

JURIDICAL ANALYSIS OF THE IMPLEMENTATION OF DIRECT LICENSING AS AN ALTERNATIVE MECHANISM FOR MANAGING SONG COPYRIGHT ROYALTIES

Raden Handiriono
Swadaya Gunung Jati University, Cirebon.
Email raden.handiriono@ugj.ac.id



DOI 10.33603/responsif.v17i2.12254

Accepted: July 2026; Revised: July 2026; Published: August 2026

Abstract

The changing music industry ecosystem, increasingly driven by digital technology, has created new challenges for songwriters in copyright and royalty management. The collective management system, which has been the main instrument for distributing royalties, is often considered inefficient and non-transparent, and has not fully provided creators with space to control their economic rights independently. In the midst of this dynamic, a direct licensing mechanism has emerged as an alternative that allows creators to grant users direct permission to use musical works without intermediaries. This study seeks to analyze the role and implementation of direct licensing within Indonesia's copyright law framework and to provide an optimal regulatory approach to guarantee legal certainty and the effective safeguarding of authors' economic rights in the future. The study employs a normative juridical methodology with a conceptual framework, qualitatively examining laws and regulations through the interpretation of fundamental principles of copyright law. The study's findings indicate that direct licensing rests on a robust legal legitimacy foundation, grounded in the exclusive rights of artists and the concept of freedom of contract; nonetheless, it faces challenges due to the absence of explicit laws and insufficient support structures. To realize a fair and effective system, it is necessary to establish a legal mechanism that recognizes direct licensing as a legal instrument that operates alongside collective management, and to accompany it with measures to strengthen transparency, digital recording, and the protection of electronic contracts.

Keywords: *Direct Licensing, Copyright, Royalty Management.*

I. INTRODUCTION

Copyright constitutes a category of intellectual property rights encompassing the broadest range of protected entities. Copyright plays a strategic role in balancing the interests of creators and users of works. Musical compositions are a category of work safeguarded by copyright. A song is defined as a composition that embodies the emotions and thoughts of its composer.

Nonetheless, notwithstanding copyright protection, disagreements over copyright infringement between parties remain prevalent. This type of disagreement typically encompasses allegations of plagiarism or the improper utilization of the material. In the realm of music, the right to publicly perform or play songs is an exclusive privilege of the Creator/Copyright Holder. Permission or a license is required to publicly perform music, unless the music is in the public domain or its use qualifies as Fair Use. Copyright safeguards the creator's artistic expression and serves as the primary source of economic rights, enabling creators to receive compensation for the utilization of their works. Law Number 28 of 2014 about Copyright (UUHC) stipulates that any utilization of a copyrighted work necessitates authorization from the creator or copyright holder, together with acknowledgment of the moral and economic rights associated with the work. The exercise of commercial rights pertaining to songs and/or music in Indonesia is fundamentally governed by a licensing system and royalty management. Under a favorable legal framework, the Government established the National Collective Management Institution (LMKN) as the body responsible for managing, collecting, and distributing royalties for the commercial use of musical works, as outlined in Government Regulation No. 56 of 2021 on the Management of Song and/or Music Copyright Royalties. This approach positions LMK and LMKN as pivotal entities in copyright transactions, intending to establish a coordinated, transparent, and equitable management framework for all rights holders.

Although this collective system has a strong legal foundation, a new phenomenon, direct licensing, has emerged in practice. *Direct licensing* is a mechanism for granting permission from the creator or copyright holder directly to the user of the work without going through a collective management institution. This model is widely used in various jurisdictions such as Malaysia, Singapore, and China because it is considered to provide greater flexibility, administrative efficiency, and the ability of creators to negotiate directly regarding the economic value of their work.

The Indonesian court affirmed the direct licensing mechanism in a ruling upholding a case filed by the creator under a direct licensing claim. Royalty management should be conducted via the Collective Management Institute (LMK) and the National Collective Management Institute (LMKN) (Rusdinah & Sitorus, 2025).

The presence of direct licensing in Indonesia presents intricate legal challenges. Initially, there are no specific requirements concerning direct licensing in the Law or PP 56/2021. This

prompts an inquiry into the legitimacy of direct licensing and its equivalence in legal authority to licenses administered by LMK. Secondly, there exists the possibility of overlap between licenses granted directly and those managed by LMK. The possible dispute affects the legitimacy of the agreement, the clarity of the authorized party issuing the permit, and the process for the withdrawal and distribution of royalties.

