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## Legal Protection for Copyright Holders of Songs and Music in Royalty Disputes in the Digital Era

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**Abstract:** The development of digital technology has increased the utilization of songs and musical works through digital platforms, while simultaneously giving rise to various royalty disputes that affect the protection of the economic rights of copyright holders. This study aims to analyze legal protection for song and music copyright holders in royalty disputes in the digital era and to examine the weaknesses of the existing legal system. This research employs a normative legal research method using statutory, conceptual, and case approaches. The results indicate that legal protection of digital royalties in Indonesia still faces several obstacles, including weak supervision, a lack of transparency in royalty distribution, a suboptimal role for Collective Management Organizations (CMOs) and the National Collective Management Organization (LMKN), and low public legal literacy. Therefore, strengthening regulations and developing technology-based royalty management systems, such as blockchain and smart contracts, are necessary to establish effective, transparent, and equitable legal protection in the digital era.

**Keywords:** Legal Protection; Song and Music Copyright; Royalty Disputes; Digital Era; Collective Management Organization.

### INTRODUCTION

Copyright is an exclusive right within the field of intellectual property that is inherently attached to creators over works in the fields of science, art, and literature that are expressed in tangible form. Intellectual Property Rights (IPR) play a strategic role in the development of knowledge-based economies and businesses, as intellectual works constitute one of the primary sources of economic value and innovation (Lazuardi & Gunawan, 2024). The advancement of digital technology has also transformed the patterns of creation,

distribution, and utilization of intellectual works through various digital platforms such as streaming services, social media, and internet-based marketplaces. This condition has turned intellectual works into highly valuable economic commodities that can be widely accessed without limitations of space and time.

In the music industry, copyright functions to protect songs and musical compositions from unauthorized use that may cause economic and moral losses to creators (Farida et al., 2025). Through economic rights and moral rights, creators obtain financial benefits as well as protection over the integrity and reputation of their works (Mandala et al., 2025). Nevertheless, the development of digital technology has not been fully accompanied by a legal system that is adaptive to the dynamics of the utilization of works in the digital sphere.

Copyright infringement in the music sector demonstrates the importance of law in regulating the relationship between creators, copyright holders, and users of copyrighted works (Mandala et al., 2025). Furthermore, regulations not only protect creators but also function to establish a fair and sustainable music industry ecosystem (Farida et al., 2025). In practice, royalties constitute a form of economic compensation granted to creators or copyright holders for the use of musical works by other parties. However, royalty disputes continue to occur due to a lack of transparency, the complexity of agreements, and delays in royalty distribution by digital platforms and other media (Mandala et al., 2025).

In Indonesia, digital music platforms such as Spotify, Joox, and YouTube Music have become the primary means for the public to access music. An IFPI report revealed that the global music industry revenue in 2022 reached US\$26.2 billion, with approximately 67% derived from streaming services. Meanwhile, data from the Indonesian Internet Service Providers Association (APJII) in 2023 recorded that YouTube Music was the most widely used music platform at 44.18%, followed by Spotify at 17.52% and Google Play Music at 16.86% (Rahardja & Sinaga, 2024). The development of internet technology has made streaming services one of the most popular forms of entertainment due to the ease of access they offer.

One prominent example of a royalty dispute is the case involving the song “Nuansa Bening,” which illustrates the implementation of the Copyright Law in protecting the economic rights of creators against unauthorized commercial use of their works (Putra et al., 2026). On the other hand, the growth of the culinary industry, such as cafés and coffee shops, has also utilized music as a means of enhancing customer comfort. However, the practice of playing songs without permission or without paying royalties is still frequently found in such business activities (Farida et al., 2025). This condition indicates that the legal awareness of business actors remains a significant challenge in the implementation of copyright protection in Indonesia.

