

## **A Legal Study of the Implementation of the Collective Music Royalty Management System in Indonesia**

Sri Retno Widyorini<sup>1</sup>, Husnia Hilmi Wahyuni<sup>2</sup>, Bambang Joyo Supeno<sup>3</sup>

<sup>1,2,3</sup>Faculty of Law, University of August 17, 1945 Semarang

\*[sriretnowidyorini@gmail.com](mailto:sriretnowidyorini@gmail.com)

**Submission:**

2025-11-08

**Review:**

2025-11-25

**Accepted:**

2025-11-25

**Publish:**

2025-11-30

**ABSTRACT;** *The collective management system regulated by Law Number 28 of 2014 concerning Copyright, Government Regulation Number 56 of 2021, and various ministerial regulations is designed to protect the economic rights of creators, related rights owners, and users of musical works through a royalty collection and distribution mechanism. However, its implementation has given rise to various normative issues, ranging from overlapping authority between LMK and LMKN, unclear licensing mechanisms, and minimal transparency in royalty distribution. This culminated in a number of creators filing judicial review lawsuits against PP 56/2021 and Permenkumham 27/2025, objecting to the system's inconsistency with copyright protection principles. This study aims to legally examine the implementation of the collective music royalty management system in Indonesia and assess its compliance with the principles of justice, legal certainty, and transparency. This study uses a normative legal approach supported by philosophical and conceptual analysis. The results of this study found that the implementation of the collective royalty management system still faces various ineffectiveness, including potential conflicts of interest, administrative burdens, and a lack of institutional accountability. This situation demonstrates the need for regulatory reform and strengthening of institutional governance so that the royalty management system can operate fairly, transparently, and sustainably to support the national music industry ecosystem.*

**Keywords:** *Copyright; LMK; LMKN; Music Royalties*

## INTRODUCTION

Copyright is a form of legal protection for intellectual works, regulated by Law No. 28 of 2014 concerning Copyright. In the context of the music industry, copyright protection encompasses not only the moral aspects of creators but also the economic aspects through the royalty mechanism.<sup>1</sup> Music royalties are a vital instrument that guarantees songwriters economic compensation for the use of their works, whether through public performances (performing rights), mechanical reproduction (mechanical rights), or other forms of commercial exploitation.

Musical works are a form of intellectual property that holds both economic and moral value for creators. In Indonesia, the system for managing song and/or music copyright royalties is framed by quite complex legal frameworks. The legal basis is Law No. 28 of 2014 concerning Copyright, which mandates the establishment of a collective management institution to collect and distribute royalties.<sup>2</sup>

Its implementation was further strengthened by Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties, which regulates the obligations, mechanisms, and governance of royalties, along with implementing regulations such as Regulation of the Minister of Law and Human Rights Number 27 of 2025, which clarifies the authority of the managing institution.

The existence of a collective royalty management system through the LMKN aims to ensure that creators who have registered their works with the Directorate General of Intellectual Property receive their economic rights fairly, and to regulate the commercial use of musical works by users such as restaurants, cafes, digital media, and others.<sup>3</sup>

However, in practice, various normative and operational issues often arise. One clear indication is the lawsuit filed by seven songwriters representing the collective voice of creators who felt aggrieved by the implementation of the LMKN system against the LMKN at the Supreme Court of the Republic of Indonesia on October 29, 2025. They filed a judicial review petition against Government Regulation 56/2021 and Minister of Law and Human Rights Regulation No. 27/2025.<sup>4</sup>

This problem arose from the lack of clarity in the royalty collection and distribution mechanisms, data transparency, and the system, necessitating legal certainty for creators and users of works. The regulation requires that users of commercial music works obtain a license from the LMKN and pay royalties. However, in practice, protests often arise from creators who feel their rights have not been met, or from users who feel the regulatory burden is too heavy or the provisions are

---

<sup>1</sup> Salsabila, N. Z., & Roisah, K. (2024). *Implementasi Pemberian Royalti bagi Pemegang Hak Cipta Terkait Pendistribusian Musik Melalui Platform SoundOn pada Aplikasi TikTok*. 6(3), 9551–9560.