The introduction of direct licensing also presents concerns regarding transparency and accountability. In the absence of a definitive registration or reporting system, direct agreements between artists and users may lead to discrepancies in data collection regarding the utilization of works and the computation of royalties. Ultimately, these variables can undermine the state's efforts to establish a quantifiable, overseen copyright protection system (Ibrahim & Fakrullah, 2025).

The aforementioned issue illustrates a disparity between industrial practices and applicable legislation. Although the contemporary music industry is transitioning to a more individualized, adaptable model of contractual partnerships, Indonesia's legislative structure continues to maintain a centralized, collective system for managing royalties. Consequently, the examination of direct licensing is crucial to evaluate its acceptability within the national copyright legal framework and to determine the necessary formulation for its coexistence with established collective systems. Existing research on the application of direct licensing in music copyright management in Indonesia is very sparse; nonetheless, there are various legal studies that examine royalty management, the role of LMK, and the obstacles facing the current licensing framework. Purnamaningrat's research (2025) indicates that royalty payments for music performed at concerts are directly invoiced to concert organizers and administered by the Collective Management Institute. The verdict provides direct recompense to the author, yet neglects the responsibilities of the Collective Management Institution and positions the artist as a defendant, leading to the possibility of duplicate royalty deductions and formal faults (error in persona) (Purnamaningrat & Suryana, 2025).

Secondly, Rusdinah (2025) identified a persistent disparity between regulations and practices; industry participants frequently disregard the licensing mechanism and the payment of royalties via the National Collective Management Institution (LMKN), and often omit the creator's name or alter the work without authorization. Despite the judge in the *a quo* case approving certain cases, the acknowledgment of direct licensing practices outside the collective framework reveals

regulatory deficiencies and certain legal ambiguities (Rusdinah & Sitorus, 2025). Ibrahim (2025) asserted that direct royalty payment procedures provide greater income transparency and precision in financial distribution, whereas indirect payment systems often lead to administrative complexity and diminished oversight effectiveness. This analysis also uncovers deficiencies in the alignment of implementation among laws, regulations, and industry practices, potentially resulting in legal conflicts.

The comprehensive analysis indicates that most studies emphasize the process of royalty payments and only elucidate direct licensing. Nonetheless, no research has thoroughly investigated the correlation between direct licensing and the national legislative framework, encompassing the 2014 Copyright Law and PP 56/2021, in a concurrent manner.

This study seeks to examine the role and execution of direct licensing within the context of existing song copyright laws, particularly Law Number 28 of 2014 regarding Copyright and Government Regulation Number 56 of 2021 on the Management of Song and/or Music Copyright Royalties, as an alternative mechanism for royalty management. Additionally, it aims to develop an optimal framework for direct licensing agreements to ensure legal certainty and enhance the protection of songwriters' economic rights in the future. This research aims to address this scientific gap by offering normative analysis and comprehensive regulatory recommendations.

II. RESEARCH METHODS

This study method employs a normative juridical approach, evaluating the relevant positive law alongside the legal concepts and doctrines that underpin the regulation of a legal phenomenon (Soekanto & Mamudji, 2004). This technique was selected because the examined topic is not empirical; rather, it concerns the creation of norms and legal constructs that govern the execution of direct licensing in the context of song copyright in Indonesia. The normative juridical methodology enables the author to methodically analyze the correlation between laws, regulations, legal principles, and copyright enforcement procedures to ascertain the compliance or non-compliance of current norms with actual legal requirements. Normative legal study encompasses legislative, conceptual, and comparative techniques. The legislative approach involves examining the stipulations in Law Number 28 of 2014 regarding Copyright and Government Regulation Number 56 of 2021 pertaining to the Management of Song and/or Music Copyright Royalties, along with associated regulations and pertinent legal

documents. The author aims to understand the role of direct licensing within the framework of relevant copyright regulations and the extent to which these laws provide legal certainty for songwriters.

Additionally, a conceptual framework is employed to analyze the ideas, principles, and legal theories that underpin the licensing system, including freedom of contract, the safeguarding of authors' economic rights, and the tenets of collective management. This method is beneficial for developing a theoretical comprehension of direct licensing as a means of exercising individual creator economic rights. This methodology integrates traditional legal theory with contemporary advancements focused on the adaptability of legal relations in digital copyright transactions (Marlina, 2020).