Normatively, Indonesia already possesses a relatively comprehensive legal framework on Intellectual Property Rights (IPR) through Law Number 28 of 2014 concerning Copyright, Law Number 13 of 2016 concerning Patents, and Law Number 20 of 2016 concerning Trademarks and Geographical Indications. These regulations recognize the existence of exclusive rights held by IPR owners, including economic rights in the form of royalties. Regulatory reinforcement was further established through Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties, which mandates royalty payments for the commercial use of songs or music through the National Collective Management Organization (LMKN). As a comparison, Malaysia has implemented a more transparent royalty monitoring system, which may serve as a reference for reforming Indonesia’s royalty management system (Mandala et al., 2025).

Although legal regulations concerning exclusive rights have provided a sufficiently strong basis for protection, their implementation in the digital era still faces various challenges. The massive, simultaneous, and borderless nature of the use of copyrighted works

has created a gap between legal norms and practices occurring within society (law on the books and law in action). This condition has triggered recurring royalty disputes within the digital industry.

The problem becomes increasingly complex with the involvement of Collective Management Organizations (CMOs), which function to collect, manage, and distribute royalties to rights holders. In practice, these functions have not operated optimally due to several obstacles, including a lack of transparency, weak accountability, and limited utilization of technology in royalty management. From a business law perspective, intellectual property royalty disputes are not only related to normative legal aspects but also involve contractual relationships among parties, such as licensing agreements, distribution of works, and commercial partnerships.

The relationship between creators, producers, and digital platforms often reflects an imbalance in bargaining positions that may potentially lead to disputes. Studies indicate that inequality in digital contracts constitutes one of the primary factors contributing to royalty disputes.

**Table 1. Music Royalty Cases in Indonesia**

<i>Year</i>	<i>Amount of Royalty Cases</i>	<i>Number of Events</i>
<b>2022</b>	IDR 35,005,101,306	116 concert events
<b>2024</b>	IDR 161,253,244,044	1,000 concerts

*Source: LMKN Second Semester Report 2022 and WAMI Year-End Report 2024.*

The data indicate that issues relating to music royalty payments in Indonesia remain considerably high and continue to increase (Marpaung, 2025). Therefore, legal protection of Intellectual Property Rights (IPR) is highly important to ensure the sustainability of the creative industry and to support the continuous development of an innovation- and technology-based economy. Based on the foregoing explanation, this research focuses on examining the forms of legal protection for holders of exclusive intellectual property rights in digital royalty disputes, the weaknesses of the legal system and its implementation that contribute to such disputes, the role of Collective Management Organizations in managing and resolving royalty disputes, as well as the concept of ideal legal reform in strengthening the protection of exclusive rights in the digital era.

## **METHOD**

This study constitutes normative legal research focusing on the examination of legal norms (Nasution, 2024) related to the protection of exclusive rights within Intellectual Property Rights (IPR), particularly concerning royalty disputes in the digital ecosystem. Normative legal research is employed because the object of the study is based on statutory regulations, legal principles, doctrines, and legal concepts that have developed within legal practice.

The approaches applied in this research include the statutory approach, conceptual approach, and case approach. The statutory approach is conducted by examining regulations related to copyright and digital royalty systems (Benuf & Azhar, 2020). The conceptual approach is utilized to analyze legal theories and doctrines concerning legal protection and economic rights within IPR. Meanwhile, the case approach is used to analyze the practice of resolving digital royalty disputes to assess the conformity between legal norms and their implementation in practice. The legal materials used in this research consist of primary legal materials, secondary legal materials, and tertiary legal materials. Primary legal materials include statutory regulations related to copyright and royalties. Secondary legal materials comprise books, scientific journals, and previous studies relevant to the research topic, while

tertiary legal materials include legal dictionaries, encyclopedias, and other supporting sources.

The collection of legal materials was conducted through library research by reviewing various relevant literature sources. Furthermore, all legal materials were analyzed qualitatively through methods of legal interpretation and legal argumentation to identify weaknesses in the legal system concerning digital royalty disputes and to formulate a concept of legal protection that is more adaptive to the development of digital technology (Sukmawan & Damayanti, 2025).

