies provide important contributions, most of them still examine the practice of song covers in digital spaces and the playing of music in public spaces separately. Moreover, there has not yet been a comprehensive analysis regarding the ambiguity of norms in determining the commercial nature of the use of works on digital platforms, as well as the partial normative gaps in the transparency of royalty distribution. Therefore, a research gap exists concerning the construction of a comprehensive legal protection framework that ensures legal certainty for creators in the digital era. This article offers a state of the art contribution by integrating the analysis of royalty regulations concerning song cover practices and the playing of music in public spaces within a single framework of economic rights protection oriented toward the principle of legal certainty.

Based on the above description, the research questions posed are: (1) how are the legal regulations concerning the payment of royalties for song cover practices and the playing of music in public spaces arranged within the Indonesian legal system; and (2) how is legal protection provided for creators and copyright holders in ensuring legal certainty regarding such practices in the digital era. To answer these questions, this study employs a normative juridical approach through the analysis of legislation, legal doctrines, and principles of copyright protection in order to bridge the construction of legal norms with the digital practices that are developing in society.

Systematically, this article consists of several main sections, namely the introduction, which contains the background, previous studies, the research gap, the formulation of the problem, and the main argument; the research method, which explains the approach used in analyzing legal issues; the discussion on the legal regulation of royalty payments for song cover practices and the playing of music in public spaces, as well as the analysis of legal protection for creators

and copyright holders; and the conclusion, which presents the answers to the research questions and recommendations for strengthening the regulation.

The main argument of this article is that the issue of royalty payments for song cover practices and the playing of music in public spaces is not merely caused by the absence of legal norms, but rather by the ambiguity of regulations concerning the limits of commercial use in the digital space, as well as the lack of transparency and oversight in the collective royalty distribution mechanism. Therefore, strengthening legal protection for creators and copyright holders must be directed toward a systemic approach that integrates the clarification of parameters for commercial use, the improvement of accountable royalty management governance, and the harmonization of legal norms so that legal certainty is not only normative in nature but also effective in the practice of the digital economy.

B. RESEARCH METHOD

This study is a normative legal research aimed at analyzing the legal norms governing copyright protection in the utilization of musical works. The approaches used in this research are the statutory approach and the conceptual approach. The legal materials used consist of primary legal materials, secondary legal materials, and tertiary legal materials. Primary legal materials include various regulations governing copyright and the management of song royalties. Secondary legal materials consist of books, academic journals, and various literature related to intellectual property rights and copyright protection. Meanwhile, tertiary legal materials include legal dictionaries, encyclopedias, and other supporting sources relevant to the research. The collection of legal materials was carried out through library research. All legal materials obtained were then analyzed qualitatively by interpreting the applicable legal norms and examining their conformity with the practices of utilizing musical works in the digital era.

C. DISCUSSION

1. Legal Regulation of Royalties for Song Covers and the Playing of Music in Public Spaces within the Indonesian Legal System

Royalties themselves constitute compensation granted to creators or related rights holders for the utilization of the economic rights of a work, as regulated in Article 1 of Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties. The regulation explains that royalty management is carried out through a collective mechanism by the National Collective Management Organization (LMKN), which cooperates with Collective Management Organizations (LMK) to collect, accumulate, and distribute royalties to creators and related rights holders.

Within the Indonesian legal system, the existence of LMKN has a strategic function in ensuring the protection of the economic rights of creators. LMKN is understood as a state auxiliary organ that performs a public function in managing the collection and distribution of royalties at the national level, even though the institution is not entirely funded by the State Budget. This position indicates that the management of song and/or music royalties in Indonesia forms part of a legal system that involves coordination between the state, collective management organizations, and copyright holders.

According to Hendra Tanu Admadja, creators possess economic rights to obtain benefits from the exploitation of their copyrighted works, which consist of Performing Rights, Broadcasting Rights, Reproduction Rights (including mechanical rights, printing rights, synchronization rights, and advertising rights), and Distribution Rights.

Any reproduction of songs in either physical or digital form—including song covers, re-recordings, and digital content—principally requires permission and the obligation to pay royalties to the creator or the related rights holder.

Normatively, the regulation concerning the commercial use of songs and/or music is stipulated in Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties. Article 3 of the regulation states that any person may carry out the commercial use of songs and/or music in the form of commercial public services, with the obligation to pay royalties to creators, copyright holders, and related rights owners through LMKN.