A comparative analysis was conducted to investigate direct licensing regimes in countries like Malaysia, Singapore, and China. All three nations have established a framework that enables composers to directly authorize the use of their compositions while still operating under the oversight of collective management organizations. This study aims to discover an optimal model for adaptation to the Indonesian legal system by comparing different systems, while adhering to the principles of national law.

III. RESULTS AND DISCUSSION RESULTS

Overview of Copyright and Royalties on Songs

Copyright is an exclusive right that arises automatically under the declarative principle once a work is manifested in a tangible form, subject to legal restrictions. Therefore, copyright must be preserved, as it is an exclusive right essential to the economic advancement of the parties involved (Yulia, 2021).

Copyright law seeks to safeguard the works of creators, encompassing authors, painters, musicians, playwrights, sculptors, computer programmers, and others. The rights of these producers must be safeguarded against individuals who disseminate or replicate their copyrighted material without authorization (Yulia, 2021).

Copyright constitutes a type of individual ownership of a creation, manifested in an idea, within the domains of art, literature, and science. Given this perspective on copyright, acquiring the rights to copy or reproduce the book without the author's consent, much less to sell it commercially, will be unfeasible (Yulia, 2020).

Article 1, number 1 of Law Number 28 of 2014 regarding Copyright (UUHC) defines copyright as a unique and exclusive right conferred upon the inventor or copyright holder. This exclusive right stipulates that no individual may utilize the right without the consent of the creator or copyright holder; these unique, singular, or monopolistic rights encompass the authority of the creator or copyright holder to publish their creation, reproduce their work, and grant permission to others to publish or reproduce their creation (Prahara, 2021); In exercising this exclusive right, both the creator, the copyright holder, and any individuals granted permission to publish or reproduce the work must comply with the relevant laws and regulations, which entail specific restrictions; Copyright is regarded as an intangible movable asset that can be transferred to another individual either wholly or partially (Yulia, 2020).

The UUHC describes works protected by the Copyright Law to include works in the fields of science, art, and literature, consisting of: books, pamphlets, facsimiles of published papers, and all other written works: lectures, lectures, speeches, and other similar creations; props made for the benefit of education and science; songs and/or music with or without text; drama, musical drama, dance, choreography, puppetry, and pantomime; works of art in any form, such as paintings, drawings, engravings, calligraphy, sculpture, or collage; applied artwork; architectural works; batik artwork or other motif art; photographic works; Portrait; cinematographer; translations, interpretations, editing, potpours, databases, adaptations, arrangements, modifications, and other works of the results of the transformation; translation, adaptation, arrangement, transformation, or modification of traditional cultural expressions; compilation of Works or data, whether in a format that can be read with Computer Programs or other media; compilation of traditional cultural expressions during the compilation is an original work; video games; and Computer Programs (Ramadhan et al., 2023).

The letter "d" references "songs and/or music with or without text" as a category of work safeguarded by Copyright Law. This indicates that, generally, the composition of songs by the creator is typically accompanied by the arrangement of the music (Makkawaru, 2022). Article 4 of the UUHC delineates that copyright encompasses both moral rights and economic rights. Moral rights safeguard the personal interests of the creator. This right is perpetually linked to the creator: to determine the inclusion or exclusion of his name in relation to the public utilization of his work; to employ his alias or pseudonym; to modify his creation in accordance with societal norms; to alter the title and subtitle of the work; and to safeguard his rights against

any distortion, mutilation, modification, or any actions that may harm his personal honor or reputation.

Economic rights refer to the sole entitlements of the inventor or copyright holder to get financial advantages from their creation. Moreover, Article 9, paragraph (1) of the UUHC stipulates that creators, in exercising their economic rights, possess the authority to: publish inventions; duplicate creations in all forms; translate creations; adapt, arrange, or transform creations; distribute works or copies thereof; showcase creations; announce creations; communicate creations; and rent inventions.

Then, in paragraph (2), it is established that the creator or copyright holder must grant permission to any individual who exercises economic rights as defined in paragraph (1). The economic rights of song/music creators can be acquired through the following method (Rizkia & Fardiansyah, 2022): the right of reproduction (reproduction), which involves the addition of a certain number of works with the same, nearly the same, or similar manufacturing by utilizing the same or different materials, including the transfer of the work. The right of adaptation (adjustment) refers to the process of transitioning from one form to another. This can involve translating melodies from one language to another, transitioning between music genres (e.g., from pop to dangdut), creating parodies, and so forth. The right of announcement (broadcasting) pertains to the reading, voice, broadcasting, or dissemination of works through any medium in a manner that enables the work to be read, heard, seen, sold, or rented by others. The performance rights (performance) pertain to the display, performance, demonstration, or exhibition of artistic creations by musicians or singers.