## RESULTS AND DISCUSSION

### **This Legal Protection of Exclusive Rights Holders in Digital Royalty Disputes**

Legal protection for holders of exclusive rights is fundamentally based on the recognition of economic rights and moral rights attached to creators or rights holders. The urgency of legal protection for Intellectual Property Rights (IPR) has significantly increased in the era of Industrial Revolution 4.0, as advances in digital technology have affected the sustainability of businesses and the global economy, including through the growth of platform-based businesses, e-commerce, and financial technology (Lazuardi & Gunawan, 2024).

Within the Indonesian legal system, exclusive rights grant authority to rights holders to control the use of their works while simultaneously obtaining economic benefits through royalty mechanisms. The open, massive, and borderless characteristics of digital platforms make supervision over the use of copyrighted works difficult to carry out effectively. As a result, the utilization of works often occurs without transparent and proportional royalty payment mechanisms, thereby increasing the complexity of the digital ecosystem.

Furthermore, the relationship between rights holders and users of copyrighted works within the digital ecosystem also reflects an imbalance in bargaining positions. Digital platforms, as parties controlling the distribution and monetization of works, tend to possess a dominant position, while rights holders often lack adequate access to data concerning the use of their works. This condition demonstrates an imbalance that weakens the position of rights holders in obtaining their economic rights fairly.

In the practice of digital copyright protection, several mechanisms may be utilized to prevent copyright infringement, including (Lazuardi & Gunawan, 2024).

- a. **Digital Rights Management (DRM)**, namely technology that restricts access to and use of digital works to prevent copyright infringement, such as protecting digital content from unauthorized use.
- b. **The use of blockchain technology**, which enables the permanent and transparent recording of copyright ownership and transactions, thereby facilitating real-time tracking of the use of copyrighted works.

Furthermore, there are two forms of legal remedies that musicians may pursue to protect their rights, namely litigation and non-litigation mechanisms. This is in accordance with Article 95 paragraph (1) of the Copyright Law, which states that copyright disputes may be resolved through alternative dispute resolution, arbitration, or court proceedings. The available legal remedies are as follows:

#### **1. Non-Litigation Dispute Resolution**

Dispute resolution outside the court system, or non-litigation, is the method most frequently used in resolving civil disputes. This is due to the convenience offered by alternative dispute resolution (ADR) mechanisms such as mediation, conciliation, arbitration, and negotiation, which have also traditionally been applied in resolving conflicts within society through deliberation and consensus-building.

## 2. Litigation-Based Dispute Resolution

Efforts to resolve disputes involving creators or copyright holders through litigation may be carried out by filing a claim for damages before the Commercial Court for violations of copyright ownership, in accordance with Article 95 paragraph (2) of the Copyright Law. By filing a lawsuit against copyright infringers, creators may obtain compensation proportional to the losses they have suffered. Such losses include both material and immaterial damages.

Compensation refers to the payment of a sum of money imposed upon perpetrators of violations of the economic rights of creators, copyright holders, and/or related rights owners based on a final and binding court decision in civil or criminal cases for the losses suffered by the creators, copyright holders, and/or related rights owners. If a copyright holder seeks legal remedies through litigation, the dispute may be submitted to the Commercial Court. Article 95 paragraph (2) of the Copyright Law stipulates that the Commercial Court is the judicial institution authorized to adjudicate copyright disputes.

