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The Challenges of Direct Licensing Implementation in Indonesia's Music Royalty System: Assessing Copyright Law from the Perspective of Creators

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Abstract: This study aims to analyze the challenges in implementing direct licensing within Indonesia's music royalty management system and to assess its conformity with Law Number 28 of 2014 on Copyright and its implementing regulations. The main issue discussed is the absence of a clear legal framework governing direct licensing mechanisms, which leads to an imbalance between the economic rights of creators and the authority of the National Collective Management Organization (LMKN). This research employs a normative juridical approach with a qualitative descriptive analysis method, using literature studies of relevant legislation, legal doctrines, and actual cases such as the royalty disputes involving Agnez Mo and Ari Bias. The findings indicate that direct licensing has the potential to enhance legal certainty, transparency, and efficiency for creators, yet its implementation remains hindered by overlapping regulations and weak institutional infrastructure. Therefore, legal reform through the revision of the Copyright Law and its derivative regulations is necessary to explicitly recognize direct licensing as a legitimate mechanism in royalty management. Furthermore, strengthening the role of the Directorate General of Intellectual Property (DJKI) and transforming LMKN into an accountable facilitating body are essential steps toward establishing a fair and transparent royalty system that effectively protects the rights of music creators in Indonesia.

Keyword: Direct Licensing, Copyright, Music Royalties, Collective Management Organization.

INTRODUCTION

The development of digital technology has brought about major changes in the music industry, particularly in the distribution, consumption, and monetization of musical works. One system that has begun to develop in the management of music copyright and royalties is direct licensing, a mechanism whereby creators or copyright holders grant licenses directly to users, bypassing collective management organizations (LMK). In Indonesia, the music royalty

management system is still dominated by LMK, as stipulated in Law Number 28 of 2014 concerning Copyright and its derivative regulations, including Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties. However, the emergence of the direct licensing system poses new challenges to existing regulations, particularly in terms of transparency, effectiveness of royalty distribution, and protection of creators' rights. On the one hand, direct licensing is considered to provide creators greater control over their works, as well as the potential for a fairer distribution of royalties. On the other hand, this system also has the potential to cause conflicts of interest, unequal access to information, and legal problems if it is not supported by clear and strong regulations. This study was conducted to evaluate the effectiveness of copyright regulations in Indonesia in responding to the dynamics of direct licensing and to identify the legal challenges faced by creators in obtaining protection and justice for their economic rights. With this background, this research is crucial in providing input for improving the legal system and music royalty governance in Indonesia, so that it is more adaptable to technological developments and more favorable the interests of creators.

In various developed countries, particularly the United States, the implementation of a direct licensing system has become a common practice that coexists with the collective management system. In the United States, for example, direct licensing is implemented by several major publishers such as Sony Music Publishing and Universal Music Publishing Group, which have entered into direct agreements with various digital platforms including Spotify, Apple Music, and YouTube. This practice does not necessarily eliminate the role of rights organizations such as ASCAP, BMI, and SESAC, but it provides space for creators or publishers to negotiate directly with commercial users of their works. This method demonstrates the flexibility of the legal system, which gives creators the opportunity to manage their own economic rights. Furthermore, the 2018 passage of the Music Modernization Act (MMA) in the United States provides a legal framework that supports this system. This law strengthens transparency in the distribution of digital royalties and creates institutions such as the Mechanical Licensing Collective (MLC), which specifically regulates mechanical licenses for digital music, without precluding the application of direct licensing by creators or publishers. With clear regulatory support, this system has proven to provide legal certainty and efficiency in the distribution of economic rights to copyright owners (H.R.1551 - Orrin G. Hatch-Bob Goodlatte Music Modernization Act, 2017).