In the UUHC, the creator's license is exclusively addressed in the definition of the term "license," which refers to the written authorization granted by the copyright holder or related rights owner to another party to exercise economic rights to their creation or related rights product under specific circumstances. The licensee is required to pay remuneration to the copyright holder or related rights owner during the license period in addition to the act (economic right) being performed by another individual (Article 80 paragraph (3) of the UUHC).

The creator or proprietor of the economic rights in a work or related rights product receives royalties as compensation for the use of those rights (Marlina, 2024). The creator and the copyright user enter into a license agreement for commercial purposes, which results in this reward. The minister is required to record a license agreement that has been executed in the general register of

copyright license agreements. The License agreement does not have legal consequences for a third party if it is not recorded (Article 83 paragraphs (1) and (3) of the UUHC).

The Role and Implementation of Direct Licensing in Indonesia's Song Copyright Regulation

The development of the paradigm of music royalty management in the digital era is inextricably linked to the discussion of the position of direct licensing in Indonesian copyright law. Indonesia has been in compliance with the collective management system model by establishing a Collective Management Institution (LMK). This institution is explicitly regulated by Law Number 28 of 2014 concerning Copyright (Copyright Law) and is further elaborated upon in Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties (PP 56/2021).

The Collective Management Institution, abbreviated as LMK, is a non-profit legal entity. This LMK is authorized to collect and distribute royalties and manage the economic rights of creators, copyright proprietors, and related rights owners. In this system, the economic rights of creators are collectively exercised through LMK and LMKN (the National Collective Management Institution) (Makkawaru, 2020).

The necessity for more adaptable and efficient mechanisms for administering economic rights is emphasized by the escalating complexity of the digital music industry. An alternative solution is the direct licensing model, which allows creators to license their works directly to consumers without going through LMK. This model is expanding rapidly across numerous countries as a result of evolving music consumption habits influenced by digital technology, streaming, and social media platforms.

The primary concern in Indonesia is the lack of explicit norms that govern direct licensing in laws and regulations. The creator is granted the authority to grant permission for the use of their work in Article 9, paragraph (1) of the Copyright Law, and Articles 80-85 govern licensing in general. Nevertheless, there is no explicit provision that specifies that such licenses may be granted directly without the need for LMK. In contrast, the withdrawal and distribution of royalties are centrally managed by LMKN in collaboration with registered LMKs, as stipulated in Article 3, paragraph (1) of Government Regulation No. 56 of 2021.

This condition generates normative ambiguity. In theory, creators possess the exclusive right to regulate the use of their works in accordance with the principle of economic rights, as

outlined in Articles 8 and 9 of the Copyright Law. Conversely, the implementation of regulations creates the impression that the management of economic rights must be conducted through collective institutions. This ambiguity poses significant challenges for legal certainty, as it implies that direct licensing agreements may be incompatible with the collective system mandated by government regulations.

Furthermore, the direct licensing model is widely used in the contemporary music industry to commercialize works across digital platforms, such as YouTube, Spotify, and TikTok, as well as in films and advertisements. Many independent music creators and producers favor a direct licensing system due to its speed, flexibility, and complete control over the economic value of their creations. Nevertheless, the absence of a clear legal basis results in a significant number of such transactions going unrecorded, rendering them devoid of strong evidentiary value in legal disputes. Copyright is an immaterial property right that grants the creator complete control over the commercial use of their work, as per the Economic Rights Theory, which was first proposed by Harold G. Fox and subsequently elaborated upon by Friedmann (1953). The right is exclusively inherent and may be conveyed or allowed to be used by another party at the creator's discretion. Therefore, any restriction on the exercise of economic rights must be based on coercive and proportionate regulations intended to safeguard the public interest and moral rights.

In accordance with the Theory of Freedom of Contract, as outlined in Article 1338 of the Civil Code, any legally executed agreement is considered a legal document by the parties involved. This principle grants legitimacy to the exercise of a direct license, provided that the agreement is voluntarily entered into, has a clear purpose, and does not violate law, decency, or public order. Therefore, direct licensing is a tangible manifestation of the principle of freedom of contract in copyright, as it enables creators to directly dictate the economic use of their works in accordance with their personal interests.