Rights holders may file civil lawsuits in the form of claims for damages, as well as pursue criminal charges. Such claims and legal actions include the following:

### 1. Civil Lawsuit

This legal remedy is based on Article 1365 of the Indonesian Civil Code, which states that: *“Every unlawful act that causes damage to another person obliges the person whose fault caused the damage to compensate for such losses.”* The Copyright Law, particularly Articles 96–97, further regulates this matter (Undang - Undang No. 28 Tahun 2014 Tentang Hak Cipta, n.d.):

#### **Article 96 of Law Number 28 of 2014:**

- 1) Creators, Copyright Holders, and/or Related Rights Holders or their heirs who suffer economic losses are entitled to compensation.
- 2) Compensation as referred to in paragraph (1) shall be granted and included simultaneously in the court ruling concerning criminal cases of Copyright and/or Related Rights infringement.
- 3) Compensation to Creators, Copyright Holders, and/or Related Rights owners must be paid no later than six (6) months after the court decision has obtained permanent legal force.

#### **Article 97 of Law Number 28 of 2014:**

- 1) If a Work has been recorded pursuant to Article 69 paragraph (1), any interested party may file a lawsuit for the cancellation of the registration of the Work in the General Register of Works through the Commercial Court.
- 2) The lawsuit referred to in paragraph (1) shall be directed against the registered Creator and/or Copyright Holder.

Article 97, paragraph (1) of the Copyright Law stipulates that the Commercial Court is the judicial institution authorized to adjudicate copyright disputes. Other courts do not possess jurisdiction to resolve copyright disputes. This civil remedy primarily emphasizes liability for parties whose actions cause losses to others.

### 2. Criminal Charges

Article 9 of Law Number 28 of 2014 regulates the economic rights of creators or copyright holders as follows:

- 1) Creators or Copyright Holders, as referred to in Article 8, possess economic rights to undertake:
  - a. publication of Works;
  - b. reproduction of Works in all forms;

- c. translation of Works;
  - d. adaptation, arrangement, or transformation of Works;
  - e. distribution of Works or copies thereof;
  - f. performance of Works;
  - g. announcement of Works;
  - h. communication of Works; and
  - i. rental of Works.
- 2) Any person exercising the economic rights referred to in paragraph (1) is required to obtain permission from the Creator or Copyright Holder.
  - 3) Any person without the permission of the Creator or Copyright Holder is prohibited from reproducing and/or commercially using a Work.

Law Number 28 of 2014 concerning Copyright constitutes the principal legal basis for protecting the moral and economic rights of song creators. In practice, disputes regarding royalty payments continue to arise due to differences in interests between songwriters, users of copyrighted works, and business actors. These issues become increasingly complex when compared with the legal approach adopted in the European Union, particularly through the concept of *communication to the public*, which provides clearer parameters regarding the commercial use of copyrighted works.

### **Weaknesses of the Legal System and Its Implementation in Digital Royalty Disputes**

Although intellectual property regulations in Indonesia have provided a relatively clear legal foundation, their implementation in resolving digital royalty disputes still faces various weaknesses. The primary issue lies in the lack of synchronization between legal norms and the rapid development of digital technology. This condition is reflected in the absence of an integrated system for tracking the use of copyrighted works, calculating royalties, and distributing royalties to rights holders in a transparent and accountable manner. As a result, legal uncertainty arises, contributing to the increasing number of digital royalty disputes.

In practice, the protection of intellectual property rights in the digital music sector also encounters several challenges (Prihatin et al., 2024). First, difficulties in identifying copyright infringements, as violations are often committed through anonymous and cross-border digital networks, making the processes of evidence collection and law enforcement more complicated. Second, coordination and collaboration among law enforcement agencies, digital service providers, copyright holders, and royalty management institutions remain inadequate in establishing an effective protection system. Third, differences in regulations among countries indicate that copyright protection in digital spaces has not yet achieved uniform standards, thereby creating opportunities for cross-jurisdictional infringements. Fourth, the rapid advancement of digital technology, such as peer-to-peer sharing technology, further complicates efforts to monitor and prevent digital piracy. Fifth, the low level of public legal awareness regarding the importance of respecting copyright and fulfilling royalty payment obligations has contributed significantly to the rise of intellectual property infringements in the digital era.