<sup>2</sup> Al-Farizi, F. (2025). *Lembaga Manajemen Kolektif Nasional (LMKN) dan Perlindungan Hukum atas Royalti*. Pusat Konsultasi Dan Bantuan Hukum. [https://pkbh.uinss.ac.id/lembaga-manajemen-kolektif-nasional-lmkn-dan-perlindungan-hukum-atas-royalti/?utm\\_source=chatgpt.com](https://pkbh.uinss.ac.id/lembaga-manajemen-kolektif-nasional-lmkn-dan-perlindungan-hukum-atas-royalti/?utm_source=chatgpt.com)

<sup>3</sup> LMKN. (2025). *Sistem Baru LMKN: Royalti Musik Transparan, Adil, dan Tepat Sasaran*. Sekretariat LMKN. [https://www.lmkn.id/sistem-baru-lmkn-royalti-musik-transparan-adil-dan-tepat-sasaran/?utm\\_source=chatgpt.com](https://www.lmkn.id/sistem-baru-lmkn-royalti-musik-transparan-adil-dan-tepat-sasaran/?utm_source=chatgpt.com)

<sup>4</sup> Anggraini, P. (2025, October 30). 7 Pencipta Lagu Resmi Gugat LMKN ke MA. *Detik.Com*. <https://www.detik.com/pop/music/d-8185364/7-pencipta-lagu-resmi-gugat-lmkn-ke-ma>

unfair.

The lawsuit, filed on October 29, 2025, challenges several crucial articles in Government Regulation 56/2021, namely Articles 8, 9, 12, 13, and 14, which regulate the authority of the Music Royalty Collective (LMKN). The petitioners argue that the LMKN has caused massive chaos in royalty management, created legal uncertainty for creators, strained the relationship between the LMK and creators, and confused music users regarding the proper royalty payment mechanism.

One criticism raised concerns the secretive and seemingly sudden appointment of LMKN commissioners, which was completed in less than a day. Further problematic is the fact that several LMKN commissioners are officials or special staff members of the Ministry of Law and Human Rights holding concurrent positions, creating potential conflicts of interest and questioning the institution's independence in carrying out its functions. This lawsuit against the LMKN is crucial for legally reviewing the compliance of the implementation of the collective music royalty management system in Indonesia with legal principles, applicable regulations, and the principle of fairness for all parties.

## **PROBLEM**

What is the role of LMKN in managing royalties for songwriters?

How does LMK relate to creators and music users regarding the royalty payment mechanism?

## **RESEARCH METHODS**

The research method used is normative juridical by analyzing secondary legal sources, including laws and regulations, court decisions, and relevant legal literature (Marzuki, 2017). This study aims to determine and analyze normatively the regulation of the collective management system of music royalties in Indonesia along with the legal status of the National Collective Management Institution (LMKN) regarding its compliance with the principles of justice, transparency, and legal certainty.

## **DISCUSSION**

### **Regulation of the Collective Management System for Music Royalties in Indonesia**

The Copyright Law essentially maintains a system of protecting creators' rights so they can enjoy the economic benefits of a creative process. Anyone who benefits from a creator's economic rights must respect them, expressed in the form of a request for permission or approval from the creator.<sup>5</sup> The collective royalty management system in Indonesia is regulated by several key regulations, namely:

- a. Law Number 28 of 2014 concerning Copyright (Copyright Law)

In the Indonesian legal system, copyright is the primary basis for the protection of intellectual works. According to Article 1, point 1 of Law Number 28 of 2014, copyright is defined as the exclusive right of the creator that arises automatically based on the declarative principle after a work is manifested in a tangible form without prejudice to restrictions stipulated in statutory regulations. This provides the understanding that if a work, such as a song, music, or composition, has been created

---

<sup>5</sup> Pramanto, W. J. (2022). Optimization Of Withdrawal And Distribution Of Copyright. *Jurnal Hukum Dan HAM Wicarana*, 1(2), 93–104.

and expressed in a tangible form, the copyright for that work is legally vested in the creator without the need for prior registration. This right grants the creator full authority to regulate, permit, or prohibit others from using their work.