A comparison between the implementation of direct licensing in the United States and the system in Indonesia reveals a significant regulatory gap. In the US, the existence of the MMA and institutions such as the MLC has provided a clear and operational legal framework for the implementation of direct licensing. In contrast, in Indonesia, the collective system managed by the LMK remains the primary channel for music royalty distribution, while the direct licensing scheme does not yet have a strong legal basis or definite technical guidelines. This issue has become increasingly urgent as more Indonesian musicians express dissatisfaction with the transparency and distribution of royalties by National Collective Management Institution (LMKN). Based on a comparison with regulations in the United States, this problem is further highlighted by data from the LMKN, which shows that the amount of royalties received by music creators is often disproportionate to the level of use of their works in public spaces. In 2024, LMKN recorded a total royalty collection of IDR 77,153,709,254 (seventy-seven billion, one hundred fifty-three million, seven hundred nine thousand, two hundred fifty-four rupiah), but many creators complained about delays and inaccuracies in the distribution of royalties (Lembaga Manajemen Kolektif Nasional, 2025). Meanwhile, the practice of direct licensing, where creators have direct control to grant permission for the use of their works without going through a LMK, is still hampered by regulations and a lack of understanding from industry players.

I personally side with music creators because they are the cornerstone of the entire music industry ecosystem. Without their creative works, there would be no content to produce, commercialize, or consume. Ironically, however, it is these creators who often receive the smallest share of the profits generated from their works. Cases such as that experienced by Ari Bias illustrate how the current system fails to provide fair and adequate protection for creators' economic rights. If such practices continue, they will not only harm creators financially but also diminish their motivation to create and ultimately threaten the sustainability of the music industry as a whole. Direct licensing is important because it offers a more democratic approach and empowers creators to exercise full control over the use of their works. Through this scheme, creators can directly enter into agreements with users of their works without having to rely entirely on LMK, which are sometimes criticized for lacking accountability. In addition to enhancing transparency, this system can also be adapted to the specific needs of creators, especially in the digital age where the use of musical works is increasingly varied and cross-platform. In Indonesia, current regulations are still general in nature and not yet fully objective in accommodating the protection of creators' rights, as they still rely on a comprehensive collective management approach without providing parallel or alternative mechanisms. Therefore, the implementation of direct licensing or similar policies needs to be seriously examined and pursued as a form of fairer legal protection for music creators.

The fundamental differences between previous studies and this research lie in their focus, approach, issues examined, scope of analysis, and objects of study. Previous studies primarily focused on the legal protection of copyright through LMK, emphasizing the need to strengthen the role of LMK as collective royalty managers for songwriters and music creators. The main issues raised were the effectiveness of legal protection provided by LMK and the various obstacles encountered in its implementation. Meanwhile, this study presents novelty in its object and analytical approach to Indonesia's music royalty management system, particularly through the direct licensing mechanism. Unlike the majority of previous studies that focused on optimizing the role of LMK, this study examines a new phenomenon in the music industry, namely the application of a direct licensing system by creators to users of musical works. Another novelty lies in the critical analysis of the inconsistencies between the direct licensing system and existing laws and regulations, particularly Law No. 28 of 2014 concerning Copyright and Government Regulation No. 56 of 2021.

This research is also one of the first studies to specifically highlight the legal, institutional, and practical implementation challenges of direct licensing in Indonesia, which has not been a major focus of academic research. Thus, this article contributes new insights to the discourse on reforming the music copyright protection system, particularly in response to the dynamics of music distribution in the digital age and the need for greater licensing flexibility for creators. The purpose of this study is to provide an in-depth analysis of the challenges in implementing a direct licensing system for music royalty payments in Indonesia, as an alternative to the existing collective system. Specifically, this study aims to answer several key questions. First, this study examines the dynamics of copyright disputes in royalty payments that have occurred in Indonesia over the past decade through a juridical analysis of real cases involving Ari Bias and Agnez Monica. The study explores the root causes of these disputes from the perspectives of both creators and industry players, supported by empirical data and relevant legal rulings.

Second, this study aims to evaluate the effectiveness of the current royalty payment mechanism in Indonesia. By examining existing regulations and highlighting various implementation weaknesses, this study identifies the gap between legal norms and practices in the field. From this analysis, a proposed mechanism will be developed that complies with statutory provisions while ensuring fairness for creators. Third, through a normative and comparative approach, this study seeks to contribute ideas from both academic and practical

perspectives regarding the ideal positioning of direct licensing within Indonesia's copyright legal framework. Thus, this research is not only evaluative but also constructive, offering legal solutions that can be adopted sustainably.