Furthermore, weak supervision and law enforcement have become factors that worsen the protection of the economic rights of exclusive rights holders. In many cases, copyright infringements are not followed by effective and consistent law enforcement, thereby failing to create a deterrent effect for violators. This condition indicates that the intellectual property protection system remains largely repressive and has not yet functioned optimally as a preventive mechanism in avoiding digital royalty disputes (Sinaga et al., 2020).

Another issue lies in the lack of transparency in the management and distribution of royalties by digital platforms, as well as Collective Management Organizations (CMOs) and

the National Collective Management Organization (LMKN). The absence of a clear reporting system regarding the use of copyrighted works makes it difficult for rights holders to verify whether the royalties received correspond to the actual use of their works. In addition, the lack of clear parameters concerning the basis for royalty collection, transparency in royalty distribution, and the classification of public spaces considered for commercial use has generated controversy among business actors.

This situation has also led to criticism regarding the dominant position of CMOs in determining royalty tariffs, which may potentially give rise to unfair business competition practices as regulated under Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. To establish more specific parameters regarding royalty imposition and criteria for commercial use, Indonesia may refer to the principle of *Communication to the Public* as applied in the EU Infosoc Directive (2001/29/EC) (Farida et al., 2025). This principle emphasizes protection against unauthorized retransmission of works, expansion of audiences without consent, and the commercial exploitation of copyrighted works.

Based on these conditions, comprehensive regulatory reform and stronger legal implementation are urgently needed. Several measures may be undertaken: first, redefining commercial public spaces by considering the extent of the use of copyrighted works and their contribution to business profits; second, implementing a proportional royalty tariff scheme based on the type of business, venue capacity, and duration of music usage; third, enhancing transparency and accountability in royalty distribution by CMOs and LMKN; and fourth, strengthening legal education for the public and business actors regarding the importance of copyright protection. These measures are in line with the policies of the Directorate General of Intellectual Property (DJKI), which has begun implementing royalty relief schemes based on business space size, visitor capacity, and the level of music utilization in business activities.

Accordingly, strengthening legal protection for holders of exclusive intellectual property rights in digital royalty disputes requires not only regulatory reforms that are adaptive to technological developments, but also an implementation system that is transparent, accountable, and equitable. Ultimately, copyright protection should not merely be viewed as a legal obligation, but also as a form of respect for creativity and innovation, which constitute the primary foundation for the development of the cultural and digital economy industries.

### **Understanding the Role and Problems of Collective Management Organizations and the National Collective Management Organization in Digital Royalty Disputes**

Collective Management Organizations (CMOs) and the National Collective Management Organization (LMKN) hold a strategic position within the Intellectual Property Rights (IPR) protection system, particularly in the management, collection, and distribution of royalties to holders of exclusive rights. The establishment of CMOs is essentially intended to address the limitations faced by creators or rights holders in monitoring the widespread use of their works, especially in the digital era characterized by the intensive utilization of works through various digital platforms (Rabbani, 2024).

In addition to protecting the economic rights of creators, the royalty system also functions to create a healthy business climate, as business actors who comply with royalty payment obligations will obtain legal certainty and better business reputations (Farida et al., 2025). Nevertheless, in practice, the roles of CMOs and LMKN have not been fully effective in addressing the challenges of royalty management in the digital era. Rights holders frequently do not receive adequate information regarding revenue sources, calculation mechanisms, or the amount of royalties they receive. In fact, the effectiveness of copyright

protection is determined not only by the existence of regulations and management institutions, but also by active public participation in respecting copyright as a form of appreciation for intellectual works.

Furthermore, limitations in the utilization of information technology have also become a significant obstacle in digital royalty management. Within the context of the digital economy, CMOs and LMKN should be capable of developing technology-based systems that can track the use of work in real time. However, the existing systems remain insufficiently integrated, resulting in less-than-optimal royalty management effectiveness. This condition has affected the accuracy of usage data and caused delays in royalty distribution to rights holders.