As a consequence of copyright, economic rights arise that provide financial benefits to the creator. These economic rights are then realized in the form of royalties, as explained in Article 1, number 21 of the Copyright Law, which states that royalties are compensation for the use of the economic rights of a work or related rights product received by the creator or related rights owner.

In other words, every time a song or music is used for commercial purposes, such as playing in cafes, hotels, cinemas, or broadcast media by a user, the user is required to pay royalties as a form of appreciation and legal protection for the creator's economic rights. This royalty mechanism provides a concrete form of legal protection for copyrighted works in the economic sphere. To ensure that the collection and distribution of royalties is fair, transparent, and efficient, the law introduces the role of Collective Management Institutions (LMK). Based on Article 1, number 22 of the Copyright Law, Collective Management Institutions are non-profit legal entities authorized by Creators, Copyright Holders, and/or Related Rights owners to manage their economic rights by collecting and distributing royalties. The Musical Instrument (LMK) acts as an intermediary between creators and users, ensuring that any commercial use of musical works results in fair compensation for both creators and rights holders.

Copyright serves as the legal basis for protecting works; royalties represent the concrete form of protected economic rights; and the LMK serves as an institutional instrument that guarantees the implementation of these rights so that creators can enjoy them effectively. This system ideally aims to create a balance between the interests of creators as rights holders and the interests of the public as users of creative works, allowing the creative industry ecosystem to grow within a fair and sustainable legal framework.

The existence of the LMK in the Copyright Law is a concrete manifestation of the protection of creators' economic rights, as guaranteed in Article 9 of the Copyright Law, which states:

The Creator or Copyright Holder as referred to in Article 8 has the economic rights to:

- a. publish the Work;
- b. reproduce the Work in all forms;
- c. translate the Work;
- d. adapt, arrange, or transform the Work; or
- e. distribute the Work or copies thereof;
- f. perform the Work;
- g. announce the Work;
- h. communicate the Work; and
- i. rent the Work.

Any person exercising the economic rights as referred to in paragraph (1) must obtain permission from the Creator or Copyright Holder. Any person who, without permission from the Creator or Copyright Holder, is prohibited from reproducing and/or using the Work commercially.

With the existence of a Copyright Office (LMK), creators no longer need to collect royalties individually from each user of their work, but can delegate this authority to an

LMK, which functions as a professional intermediary. LMK are required to obtain an operational permit from the Minister of Law and Human Rights, which means that their existence is under direct government supervision, thus guaranteeing the legality and accountability of the institution.

However, normatively, the provisions of the Copyright Law only regulate the basic principles of the establishment and function of LMKs. Technical aspects, such as the collection, calculation, and distribution of royalties, are further regulated in derivative regulations. Therefore, these provisions remain general in nature and require more detailed elaboration in implementing regulations for effective implementation.

Government Regulation Number 56 of 2021 concerning Management of Song and/or Music Copyright Royalties. In Indonesia's copyright protection system, the management of song and/or music copyright royalties is a crucial instrument to ensure that creators and related rights owners receive fair compensation for the use of their works. Government Regulation Number 56 of 2021 was enacted as a follow-up to the Copyright Law to provide more concrete legal certainty regarding the management of song and music royalties. This Government Regulation emphasizes that any commercial use of musical works must be accompanied by royalty payments to the creator or copyright holder. This is emphasized in Article 3, which states:

"Any person may engage in commercial use of songs and/or music in the form of commercial public services by paying royalties to the creator, copyright holder, and/or related rights owner through the LMKN (National Institute for Public Relations).