The utilization of musical works does not only occur through the distribution of recordings or live performances, but also through various forms of use in commercial public services. The provision in Article 3 indicates that any use of musical works related to economic activities—including the playing of music in restaurants, hotels, shopping centers, public transportation, and various other business activities—falls within the category of commercial use that requires permission as well as the payment of royalties. This is consistent with the concept of public performance rights in copyright law, which grants creators the right to receive compensation for the playing of musical works in public spaces.

Protection of musical works within the Indonesian legal system is regulated under Law Number 28 of 2014 concerning Copyright (Copyright Law). Copyright is an exclusive right that arises automatically once a work has been expressed in a tangible form, as stipulated in Article 1 paragraph (1) of the Copyright Law.

These exclusive rights include moral rights and economic rights, which grant the creator the authority to control the use of their work and to obtain economic benefits from the utilization of that work.

In the context of musical works, economic rights grant creators or copyright holders the authority to obtain benefits from the exploitation of their copyrighted works. Article 8 of the Copyright Law affirms that economic rights constitute the exclusive rights of creators to obtain economic benefits from their works. Furthermore, Article 9 paragraph (1) explains various forms of utilization of copyrighted works that fall within the scope of economic rights, including reproduction, distribution, publication, performance, and the communication of works to the public. Therefore, any use of musical works by other parties that falls within these forms of utilization must obtain permission from the creator or the copyright holder, as emphasized in Article 9 paragraph (2).

One of the consequences of the commercial use of musical works is the obligation to pay royalties. The regulation of royalties for the utilization of songs and/or music within the Indonesian legal system forms part of the copyright protection regime that recognizes the economic rights of creators. Copyright essentially constitutes an exclusive right that grants creators the authority to regulate the use of their works and to obtain economic benefits from their utilization. In principle, any use of musical works by other parties requires permission from the creator or the copyright holder and must be accompanied by the obligation to pay royalties as a form of appreciation for the intellectual work that has been produced.[6]

From the perspective of copyright law, the playing of music in public spaces cannot be viewed merely as a form of entertainment, but rather as a form of utilization of copyrighted works that carries economic value. Therefore, any business actor who uses songs or music in commercial activities is required to obtain a license and pay royalties to the creator through a collective management mechanism.

Every instance of music being played in public places by business operators is required to involve the payment of royalties to creators and related rights holders. This rule applies without exception, even to businesses that have subscribed to digital music streaming services such as Spotify, YouTube Premium, Apple Music, or similar platforms.[7] This affirms that the obligation to pay royalties for playing music in public spaces is based on the copyright regime of public performance rights, rather than on the ownership of personal access to streaming services.

A subscription to a digital platform only grants a private use license, and therefore does not eliminate the legal obligation of business actors to pay royalties when music is played to the public. Thus, this norm affirms a clear distinction between personal consumption licenses and commercial use licenses, which constitutes an important principle in the protection of the economic rights of creators.

There is a national data system for managing song and music copyright royalties in Indonesia known as the Song and Music Data Center (PDLM) managed by the Directorate

General of Intellectual Property (DJKI), and the Song and/or Music Information System (SILM) managed by the National Collective Management Institute (LMKN), as regulated in Article 8 of Government Regulation Number 56 of 2021. However, Article 62 of the Minister of Law Regulation Number 27 of 2025 states that the distribution and management of song and/or music royalties cannot yet be carried out through SILM sourced directly from PDLM; therefore, royalty management continues to be conducted in accordance with the prevailing laws and regulations.

In addition to the playing of music in public spaces, the development of digital technology has also given rise to the practice of song covers on digital platforms. From the perspective of copyright law, the practice of covering songs can be qualified as a form of reproduction of a work that falls within the scope of mechanical rights, namely the right to reproduce or re-record a work in another form. Therefore, any reproduction of a song in the form of a re-recording, digital distribution, or monetized digital content in principle requires permission from the creator or the copyright holder.

The practice of covering songs that has developed on digital platforms is often carried out by content creators for the purposes of entertainment or creative expression. However, in many cases, such content is also monetized through advertising systems, endorsements, or commercial collaborations with digital platforms. This condition indicates that song covers are no longer merely a form of artistic expression, but can also become an economic activity that generates financial benefits.