Nevertheless, LMKN's performance has shown considerable progress. In 2025, LMKN successfully collected more than IDR 200 billion in music royalties, with the digital sector contributing the largest share. Analog royalties derived from general licensing and live events reached approximately IDR 77.88 billion, while the total royalties distributed amounted to approximately IDR 151.83 billion to 16,332 rights holders through various CMOs, including WAMI, RAI, KCI, TRI, and SELMI (Farida et al., 2025). The distribution system is carried out through CMOs to ensure more structured and transparent governance. However, significant challenges remain, particularly the large amount of unclaimed royalties, which reached IDR 70.44 billion, with approximately IDR 33 billion publicly announced for the first time (Munthe et al., 2025). This condition indicates that digital royalty governance still requires substantial improvement, especially in terms of data management and rights ownership verification.

In general, LMKN has developed several mechanisms to protect the economic rights of creators. First, through a copyright registration and data management system based on technology, namely the Song and Music Information System (*Sistem Informasi Lagu dan Musik* – SILM). This system is integrated with the Song and Music Data Center managed by the Directorate General of Intellectual Property (DJKI), thereby enabling creators, rights holders, LMKN, and commercial users to access data regarding the use of copyrighted works in a more systematic manner (Rahardja & Sinaga, 2024).

Second, LMKN collects royalties from various commercial users, including hotels, restaurants, shopping centers, public transportation, entertainment venues, and digital streaming services. These commercial users are required to pay royalties for the commercial use of songs or music in their business activities.

Despite the implementation of SILM, transparency in royalty management still faces numerous challenges. Dependence on technological systems without independent supervision and auditing may lead to data inaccuracies and errors in royalty distribution that disadvantage rights holders. In addition, creators who are not affiliated with CMOs often lack adequate access to directly monitor their royalty revenues. Bureaucratic issues in determining royalty tariffs, which require government approval, also contribute to delays in royalty distribution and create uncertainty for creators.

The absence of an effective auditing system and periodic reporting further weakens transparency in royalty distribution, thereby creating opportunities for misuse within digital royalty governance. This condition is reflected in the royalty dispute between the Mie Gacoan franchise network and the Collective Management Organization Sentra Lisensi Musik Indonesia (SELMI). In this dispute, the agreed royalty value reached IDR 2.2 billion for the 2022–2025 period, covering 65 outlets across various regions in Indonesia. The royalty calculation was based on the number of outlets, seating capacity, and the duration of commercial music usage.

Unfair business practices have also become a major factor contributing to digital royalty disputes. In the music industry, the use of songs in concerts and commercial activities

is often carried out without clear royalty payments. This issue is evident in the conflict between Ari Bias and Agnez Mo regarding the use of songs in commercial performances. The dispute illustrates the tendency of event organizers and performers to shift responsibility regarding royalty payment obligations.

In addition to regulatory and institutional factors, the low level of legal literacy among musicians and songwriters has also become a fundamental cause of royalty conflicts. Many creators still do not understand the distinction between moral rights and economic rights in copyright law, and therefore remain unaware of their entitlement to royalties for the commercial use of their works. This limited legal understanding places creators in a vulnerable position and increases the risk of exploitation by other parties.

### **The Concept of Legal and Technological Reform (Blockchain) in the Protection of Digital Royalties**

The development of the digital ecosystem requires adaptive legal reform to strengthen the protection of exclusive rights holders in digital royalty disputes. Such reform should not merely focus on the development of information systems, but rather emphasize the strengthening of legal and business aspects, particularly regarding licensing governance, transparency in royalty distribution, contractual certainty, and accountability in legal relationships among creators, business actors, digital platforms, and Collective Management Organizations (CMOs).