METHOD

This study uses a normative legal method with a focus on analyzing the challenges of implementing direct licensing in the music royalty system in Indonesia (Amiruddin & H Zainal Asikin, 2006). According to Soerjono Soekanto and Sri Mamudji, legal research is an essential means for the development of legal science, as it seeks to uncover the truth systematically, methodologically, and consistently through analysis and interpretation of legal materials (Soekanto & Mamuji, 2006). Similarly, Peter Mahmud Marzuki defines legal research as a process to discover legal rules, principles, and doctrines in order to address the legal issues under examination. This study uses library research as the primary means of data collection by reviewing relevant legislation, academic literature, and legal decisions related to music copyright (Marzuki, 2005).

This research applies two main approaches, namely the statute approach and the case study approach. The statute approach involves analyzing laws and regulations such as Law No. 28 of 2014 on Copyright and Government Regulation No. 56 of 2021 on the Management of Song and Music Royalties to assess how current rules accommodate direct licensing. The case study approach examines real disputes involving Indonesian music creators such as the cases of Ari Bias and Agnez Monica to understand how the law operates in practice and to identify gaps between legal norms and implementation. Through these approaches, this study aims to evaluate the adequacy of Indonesia's legal framework in protecting creators' rights and propose improvements for a more transparent and fair royalty system.

RESULTS AND DISCUSSION

The Dynamics of Copyright Disputes in Royalty Payments in Indonesia

Copyright is an exclusive right that gives the creator full authority over their creative work, including musical works or songs. Therefore, any individual or business entity that uses a song for commercial purposes, such as in cafes, hotels, restaurants, or other entertainment venues, must first obtain permission from the creator or the legal copyright holder (Soemarsono & Dirkareshza, 2021). This exclusive right is absolute for the creator, meaning that no other party has the right to exploit the economic value of the work without official consent. In principle, royalties represent a form of financial compensation given to creators, copyright holders, and related rights owners for the use of legally protected works.

The determination of royalties encompasses several key elements, such as the tariff amount, calculation method, payment mechanism, and management system. However, in practice, the role and performance of LMK in Indonesia are still not optimal in supporting the creation of a fair, transparent, and sustainable music industry ecosystem. The presence of complex bureaucratic procedures and recurring disputes over royalty collection among creators often give rise to significant challenges. This situation is made worse by the existence of numerous LMK in Indonesia, which causes confusion for commercial music users (Muthia, 2014). To overcome this problem, the LMKN was formed to serve as a coordinator for existing LMK, so that royalty management can be more centralized and organized.

The development of the arts industry, particularly the music industry, has had a significant impact on the legal field. Royalty disputes have become a prominent issue, especially over the past decade. Copyright disputes related to music royalty payments in Indonesia have increased in frequency alongside the expansion of the entertainment industry and the digitization of music. One of the earliest and most notable cases was *KCI v. Inul Vizta Manado*, which culminated in a review decision by the Supreme Court on October 19, 2016.

In this ruling, the Court affirmed that karaoke establishments are obligated to pay performing rights royalties to LMK and rejected the argument that LMK lack legal authority due to their status as foundations. This decision established early jurisprudence that reinforced the role of LMK in collecting royalties from entertainment companies.

Following the implementation of Government Regulation No. 56 of 2021 concerning the Management of Song and/or Music Royalties, disputes have increasingly shifted toward issues involving live performances. One case that generated public controversy was the dispute between Ahmad Dhani and Once Mekel, in which Once performed *Dewa 19*'s repertoire without direct permission from the creator. This incident raised questions about whether permission through the LMK was sufficient or whether a direct license from the creator was still required. Academic studies argue that without a clear license, such actions could be considered a violation of the creator's economic rights as stipulated in Article 9 paragraph (2) of Law No. 28 of 2014 concerning Copyright (Rachmatdhan, 2023).