Direct licensing should be acknowledged in the Indonesian legal system without eliminating the existence of LMK, as both theories demonstrate, both conceptually and juridically. Not to supplant the collective system, but to offer an alternative for creators who desire to independently administer their economic rights.

According to Article 87 of the Copyright Law, an LMK may be established by the creator and/or copyright holder to oversee economic rights. The norm's formulation of "can form" suggests that the construction of LMK is optional rather than mandatory. This implies that, in theory, the

Copyright Law does not prohibit creators from directly managing their work without LMK's involvement. Nevertheless, Article 3 of GR 56/2021 mandates that LMKN receives royalties for any commercial use of music and/or melodies in public spaces. This standard creates inconsistencies by potentially obstructing creators' ability to regulate their own rights.

LMKN functions as a national collective management institution that coordinates LMK in a variety of disciplines, including WAMI, RAI, KCI, and others. Nevertheless, the system's implementation continues to face a variety of challenges, including insufficient song catalog data, inaccurate royalty distribution, and limited transparency in reporting work usage. Consequently, a significant number of music creators opt to self-regulate their song usage agreements with users through direct licensing mechanisms, such as electronic contracts or written licensing agreements. Some creators have even utilized online music licensing platforms like Songtradr and Soundreef to sell the use of their work globally, bypassing local LMK. This phenomenon demonstrates that direct licensing has become a reality in the music industry, despite not yet being formally recognized by the national legal system.

Direct licensing has a relatively robust legal foundation in principle under the Copyright Law, as evidenced by normative studies and empirical practice. However, it has not yet been explicitly acknowledged in implementing regulations. The absence of technical provisions for procedures, registration, and supervision leaves the practice of direct licensing in an uncertain legal area (*grey area*).

Consequently, it is imperative to revise regulations to reaffirm the legitimacy of direct licensing as a mechanism for the implementation of economic rights, in addition to the collective system. This legal recognition can be initiated by establishing a ministerial regulation or amending GR 56/2021 to include provisions regarding the mechanism for notification of direct license agreements to LMKN, the obligation to report royalties, and legal protection for creators in the event of a breach of contract.

This type of regulatory strengthening enables direct licensing to operate alongside the collective system, ensuring that legal certainty, creators' economic freedom, and impartiality in royalty distribution are maintained.

Formulation of Ideal and Comprehensive *Direct Licensing* Arrangements for Legal Certainty and Effectiveness of Song Creators' Economic Rights Protection

The normative and practical issues previously described, specifically the absence of explicit recognition of the direct licensing mechanism in Indonesia's positive legal system, necessitate the development of an optimal arrangement for direct licensing. This results in legal uncertainty regarding the enforcement of song creators' economic rights. Government Regulation Number 56 of 2021 reaffirms the obligation to pay royalties through the National Collective Management Institution (LMKN). On the one hand, Law Number 28 of 2014 concerning Copyright grants creators the autonomy to manage their rights. This discrepancy underscores the need for a more adaptable, transparent, and balanced regulatory framework that balances the efficacy of the collective system with the protection of the creator's law.

The legal issues that arise are not solely the result of the absence of explicit regulation; they also stem from the overlap of authority between the creator, who holds economic rights, and the LMK, an intermediary institution. In practice, there are instances in which the creator has explicitly granted the user a license, but LMK continues to collect royalties for the same use.

Furthermore, direct licensing in Indonesia continues to face structural obstacles, including inadequate legal and administrative infrastructure. The direct licensing agreement between the creator and the user cannot be recorded and validated by a national registration system. This makes such agreements susceptible to manipulation, difficult to prove, and difficult to audit in the context of royalty distribution.

The urgency of regulatory formulation is crucial within this framework in order to acknowledge the implementation of direct licensing as a component of a legal, integrated, and supervised system.

Initially, the Theory of Legal Certainty underscores the necessity of clear, consistent, and enforceable regulations to guarantee the stability and preservation of the rights of legal subjects (Novianta, 2017). In this context, the absence of strict norms governing direct licensing creates uncertainty that can impede creators' ability to exercise their economic rights.

Secondly, Rawls's Theory of Distributive Justice emphasizes the necessity of a legal framework that can guarantee an equitable allocation of economic advantages among all parties (Rawls, 2009). A direct licensing agreement that is effective should not only safeguard the interests of creators but also ensure that consumers of the work are not subject to administrative irregularities or double-billing.