One strategic measure that may be undertaken is the establishment of a royalty management mechanism based on the principles of transparency, proportionality, and business accountability. Regulations need to provide clearer provisions regarding the obligations of digital platforms to grant access to work-usage data for rights holders and CMOs, including standards for royalty calculation and mechanisms for auditing royalty distribution. In this way, legal protection would not only remain normative in nature but would also become more implementative and responsive to the dynamics of the digital economy.

In addition to regulatory reform, the development of blockchain technology offers an alternative solution for improving the effectiveness of digital royalty protection (Marpaung, 2025). Blockchain is a decentralized ledger technology that enables data to be stored securely, transparently, and immutably. This technology has the potential to strengthen copyright protection systems because every transaction involving the use of copyrighted works can be permanently recorded and automatically verified. Through such a system, songwriters and rights holders may obtain greater certainty regarding the use of their works and the distribution of royalties to which they are entitled (Mousavian & Lie, 2025).

From the perspective of business law, blockchain also has significant relevance to the management of contracts and digital transactions. The characteristics of blockchain, which guarantee data integrity, are capable of minimizing the risks of manipulation or unauthorized alteration of data. This technology is supported by security systems such as hash, hash chain, private-public keys, and peer-to-peer (P2P) networks, thereby providing a high level of security and traceability in digital royalty management. Several important aspects of blockchain in the protection of digital royalties include:

1. The use of smart contracts in implementing licensing agreements and automatic royalty payments;
2. Decentralized data transparency that enhances transaction transparency;
3. The protection of data integrity through the principle of immutability; and
4. Support for regulatory compliance and more accurate auditing of royalty distribution.

The effectiveness of Intellectual Property Rights (IPR) protection in the digital era can essentially be achieved through synergy between legal reform and the proportional utilization

of technology (Mousavian & Lie, 2025). Therefore, several strategic measures may be undertaken, including:

1. Strengthening digital-based law enforcement through the establishment of cyber-forensics units, rapid takedown mechanisms, and cooperation with international platforms;
2. Enhancing transparency in royalty distribution by CMOs through periodic audits, public reporting, and standardized royalty bookkeeping systems;
3. Standardizing metadata and utilizing digital fingerprinting technology to ensure the accurate recording of digital identities of copyrighted works;
4. Developing pilot projects for the use of blockchain and smart contracts in digital royalty management to improve the efficiency and transparency of royalty distribution; and
5. Strengthening legal education for the public and creative industry actors regarding the importance of respecting copyright and fulfilling royalty payment obligations.

Accordingly, the essence of reforming the digital royalty protection system should be directed toward establishing a business law governance framework that is more transparent, accountable, and equitable. The government, digital platforms, CMOs, and creative industry actors need to develop a royalty distribution system capable of providing legal certainty for creators without hindering the growth of the digital music industry. In this context, the implementation of blockchain technology should not merely be understood as a technological innovation, but also as a supporting instrument for legal and business reform aimed at creating a healthy, efficient, and sustainable digital royalty ecosystem.

## CONCLUSION

The development of digital technology has transformed the patterns of utilization of songs and musical works while simultaneously increasing the complexity of royalty disputes in the digital era. Although Indonesia has established regulations in the field of Intellectual Property Rights, legal protection for copyright holders still faces various challenges, including weak supervision, low transparency in royalty distribution, limitations in digital management systems, and regulations that are not yet fully adaptive to technological developments. In practice, Collective Management Organizations (CMOs) and the National Collective Management Organization (LMKN) play an important role in royalty management; however, the effectiveness of their implementation still requires improvement through governance systems that are more transparent, accountable, and technology-based. Therefore, legal reform supported by the utilization of digital technologies, such as blockchain, smart contracts, and work-tracking systems, is necessary to establish a royalty distribution mechanism that is more effective, accurate, and equitable. In addition to strengthening regulations and supervision, enhancing legal education for creative industry actors and the public also constitutes an important step in fostering awareness regarding the protection of copyrights in songs and music in the digital era.

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