Additionally, in early 2025, a royalty case appeared between Ari Bias and Agnez Mo at the Central Jakarta Commercial Court through case No. 92/Pdt.Sus-HKI/Cipta/2024. Ari Bias alleged that Agnez Mo of performing his songs without permission and without paying royalties. This case highlights that the royalty collection mechanism managed by does not always resolve creators' claims, as some creators choose to enforce their rights independently through direct licensing. This situation reflects the ongoing tension between the collective licensing system (via LMK/LMKN) and creators' preference for direct licensing arrangements (Rizki, 2025).

The climax of this debate came when Ari Lasso, a famous musician and vocalist from the band Dewa19, spoke up and showed evidence of royalty payments issued by WAMI. In a post on his personal Instagram account @ari_lasso, he criticized WAMI for the decreasing amount of royalty payments he received, as well as the way WAMI calculated royalty payments. He also challenged WAMI to be audited by the relevant authorities. His disappointment grew even more intense when Ari Lasso performed in Bali and expressed his disappointment with LMKN and LMK, especially WAMI. He performed Ahmad Dhani's hit song "Rahasia Perempuan" and criticized, "This song is a sign that LMKN and WAMI cannot collect payments. My history begins tonight in Bali, at Tanah Lot Fest. No WAMI and LMKN can collect payments as they please. Indonesian musicians must prosper! Don't stay silent when you are oppressed!" (Anggraini, 2025).

Overall, the case of Ari Lasso vs LMKN not only reflects the personal interests of individual musicians but also exposes systemic weaknesses in the governance of music royalties in Indonesia. This dispute highlights the urgent need to strengthen regulations derived from the Copyright Law, enhancing the transparency of collective institutions, and ensure the existence of accountability mechanisms that can be monitored by the public. Without prompt reform, conflicts among creators, users, and collective management bodies will continue to recur, ultimately harming both the national music industry and the creators themselves. A prudent and balanced approach is therefore essential in addressing these dynamics. Direct licensing should not be perceived as a threat to LMKN, but rather as an opportunity to reform the collective management system, which has long suffered from limited transparency. In the context of the increasingly digital and decentralized music industry landscape, recognizing direct licensing mechanisms is not a radical step, but rather a necessity that must be accommodated to establish a copyright management system that is more adaptive, transparent, and equitable copyright management system (Dirkareshza, 2025).

Direct Licensing as an Alternative Mechanism for Music Royalty Management

A. Comparative Study of the United States, the United Kingdom, and Germany

Direct licensing is one of the key instruments in the modern copyright protection system. This model allows creators, composers, and music publishers to directly grant permission to users of their works, whether individuals, companies, or institutions, without going through a LMK. This practice has become increasingly relevant in the digital era, as music platforms, streaming services, social media, and commercial enterprises demand licensing mechanisms that are flexible, efficient, and tailored to specific needs (Musicinfo, 2024). Although the concept of direct licensing is recognized globally, its implementation varies across countries depending on legal traditions, copyright regulations, and the development of domestic music industries. This analysis compares the application of direct licensing in three jurisdictions: the United States, the United Kingdom, and Germany.

In the United States, the direct licensing system is very prominent due to the long history of contractual freedom in commercial law. Holders of music copyrights, including composers, publishers, and record labels, may negotiate directly with users such as radio and television stations, digital platforms, and advertising agencies. The system in the United States is often regarded as highly flexible because licensing fees and terms can be adjusted according to the specific needs and bargaining power of each party. Furthermore, direct licensing in the United States has expanded significantly with the rise of digital platforms such as Spotify, Apple Music, and YouTube, which often require exclusive licenses for certain catalogues. Many major publishers prefer to license directly rather than entrusting everything to organizations such as ASCAP (American Society of Composers, Authors, and Publishers) or BMI (Broadcast Music, Inc.).