Nevertheless, the development of practices involving the use of musical works in the digital era has raised various normative issues in the implementation of copyright law. One of the main issues that arises is the existence of vague norms. One example is the definition of “commercial use” as regulated in Article 1 paragraph (25) of the Copyright Law and Article 1 of Government Regulation Number 56 of 2021, which defines commercial use as the utilization of a work to obtain economic benefits, either directly or indirectly. However, this formulation remains general in nature and does not yet provide clear operational parameters to distinguish between commercial and non-commercial use, particularly in the context of digital platforms.

The vagueness of this norm creates the potential for multiple interpretations in practice. For instance, song cover content uploaded to digital platforms often does not sell the song directly, but generates profit through advertising monetization or increased popularity of a digital channel. This situation raises debate as to whether such practices fall within the category of commercial use, which requires the payment of royalties, or whether they merely constitute a form of creative expression in the digital space. In addition to the vagueness of norms regarding commercial use, the legal regulation concerning royalty management also indicates the existence of a partial normative gap in the aspect of

transparency in royalty distribution. to the creator. The legislation indeed regulates the obligation of financial audits and performance reporting by LMKN and LMK as a form of accountability in royalty management. However, these regulations do not explicitly provide a guarantee of the creator's right to access information regarding the detailed calculation of the royalties they receive.

This partial normative gap indicates that the royalty management system in Indonesia still places greater emphasis on institutional accountability, but has not yet fully ensured substantive transparency for creators as the holders of economic rights. This condition has the potential to create legal uncertainty for creators, as they do not have direct access to information regarding the sources of the use of their works, the methods of royalty distribution, or the basis for the deduction of operational costs in royalty management.

As a result, although the royalty management system has been normatively regulated, its implementation still faces challenges in terms of transparency and accountability. Therefore, more comprehensive regulations are required regarding the classification of the use of musical works as well as mechanisms for transparency in royalty distribution in order to create stronger legal certainty within the copyright protection system.

2. Legal Protection for Creators in the Practice of Song Covers and the Playing of Music in Public Spaces

Legal protection for creators is one of the primary objectives of the copyright law system. Satjipto Rahardjo views legal protection as an effort to provide safeguarding for individual interests by granting a person the authority to defend their rights. Meanwhile, Philipus M. Hadjon explains that legal protection is a form of recognition and guarantee of the rights of legal subjects based on the principle of the rule of law. Legal protection for creators is therefore one of the central aims of the copyright system. Such protection seeks to ensure that creators are able to enjoy the economic benefits derived from the works they produce and obtain protection against the misuse of their creations by other parties.

In the Indonesian legal system, protection of copyright can be carried out through two main mechanisms, namely preventive legal protection and repressive legal protection. Preventive legal protection aims to prevent copyright infringement through the establishment of legal norms, licensing systems, and transparent royalty management mechanisms. In contrast, repressive legal protection is provided through law enforcement mechanisms when copyright violations occur.

Preventive legal protection aims to prevent the occurrence of copyright infringement through the establishment of clear legal norms, licensing mechanisms, and a transparent

royalty management system. Preventive protection within the Indonesian copyright system is implemented through various laws and regulations, including Law Number 28 of 2014 on Copyright, Government Regulation Number 56 of 2021 on the Management of Song and/or Music Copyright Royalties, and Minister of Law Regulation Number 27 of 2025, which regulates the technical mechanisms for royalty management.

Preventive protection in the Indonesian copyright legal system is manifested through various laws and regulations that govern the moral rights and economic rights of creators. The Copyright Law expressly states that songs and/or music, with or without lyrics, are included in the category of works protected by law as stipulated in Article 40 paragraph (1). This protection encompasses moral rights related to the integrity and reputation of the creator, as well as economic rights that grant creators the authority to obtain economic benefits from their works.

In addition, the collective licensing mechanism through LMK and LMKN serves as a preventive instrument aimed at facilitating users of musical works in obtaining lawful permission to use copyrighted works without having to request permission directly from each individual creator.

A license is a binding agreement which, in contract law, is referred to as an obligatoire agreement. A copyright license agreement is also a consensual agreement because it is based on consensus or mutual consent between the parties. Furthermore, a copyright license agreement follows the principle of freedom of contract. A copyright license agreement must be made in writing and recorded with the Directorate General of Intellectual Property in accordance with Article 83 of the Copyright Law as well as Government Regulation Number 36 of 2018 concerning the Recordation of Intellectual Property License Agreements. The recordation of a license constitutes a legal obligation that must be carried out by the licensor and/or the licensee by submitting the license agreement along with supporting documents to the Directorate General of Intellectual Property.