The above provisions provide the understanding that anyone who uses songs or music for commercial purposes, such as in restaurants, cafes, hotels, cinemas, public transportation, broadcasting, or digital platforms, is legally obligated to pay royalties, as stipulated in Article 3 regarding the criteria for commercial venues, namely:

Forms of commercial public services as referred to in paragraph (1) include: a. commercial seminars and conferences; b. restaurants, cafes, pubs, bars, bistros, nightclubs, and discotheques; c. music concerts; d. airplanes, buses, trains, and ships; e. exhibitions and bazaars; f. cinemas; g. telephone waiting lines; h. banks and offices; i. shops; j. recreation centers; k. television broadcasting institutions; l. radio broadcasting institutions; m. hotels, hotel rooms, and hotel facilities; and n. karaoke businesses.

The main objective of these regulations is to create a transparent, fair, and integrated system for collecting and distributing royalties throughout Indonesia. As part of this system, the government has established a Song and/or Music Data Center integrated within the Song and Music Information System (SILM). This data center serves as a national information base containing lists of songs, creators, related rights owners, and records of song usage for commercial purposes. Through this system, every use of musical works can be monitored and recorded digitally, allowing for more accurate and accountable royalty calculations and distribution. The existence of this data center also helps avoid overlapping copyright claims and strengthens transparency between creators, users, and management institutions.

PP 56/2021 also clarifies the oversight mechanism for LMKs and strengthens the position of LMKN as a technical regulator, ensuring fair and proportional royalty distribution. With this regulation, the collective royalty management system in Indonesia is shifting toward a one-gate system, a centralized system that avoids overlap between LMKs and promotes efficient royalty governance.

Regulation of the Minister of Law and Human Rights Number 20 of 2021

concerning Collective Management Institutions and National Collective Management Institutions Minister of Law and Human Rights Regulation Number 20 of 2021 concerning Collective Management Institutions and National Collective Management Institutions outlines in more detail the institutional structure, functions, and working procedures of LMK and LMKN. It emphasizes that LMK is an institution established by a group of creators, artists, or recording producers whose primary function is to collect royalties from users and distribute them to members or related rights holders. LMK operates based on a power of attorney agreement between its members. Meanwhile, LMKN acts as a national coordinator, regulating the collective management system at the national level. LMKN does not collect royalties directly, but rather manages cross-sector and cross-LMK distribution mechanisms, sets national royalty rate standards, and maintains a song and music information system. Thus, LMKN acts as a facilitator and supervisor, not a competitor to LMK.

This Minister of Law and Human Rights Regulation also emphasizes the importance of transparency and accountability, with each LMK required to submit an annual report to the Minister of Law and Human Rights regarding its royalty collection and distribution activities. This provision aims to protect the economic rights of creators and maintain public trust in the royalty management system in Indonesia.

Regulation of the Minister of Law and Human Rights Number 27 of 2022 concerning the Implementation of Song and/or Music Royalty Management. As an update to the previous regulation, Minister of Law and Human Rights Regulation Number 27 of 2022 strengthens the implementation of the digital music royalty management system through a one-gate system. Under this system, all royalty payments from various users (both digital and non-digital) are integrated through the Music Royalty Management Agency (LMKN) as a single national gateway. The goal is to ensure transparency, efficiency, and accountability in the collection and distribution of royalties to creators and related rights holders.

Through this policy, the LMKN is required to provide an open and verified information system so that creators can directly monitor the revenue generated from the use of their works. This digitization also allows music users to more easily obtain song usage permits, as they can simply interact through a single national system without having to deal with multiple LMKs.

While the goal of this Minister of Law and Human Rights Regulation is to create efficiency and fairness, its implementation has generated considerable debate. Some, including songwriters, believe that the "one-gate" system actually centralizes power in the hands of the LMKN, potentially reducing the autonomy of the LMK and the individual rights of creators. Therefore, this regulation is an important aspect to be studied normatively, so that its implementation remains in line with the principles of justice, proportionality, and copyright protection as mandated in the Copyright Law.