However, this system also presents challenges. First, not all creators possess sufficient negotiating capacity, making them vulnerable to harmful practices. Second, without a transparent recording system, the risk of double licensing conflicts increases, where one work can be licensed to multiple parties under different terms. Third, transaction costs become higher because each user must negotiate individually. Therefore, even though direct licensing is growing rapidly, the role of collective organizations is still important for managing licenses on a large scale, such as for public radio or restaurants that play music publicly.

In the United Kingdom, direct licensing is also recognized, although its role functions more as an alternative rather than a primary mechanism. The music copyright management system in the country is largely dominated by PRS for Music (Performing Right Society), a collective organization representing composers, songwriters, and publishers. Large-scale music users such as shopping centers, cafes, or broadcasting stations prefer collective licensing because it is more practical. However, for specific purposes such as film soundtracks, advertisements, or exclusive use on digital platforms, direct licensing serves as a more appropriate option. With direct licensing, creators have greater control over how their work is used.

Through direct licensing, creators obtain greater control over how their works are used, while also benefiting from faster royalty payments since the process bypasses collective distribution mechanisms, which can often be time-consuming. The advantage of the UK system is that there is a clear balance between collective licensing and direct licensing. PRS remains the dominant player in mass licensing, while direct licensing is used in specific cases that require flexibility (PRS for Music, 2024). However, the challenge is the potential overlap between PRS and direct licensing, which requires coordination mechanisms to avoid contract violations or licensing disputes.

Germany has a very strict copyright law tradition, with strong protection for creators. In this country, music licensing is managed by the main collective organization, GEMA (Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte). However, Germany also recognizes the existence of direct licensing, especially after the

implementation of European Union directives that require greater transparency and accountability in copyright management. In practice, Germany applies a hybrid model, where collective licensing continues to dominate for broad uses such as radio broadcasting, television, and public places, while direct licensing is growing in the digital sector and for specific uses.

This is supported by the German Copyright Act and EU regulations such as the EU Collective Rights Management Directive, which ensure that creators have the option to withdraw some of their rights from GEMA and license directly to users. The advantage of the German model is its highly rigorous transparency and accountability system. All direct licensing agreements must be recorded and reported, thereby minimizing the risk of double licensing (Mood Media, 2025). In addition, creators remain protected by national regulations in the event of contractual disputes. However, the complex administrative process can be an obstacle, especially for independent creators with limited resources.

When compared, the three countries have significant differences in their approaches to direct licensing:

1. The United States emphasizes market flexibility. This model is suitable for a highly competitive music industry that is oriented towards commercial negotiations. However, the downside is the potential for unfairness to small creators who do not have bargaining power.
2. The United Kingdom positions direct licensing as a complement to the collective system. With the dominance of PRS, large-scale music users can easily access licenses, while direct licensing is used for specific purposes. This balance contributes to the system's overall stability.
3. Germany adopts a tightly regulated hybrid model that seeks to combine the benefits of collective management with the flexibility of direct licensing. Nevertheless, its strict bureaucracy may hinder creativity and the development of innovative licensing practices.

From the perspective of creators' protection, Germany provides the strongest safeguards through well-defined regulations. In terms of market efficiency, the United States excels with its high level of flexibility. Meanwhile, the United Kingdom occupies a middle ground, maintaining a balance between creators' control and users' accessibility.

This comparative analysis is also important for Indonesia, given that direct licensing practices are beginning to develop in line with the growth of digital platforms and the need for more specific music licenses. Indonesia is currently still dominated by collective mechanisms through LMKN. However, comparative studies show that there is room to strengthen direct licensing, while still paying attention to:

1. Transparency of records to prevent double licensing disputes.
2. Legal protection for small creators so that they are not exploited by users with higher bargaining power.
3. Flexibility in negotiations so that creators can adjust license values to the dynamic digital market.

Direct licensing in the United States, the United Kingdom, and Germany has different characteristics according to the legal context and music industry of each country. The United States emphasizes flexibility, the United Kingdom emphasizes balance, and Germany enforces transparency and strict regulations. There is no single ideal model; rather, each country adapts to its domestic needs.