Musicians who are members of the Indonesian Music Lovers Alliance (APMI) submitted a judicial review of Article 89 paragraphs (1)–(4) of Law Number 28 of 2014 on Copyright to the Constitutional Court of the Republic of Indonesia because it was considered not to provide legal certainty, justice, and protection of the economic rights of songwriters and related rights holders. The lack of clarity in the regulation concerning the mechanism for the management and distribution of royalties opens wide room for interpretation, thereby giving rise to the practice of centralization through the establishment of LMKN, which is not explicitly mandated by the law. Although Article 87 of the Copyright Law regulates the existence of Collective Management Organizations (LMK) as recipients of authority from creators to manage economic rights, Government Regulation Number 56 of 2021 instead places LMKN as the coordinator for the collection and distribution of royalties. This

condition is considered to exceed the authority granted by the law (*ultra vires*) and has the potential to conflict with Article 28D paragraph (1), Article 28H paragraph (4), and Article 1 paragraph (2) of the 1945 Constitution, thereby normatively indicating the existence of a delegation of authority problem that needs to be reformulated in order to align with the principle of the hierarchy of laws and regulations.[9] Thus, normatively there exists a delegation of authority problem (delegated norm problem) that needs to be reformulated so that it is consistent with the principle of the hierarchy of laws and regulations.

In practice, various disputes related to the use of musical works still frequently occur, particularly in the context of song covers on digital platforms. One well-known case is the dispute between songwriter Erwin Agam and singers Tri Suaka and Zinidin Zidan, who uploaded a cover of the song *Buih Jadi Permadani* on social media without the creator's permission. This case demonstrates that the practice of monetized song covers without a license can be qualified as a violation of the creator's economic rights.[10]

Another case that illustrates the complexity of copyright protection in the field of music is the dispute between Keenan Nasution and Vidi Aldiano regarding the use of the song *Nuansa Bening*. The dispute was brought through a lawsuit in the Commercial Court seeking compensation for the commercial use of the musical work without obtaining a license from the creator.

In addition to disputes in the digital realm, conflicts related to royalty obligations also occur in the practice of playing music in public spaces. One notable example is the case involving the playing of music in outlets of *Mie Gacoan*, which resulted in a demand for royalty payments to the copyright management institution. The dispute was ultimately resolved through an agreement to pay royalties as a form of compliance with the legal obligation arising from the use of musical works in business activities.[11]

These cases demonstrate that conflicts related to the use of musical works can occur in various contexts, both on digital platforms and in business activities in public spaces. This indicates that the implementation of copyright protection still faces various challenges, particularly concerning the clarity of legal norms, legal awareness, and the royalty management system.

Conceptually, Articles 43 to 51 of the Copyright Law constitute a manifestation of the principle of copyright limitations that is consistent with the doctrines of fair use (in the United States) and fair dealing (in Common Law countries).[12] Although the term fair use is not explicitly used, the substance of the norm reflects the recognition that copyright is not absolute and must be limited in the public interest. Indonesia adopts a closed fair dealing model, in which exceptions apply only to acts that are limitatively specified in the law, unlike the open fair use model, which is more flexible. Consequently, any use outside the list specified in the law has the potential to be classified as an infringement.

Repressive legal protection in the copyright legal system is provided through law enforcement mechanisms when copyright infringement occurs. The Copyright Law grants creators or copyright holders the right to file a claim for compensation through the Commercial Court, as stipulated in Articles 96 to 101. In addition to civil lawsuits, copyright infringement may also be subject to criminal sanctions, as regulated in Article 113 of the Copyright Law, which threatens violators with imprisonment and/or fines.

However, the effectiveness of such law enforcement largely depends on the clarity of the legal norms governing the use of musical works. If the definition of commercial use is not clearly formulated, the application of criminal sanctions may create legal uncertainty and open the possibility of disproportionate criminalization of small business actors or digital content creators.

According to Gustav Radbruch, “Where law reaches intolerable injustice, it must yield to justice.” After observing that Nazi law was formally valid yet unjust and contrary to humanity, the Radbruch Formula emerged, asserting that law must not be used as an instrument to oppress human beings. When law loses its moral foundation, it also loses its true essence. In Radbruch’s legal theory, the law must maintain a balance between justice, legal certainty, and utility. Therefore, regulations concerning the use of musical works in the digital era must be able to provide fair protection for creators while also allowing space for the development of public creativity.[13]

Collective licensing is managed by LMK or LMKN, non-profit legal entities authorized by creators to collect and distribute royalties on a mass basis. This system applies to the commercial use of songs or music on radio, television, or digital platforms through a one-stop blanket license. In Indonesia, collective licensing has become the primary system for efficiency, with LMKN acting as the national administrator.