Minister of Law and Human Rights Regulation Number 27 of 2025 was issued as an improvement and simplification of the previous regulation concerning the management of song and/or music royalties in Indonesia. This regulation is an implementing regulation of Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties, which regulates in more detail the technical and operational aspects related to the implementation of a collective management system in the music sector. The main objective of this regulation is to create a more efficient, transparent, and integrated royalty management mechanism nationally, while adapting to developments in information technology and the needs of

the dynamic music industry.

In its implementation, Ministerial Regulation 27/2025 revokes two previous regulations:

1. Ministerial Regulation No. 36 of 2018 concerning Procedures for Application and Issuance of Operational Permits and Evaluation of Collective Management Institutions (LMK), which previously regulated the administrative procedures for establishing and evaluating LMKs in the song and/or music sector.
2. Ministerial Regulation No. 9 of 2022 concerning Implementing Regulations for Government Regulation No. 56 of 2021, which serves as the initial technical basis for implementing royalty management after the issuance of Government Regulation No. 56/2021.

By revoking these two regulations, Ministerial Regulation No. 27/2025 aims to unify all operational provisions within a more comprehensive and consolidated legal framework. This regulation reaffirms the role of the National Collective Management Institution (LMKN) as the primary coordinator within the national collective management system, including in setting royalty rates, managing the Song and Music Information System (SILM), and distributing royalties to creators and related rights holders through the Collective Management Institution (LMK).

Furthermore, this regulation clarifies the institutional relationship between LMKN (National Music Institution), LMK (National Music Institution), and the Ministry of Law and Human Rights, and establishes standards of accountability and financial transparency that must be adhered to by all parties involved in royalty management. Through Permenkumham 27/2025, the government seeks to address various previously emerging issues, such as overlapping authority, unclear licensing mechanisms, and irregular royalty distribution, which often disadvantage songwriters.

Thus, Permenkumham 27/2025 serves not only as a technical guideline for the implementation of Government Regulation No. 56 of 2021 but also as a form of regulatory reform in the governance of national music royalties. This regulation marks an important step in strengthening legal certainty, increasing public trust in the collective management system, and ensuring that the economic rights of creators and related rights holders are effectively and fairly protected.

### **Legal Position of LMKN in Managing the Collective Management System for Music Royalties in Indonesia**

Song and/or music royalties in Indonesia are managed through two types of institutions: the Collective Management Institution (LMK) and the National Collective Management Institution (LMKN). These two institutions have a complementary functional relationship within the collective royalty management system (Ginting, 2019), as stipulated in Law Number 28 of 2014 concerning Copyright, as well as its derivative regulations, such as Government Regulation Number 56 of 2021 and Regulation of the Minister of Law and Human Rights Number 20 of 2021.

#### **a. Collective Management Institution (LMK)**

LMK is a non-profit legal entity established by a group of creators, artists, or recording producers with the primary purpose of collectively managing the economic rights of its members. This institution plays a central role in the music royalty management system in Indonesia. Article 87 of Law Number 28 of 2014 concerning Copyright states that:

To exercise economic rights, every Creator, Copyright Holder, or Related Rights

owner must become a member of a Collective Management Institution so that they can collect reasonable compensation from users who utilize Copyright and Related Rights in the form of commercial public services.

The main characteristics of the LMK indicate that this institution is not profit-oriented, but rather focused on protecting and managing the economic rights of its members. The LMK operates under direct authorization from creators or rights holders, ensuring that all royalty collection and distribution activities are carried out under a legitimate mandate. Furthermore, the LMK is autonomous and independent, meaning that although it operates under government supervision, it remains directly accountable to its members. Functionally, the LMK has a dual role: collecting and distributing royalties to those entitled to receive them.

The LMK has the authority to collect and distribute royalties to those entitled to use songs or music, whether in digital media, live performances, broadcasts, or other commercial venues.