For other countries such as Indonesia, an important lesson to be learned is how to adopt the best combination of the three systems: flexibility as in the United States, balance as in the United Kingdom, and transparent regulation as in Germany. In this way, creators are protected, users have legal certainty, and the music industry can develop more healthily

in the digital age. Furthermore, the integration of these principles can encourage the creation of a royalty system that is fair, efficient, and adaptive to technological developments and modern music consumption patterns. Indonesia has a great opportunity to create a copyright ecosystem that not only protects the interests of creators but also fosters the competitiveness of the creative industry at the global level.

B. Formulation of Regulations on the Implementation of Direct Licensing in Indonesia

Indonesia, as one of the largest music markets in Southeast Asia, faces major challenges in its copyright management system. The implementation of Law No. 28 of 2014 on Copyright (Copyright Law) provides a legal basis for creators to manage their economic rights, including the possibility of direct licensing. However, in practice, the authority of the LMKN remains highly dominant, particularly following the issuance of Government Regulation (PP) No. 56 of 2021 concerning the Management of Royalties for Copyrighted Songs and/or Music. This regulation stipulates that the commercial use of music on a mass scale must be licensed through LMKN, effectively limiting the operational space for direct licensing in Indonesia (Nafilah, 2025).

The current Copyright Law does provide opportunities for creators to manage their economic rights, but it does not explicitly regulate the mechanism of direct licensing (Dirkareshza, 2025a). More explicit regulations are needed so that direct licensing is recognized as equal to collective licensing. The revision of the Copyright Law needs to include:

1. a clear legal definition of direct licensing as one of the lawful mechanisms for copyright management, alongside collective licensing;
2. the exclusive right of creators to choose between LMKN and direct licensing without the risk of conflicting regulatory requirements; and
3. a mandatory registration system ensuring that all direct licensing agreements are recorded within a national database, in order to prevent duplicate licensing conflicts.

With explicit legal recognition, creators would not only gain greater freedom but also legal certainty when choosing the direct licensing route. Government Regulation (PP) No. 56 of 2021 affirms that LMKN serves as the primary institution responsible for collecting royalties from the commercial use of songs or music. However, this provision creates a dilemma, as it potentially restricts the space for direct licensing to operate effectively (Humas Sekretariat Kabinet Republik Indonesia, 2021).

Amendments to the regulation are therefore necessary to ensure a more balanced and transparent system, with the following objectives:

1. LMKN only acts as a collective intermediary to collect and distribute royalties for the use of collectively managed musical works, but if direct licensing is carried out, it means directly to the creator, not as the sole controller of all music licenses in Indonesia.
2. To prevent double royalty collection, where a work licensed directly through a direct licensing agreement is still subject to royalty collection by LMKN from the same user.
3. To provide an integration mechanism, whereby direct licensing agreements must be reported to LMKN for recording, without LMKN taking over their management.

Accordingly, PP No. 56 of 2021 should be revised so that LMKN no longer operates as an exclusive royalty collector, but rather as an institution managing collective licenses on a broader scale.

To ensure that the regulatory framework becomes more operational, a dedicated Ministerial Regulation is required to establish technical guidelines governing the implementation of direct licensing. This ministerial regulation must include:

1. Direct licensing registration procedures, so that every agreement between creators and users is recorded in the national system.
2. Copyright verification mechanisms, for example through a digital database integrated with the Directorate General of Intellectual Property (DJKI).
3. Standard contract guidelines to protect creators from disadvantageous clauses.

The ministerial regulation should also emphasize the principles of transparency and accountability, ensuring that all parties have access to information regarding the licensing status of a work. LMKN is currently positioned primarily as a collective licensing administrator. However, with the development of direct licensing, LMKN's role can also become that of a facilitator. This transformation includes:

1. Direct licensing registration, to prevent duplication of royalty collection.
2. The provision of an integrated information system that records all licensing agreements, both collective and direct.
3. Mediation of disputes, in the event of a conflict between the creator and the user in a licensing agreement.