Meanwhile, a direct license is a written agreement by the copyright owner that is concluded directly between the copyright owner and the user of the work without the intermediary of a Collective Management Organization (LMK). This system places the creator or copyright holder as the party that has full control over the granting of licenses, whether exclusive or non-exclusive, with the authority to negotiate royalties and the terms of use of the work directly. Although it is permitted under Article 81 paragraph (1) of the Copyright Law, this system has not been fully implemented in Indonesia, as the system primarily prioritizes collective licensing.[14]

In Indonesia, a license agreement is in principle valid as an innominate contract (innominaat) as long as it does not conflict with positive law, norms of propriety, morality, and public order. This is in line with Article 82 paragraphs (1) and (2) of the Copyright Law, which prohibit license agreements from containing provisions that are detrimental to the national economy or contrary to national law, as well as Article 1338 of the Civil Code,

which establishes the principle of *pacta sunt servanda* as the conceptual basis of direct licensing.

Because the current copyright management system in Indonesia adopts a collective mechanism, direct licensing cannot yet be implemented effectively. Its application may instead create the potential for double royalty collection, since users of works who have already obtained a direct license may still be charged royalties by LMKM through the blanket licensing scheme, thereby creating legal uncertainty, administrative confusion, and inequity in the distribution of royalties.

The unclear relationship between collective licensing and direct licensing indicates the existence of regulatory disharmony at the level of implementation. The Copyright Law provides room for direct licensing through Article 81, whereas the implementing regulations tend to prioritize collective licensing. This condition creates a horizontal conflict of norms that has the potential to generate legal uncertainty for both users and creators.

In addition, the push toward the digitalization of automated licensing systems, or a royalty automation system, has become an essential necessity in royalty management in the digital era. A royalty automation system based on Open Digital Rights Language (ODRL) is designed to automate the processes of licensing, settlement, and distribution of copyright royalties in Over-the-Top (OTT) services. The proposed system operates by automatically extracting information on rights and obligations from ODRL policies, including the royalty sharing ratios among copyright holders, thereby enabling the royalty settlement and distribution process to be carried out without manual intervention.[15]

In Indonesia, the introduction of the PDLM concept as a national royalty management database integrated with SILM is essentially intended to enhance the integration of data on works, rights holders, and the use of songs and/or music at the national level. The existence of this system can be viewed as an administrative instrument to support the transparency and accuracy of royalty distribution. However, PDLM and SILM have not yet operated optimally due to technical constraints, infrastructure readiness, and the synchronization of data among stakeholders.

Thus, strengthening legal protection for creators does not depend solely on the existence of legal norms, but also on the clarity of normative formulation, the effectiveness of licensing mechanisms, and the transparency of royalty management. The reformulation of norms regarding the parameters of commercial use in the digital space, as well as the enhancement of transparency in royalty management, constitutes an important step toward achieving legal certainty for both creators and users of musical works.

D. CONCLUSION

The regulation of royalties for the utilization of songs and/or music within the Indonesian legal system has essentially been governed by Law Number 28 of 2014 on Copyright, Government Regulation Number 56 of 2021, and Minister of Law Regulation Number 27 of 2025, which affirm the obligation to pay royalties for the commercial use of songs through a collective management mechanism by LMK and LMKN. However, these regulations still demonstrate the existence of vague norms regarding the limits of commercial use, particularly in the practice of song covers on digital platforms, as well as a partial normative gap in the aspect of transparency in the distribution of royalties to creators. These conditions imply that legal certainty within the music royalty management system in Indonesia has not yet been fully optimized.

Legal protection for creators in the practice of song covers and the playing of music in public spaces has normatively been provided through preventive protection, including the regulation of moral rights and economic rights, licensing mechanisms, and royalty management through LMK and LMKN, as well as repressive protection through civil lawsuits, non-litigation dispute resolution, and criminal sanctions for copyright infringement. Nevertheless, various disputes that have arisen indicate that the effectiveness of such protection is still influenced by the lack of clarity regarding the parameters of commercial use and the limited transparency in royalty management. Therefore, it is necessary to strengthen the formulation of legal norms and implementation mechanisms so that the protection of the economic rights of creators can be realized more effectively and provide legal certainty in the digital era.

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