Structurally, the LMK obtains legal legitimacy through an operational permit from the Minister of Law and Human Rights, ensuring that all royalty collection and distribution activities are legally valid. The LMK operates under authorization from the creators or rights holders, meaning that all royalty collection and distribution activities are carried out for and on behalf of its members.

Several LMKs operating in Indonesia include (1) Wahana Musik Indonesia (WAMI), which represents songwriters and composers; (2) Royalty Award Indonesia (RAI), which represents creators and artists; (3) Sentra Licensing Musik Indonesia (SELMI), which represents creators and related rights owners; (4) Karya Cipta Indonesia (KCI), ASIRINDO, ARDI, and other institutions that manage royalties across various related rights categories.

The main functions of LMK, according to Article 88 of the 2014 Copyright Law, can be categorized into three main activities: (1) Managing licensing for the use of musical works, where LMK grants licenses or permission to use them to commercial users, such as restaurants, hotels, broadcasters, or digital platforms; (2) Collecting royalties from users, where LMK receives royalty payments from users based on a license agreement or predetermined tariff provisions; and (3) Distributing royalties to members, where the proceeds from the royalty collection are then distributed proportionally to members based on recorded usage data. As stated in Article 88 paragraph (2) of the 2014 Copyright Law, the operational permit referred to in paragraph (1) must meet the following requirements:

- a. be a non-profit Indonesian legal entity
- b. be authorized by the Creator, Copyright Holder, or Related Rights owner to collect, collect, and distribute royalties;
- c. have a power of attorney consisting of at least 200 (two hundred) Creators for the Collective Management Institution for songs and/or music representing the interests of creators and at least 50 (fifty) members for the Collective Management Institution representing Related Rights owners and/or other Copyright objects;
- d. aim to collect, collect, and distribute royalties; and
- e. be capable of collecting, collecting, and distributing royalties to Creators, Copyright Holders, or Related Rights owners.

Through this system, LMK acts as a legal intermediary that protects the economic rights of creators and ensures that the use of musical works in the public sphere does

not infringe copyright. Thus, LMK plays a crucial role in creating a fair and sustainable music industry ecosystem.

LMK also has several obligations, including: obtaining an operational permit from the Minister of Law and Human Rights, conducting financial and performance audits at least once a year by a public accountant, and announcing the results of these audits to the public through national print and electronic media. Furthermore, LMK is also required to submit to an annual evaluation conducted by the Minister to ensure transparency and accountability in royalty management. This obligation is stated in Article 90 of the Copyright Law, which states:

In managing the rights of creators and owners of related rights, collective management institutions are required to conduct financial and performance audits by a public accountant at least once a year, with the results announced to the public through one national print media outlet and one electronic media outlet.

In an institutional context, the Copyright Law distinguishes between two types of LMK: (a) the National LMK Creators, which represents the interests of creators and copyright holders of songs and/or music, and (b) the National LMK Owners of Related Rights, which represents the interests of performers, phonogram producers, and broadcasting institutions. This division is intended to ensure that royalty management can be carried out proportionally and in accordance with the types of rights represented. This is regulated in Article 89 paragraph (1), which states, "To manage Copyright Royalties in the field of songs and/or music, two (2) national Collective Management Institutions will be established, each representing the following: a. the interests of Creators; and b. the interests of Related Rights owners.

Legally, the position of LMK can be understood as an "extension" of creators in collecting and managing their economic rights. LMK functions like a "legal agent" or "debt collector" legally authorized by law, because it acts on the basis of power to manage royalties for the benefit of its members. Thus, the existence of LMK provides a strong legal basis for creators so that their economic rights can be effectively protected amidst the rapid use of musical works in various forms of media and commercial activities.

Lembaga Manajemen Kolektif Nasional (LMKN). Above the LMK structure, there is the National Collective Management Institute (LMKN), which acts as a coordinating body and technical regulator within the collective management system in Indonesia. Based on Article 1, number 5 of Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties, the LMKN is defined as a non-APBN government-assisted institution established by the Minister of Law and Human Rights. The LMKN has the authority to collect, collect, and distribute royalties, as well as manage the economic rights of creators and related rights holders in the field of songs and music.