This change will mean that LMKN will no longer be exclusively a royalty collector, but rather a technical regulator and supervisor (Husnun dkk., 2021). One of the main challenges in direct licensing is the potential for overlapping licenses. To that end, it is necessary to build a national information technology infrastructure system that integrates direct and collective license data. The main features of this system include :

1. A centralized database containing information on works, rights holders, and licensing status.
2. A public access portal that enables users to verify whether a work has been licensed.
3. Integration of blockchain or similar technologies to ensure the authenticity and security of licensing data.

Such a system would prevent double royalty payments while enhancing user trust in the legality of obtained licenses. However, not all creators possess the capacity to engage in direct licensing. Many small or independent creators may be better protected under the LMKN framework. Therefore, future regulations must emphasize inclusivity by ensuring:

1. The right of creators to choose between direct licensing and collective management through LMKN.
2. Legal protection for small creators against exploitation by parties with stronger bargaining power.
3. A hybrid model in which certain rights are managed collectively by LMKN, while others may be licensed directly.

Thus, the existence of direct licensing should not disadvantage small creators but instead provide them with a more flexible option. When properly regulated, direct licensing can generate significant positive impacts:

1. For creators, it offers greater control over the use of their works and the potential for higher royalty income.
2. For users, it provides flexibility in negotiating licenses that suit specific needs, particularly within the digital sector.
3. For the national music industry, it promotes transparency, professionalism, and competitiveness in line with international standards.

However, without clear regulation, direct licensing may instead trigger conflicts, double royalty payments, and a decline in industry confidence toward Indonesia's licensing system. The revision of the Copyright Law must explicitly recognize direct licensing, PP 56/2021 needs to be adjusted so that LMKN is no longer exclusive as a royalty collector, and a new ministerial regulation must be issued for technical guidelines. LMKN must transform into a licensing facilitator, supported by modern information

technology infrastructure (Muthmainnah dkk., 2022). Licensing functions as a legal instrument that grants authorization for the use of copyrighted works without undermining the exclusive rights of creators or related rights holders. Therefore, a thorough understanding of the rights regulated under the Copyright Law is essential, particularly for stakeholders in the creative industry. By upholding both moral and economic rights of creators, this reform not only strengthens legal protection for intellectual works but also contributes to the establishment of a creative ecosystem that is fair, productive, and globally competitive (Dirkareshza, 2025).

With the coexistence of two royalty payment mechanisms, it is expected that a fairer and more transparent payment system can be established, allowing creators greater access to their economic rights. Moreover, ensuring protection for small-scale creators must remain a priority so that the system does not solely favor prominent or well-established authors. If these aspects are properly implemented, Indonesia can develop a balanced, transparent, and adaptive licensing framework that aligns with the dynamics of the global digital music industry. In this way creators, users, and the public alike will benefit from fair and sustainable copyright management.

CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that the implementation of direct licensing in the music royalty management system in Indonesia still faces significant normative and institutional challenges. The regulation in Law Number 28 of 2014 concerning Copyright and Government Regulation Number 56 of 2021 concerning the Management of Copyright Royalties for Songs and/or Music do not provide clear regulations on the direct licensing mechanism, thus creating legal uncertainty for creators in exercising their economic rights. The imbalance between the authority of LMKN and the individual rights of creators has resulted in various royalty disputes, such as in the cases of Ari Bias and Agnez Mo, which reflect the weak protection of creators' economic rights. Therefore, direct licensing is a relevant alternative to create a royalty management system that is more transparent, fair, and adaptive to the development of the digital music industry in Indonesia.

As a suggestion, the Indonesian Ministry of Law, through the Directorate General of Intellectual Property (DJKI), needs to reformulate copyright law provisions by including explicit regulations on direct licensing as a mechanism that is legal and equivalent to collective licensing. LMKN is advised to transform itself into a facilitating institution that focuses on registration, mediation, and supervision of license implementation, rather than merely collecting royalties. Based on this, it is hoped that an alternative royalty payment system can be established as an alternative for creators. Thus, collaboration between government agencies and music industry players is key to building a progressive, efficient, and equitable legal protection system for creators in Indonesia.

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