Unlike the LMK, which reports directly to its members, the LMKN is accountable to the Minister of Law and Human Rights. The LMKN's character as a government-assisted institution demonstrates that, although it does not use APBN funds, it performs a public function in ensuring order, transparency, and integration of the national royalty management system. The LMKN also serves as a liaison between various LMKs in Indonesia to ensure fair and efficient royalty data collection and distribution.

The National Collective Management Institute (LMKN) is a non-state budget-funded government-assisted institution established by the Minister of Law and

Human Rights under the mandate of Law Number 28 of 2014 concerning Copyright. Normatively, the definition of LMKN is contained in Article 1, number 11 of Government Regulation Number 56 of 2021 concerning Management of Song and/or Music Copyright Royalties, which states that LMKN is a non-state budget-funded government-assisted institution authorized to collect, collect, and distribute royalties and manage the economic rights of creators and related rights holders in the field of songs and/or music.

From this definition, several key characteristics of LMKN can be concluded: LMKN is a state auxiliary organ, not a primary state institution. Theoretically, a state auxiliary organ is an institution established to assist in the implementation of the functions of primary state institutions, outside the main state power structure. LMKN falls into this category because its function is coordinative, not fully executive, and it was established to support the government's function in the field of music copyright management. The LMKN is non-APBN (State Budget) institution, meaning it does not use state funds for its operations. Although established by the Minister of Law and Human Rights based on the attribution authority of the Copyright Law, it has public authority, namely collecting and distributing royalties, which was previously the private responsibility of the LMK. The LMKN is administratively accountable to the Minister, not to creators or copyright holders.

The LMKN's organizational structure, as stipulated in Article 18 of Government Regulation 56/2021, consists of two main sections: (a) the Creator LMKN, which represents the interests of creators and copyright holders; and (b) the Related Rights Owner LMKN, which represents the interests of performers, phonogram producers, and broadcasting institutions. This structural division allows the LMKN to function proportionally according to the protected rights areas.

The LMKN's authority is detailed in Government Regulation 56/2021, including: (a) collecting royalties from users of musical works for commercial purposes; (b) collecting royalties obtained from various sources of use; (c) distributing royalties to creators and related rights owners through authorized LMKs. (d) managing the Song and/or Music Information System (SILM) as a national database that records song usage across various platforms; and (e) collaborating with third parties to develop and maintain the system.

Thus, the National Music and Music Information System (LMKN) serves as the central authority for national royalty governance, while the Music and Music Information System (LMK) carries out operational functions at the member representative level. The relationship between the LMK and LMKN is coordinative and hierarchical, as the LMK collects and distributes royalties on behalf of its members, while the LMKN oversees, sets standards, and ensures that all activities comply with laws and regulations. Through this integrated structure, it is hoped that the collective music royalty management system in Indonesia will operate transparently, fairly, and accountably, while strengthening the protection of creators' economic rights in the increasingly advanced creative industry.

However, the LMKN's public authority is considered to lack a strong basis for attribution, as the law does not explicitly grant the Minister the authority to establish an institution with a new public function. From a civil law perspective, copyright is a private right that is exclusive and inherent in the creator. The relationship between

the creator and the LMK is civil through a power of attorney agreement. However, with the presence of LMKN, there was a shift from a private system to a public system.

Under the new system, users must apply for licenses and report music usage through the Song and Music Information System (SILM) managed by the Music and Song Information Agency (LMKN). While intended to promote efficiency and transparency, this system creates additional administrative burdens, especially for small and medium-sized businesses unfamiliar with complex digital processes. Limited government outreach and technical guidance have made it difficult for many businesses to fulfill these administrative obligations. As a result, compliance with royalty payments tends to decline, not increase.

Government Regulation 56/2021 stipulates that royalty rates are determined by the LMKN in conjunction with the Minister of Law and Human Rights. However, the determination mechanism is not transparent. Users are not involved in the public consultation process, resulting in rates often perceived as disproportionate to business actors' economic capabilities.

This lack of transparency creates legal uncertainty and potential injustice, with users feeling burdened while creators do not necessarily receive their fair share of royalties. This demonstrates the regulatory weakness in ensuring transparency and proportionality in rates, as mandated by the principles of good governance.

The regulatory uncertainty resulting from overlapping between the LMK and LMKN creates an unfavorable investment climate. Both domestic and foreign investors are hesitant to invest in the Indonesian music industry due to perceived opaque and inefficient royalty mechanisms. The lengthy bureaucratic system also causes delays in receiving royalties, further impairing the well-being of creators.

## **CONCLUSION**

The implementation of the collective music royalty management system in Indonesia is fundamentally legally grounded in the Copyright Law, Government Regulation 56/2021, and various ministerial regulations governing the technical aspects of royalty collection and distribution. The existence of LMK and LMKN is designed to protect the economic rights of creators, ensure licensing regularity, and encourage the creation of a transparent, accountable, and efficient system for the utilization of musical works. However, studies have shown that the implementation of this system still faces various legal and operational issues. Unclear authority between LMK and LMKN, weak transparency in royalty collection and distribution, and non-participatory administrative processes create legal uncertainty for both creators and users. The creators' lawsuit against Government Regulation 56/2021 and Minister of Law and Human Rights Regulation 27/2025 indicates that the one-gate system actually opens up opportunities for conflicts of interest, centralization of power, and weakening of the LMK's representative function.

## **REFERENCES**

Al-Farizi, F. (2025). *Lembaga Manajemen Kolektif Nasional (LMKN) dan Perlindungan*

*Hukum atas Royalti*. Pusat Konsultasi Dan Bantuan Hukum.

[https://pkbh.uinssc.ac.id/lembaga-manajemen-kolektif-nasional-lmkn-dan-perlindungan-hukum-atas-royalti/?utm\\_source=chatgpt.com](https://pkbh.uinssc.ac.id/lembaga-manajemen-kolektif-nasional-lmkn-dan-perlindungan-hukum-atas-royalti/?utm_source=chatgpt.com)

Anggraini, P. (2025, October 30). 7 Pencipta Lagu Resmi Gugat LMKN ke MA.

*Detik.Com*. <https://www.detik.com/pop/music/d-8185364/7-pencipta-lagu-resmi-gugat-lmkn-ke-ma>

Ginting, A. R. (2019). Peran Lembaga Manajemen Kolektif Nasional dalam perkembangan Aplikasi Musik Streamin (The Role of National Collective Management Institutions in The Rise of Music Streaming Applications). *Jurnal Ilmiah Kebijakan Hukum*, 13(3), 379–398.

LMKN. (2025). *Sistem Baru LMKN: Royalti Musik Transparan, Adil, dan Tepat Sasaran*. Sekretariat LMKN. [https://www.lmkn.id/sistem-baru-lmkn-royalti-musik-transparan-adil-dan-tepat-sasaran/?utm\\_source=chatgpt.com](https://www.lmkn.id/sistem-baru-lmkn-royalti-musik-transparan-adil-dan-tepat-sasaran/?utm_source=chatgpt.com)

Marzuki, P. M. (2017). *Penelitian Hukum*. Kencana Prenada Media Group.

Pramanto, W. J. (2022). Optimization Of Withdrawal And Distribution Of Copyright. *Jurnal Hukum Dan HAM Wicarana*, 1(2), 93–104.

Salsabila, N. Z., & Roisah, K. (2024). *Implementasi Pemberian Royalti bagi Pemegang Hak Cipta Terkait Pendistribusian Musik Melalui Platform SoundOn pada Aplikasi TikTok*. 6(3), 9551–9560.