The third argument in Posner's Legal Efficiency Theory is that legal systems should be designed to achieve efficient economic outcomes at low transaction costs (Posner, 2007). In this regard, direct licensing is efficient because it expedites the contractual relationship between creators and users and reduces the bureaucracy of royalty withdrawals, particularly in the digital music ecosystem.

The ideal regulation of direct licensing can be formulated as a legal system that simultaneously provides certainty, impartiality, and efficiency using these three theories. The legal foundation for direct licensing is implicit in Articles 9 and 80–85 of the Copyright Law, which regulate economic rights and licensing agreements. Nevertheless, these norms remain general and require more detailed derivative rules. In contrast, PP 56/2021 does not regulate the direct licensing mechanism at all and even tends to restrict creators' ability to independently manage their economic rights.

To safeguard the economic rights of creators with legal certainty and efficacy, a novel legal framework is required that recognizes direct licensing as a legal, equitable, and complementary mechanism to the collective system. There are numerous primary pillars that can be employed to implement this formulation.

Initially, direct licensing must be explicitly acknowledged in the implementing regulations. For instance, by incorporating a chapter into GR 56/2021 or issuing a Regulation of the Minister of Law and Human Rights that specifically governs the process of implementing direct licenses. This arrangement can verify that the creator has the authority to grant direct permission, provided that the agreement is documented and registered with the national registration system. Secondly, a digital registration mechanism is required to enable creators or copyright holders to document their direct licensing agreements under LMKN's supervision. The purpose of this registration is not to limit the freedom of contract, but rather to guarantee transparency, prevent license overlap, and serve as valid legal proof.

Third, it is imperative to establish a national direct license contract standard that encompasses critical components, including the license object, term, pertinent territory, royalty amount, payment mechanism, and dispute resolution provisions. This standardization not only offers legal protection to creators but also to users, thereby preventing them from violating the law due to ignorance.

Fourth, a data coordination and interoperability mechanism is required to facilitate communication between the direct licensing system and the LMK collective management system. Therefore, it is possible to identify and exclude direct licensing agreements from the collective royalty withdrawal system to avoid duplication of payments.

Fifth, it is imperative to confirm the legal protection of electronic contracts in direct licensing, as the majority of digital music transactions are currently conducted through online platforms. This provision is necessary to guarantee the validity of electronic signatures, digital agreements, and electronic evidence in court.

Indonesia can benefit from the expertise of numerous nations in developing an optimal formulation. Malaysia employs a comparatively adaptable system, alternating between direct licensing and collective management. Malaysia recognizes collective management organizations (CMOs) regulated by the Copyright (Licensing Body) Regulations. However, creators may also grant licenses directly to consumers through individual agreements (Nurwati, 2024). The Malaysian government, through the Intellectual Property Corporation of Malaysia (MyIPO), serves as a supervisor to prevent duplicate royalty payments under direct and collective licenses. This model is regarded as having effectively reconciled the economic interests of the creator with the efficiency requirements of the music industry (Bernard, 2023).

The Malaysian system demonstrates that direct licensing can be effective when accompanied by state supervision and contract registration mechanisms. This method demonstrates that the formal recognition of direct licensing does not necessarily undermine the function of collective institutions; rather, it enhances transparency and impartiality in the distribution of royalties.

The creator's freedom of contract is fundamentally embodied in Singapore's legal system, which includes direct licensing. This system, as outlined in the Copyright Act 2021, enables creators or rights holders to obtain permission to use musical works directly, without intermediaries, provided that the license is recorded in an online system overseen by the Intellectual Property Office of Singapore (IPOS). Conversely, collective institutions, including the Composers and Authors Society of Singapore (COMPASS), continue to serve as mass copyright administrators, particularly for large-scale public use.

The Singapore model illustrates a robust integration of legal certainty and digital systems. Online verification of each license agreement mitigates potential disputes and guarantees that

royalties are distributed transparently. This system also symbolizes the advancement of technology-based copyright law.

Collective management institutions remain the primary means of managing music copyrights in China, particularly through the Music Copyright Society of China (MCSC)... Nevertheless, the widespread adoption of direct licensing has been facilitated by the growth of the digital industry and the emergence of online music platforms like Tencent Music and NetEase. The Chinese government subsequently modified its legal framework to permit the execution of direct licenses, provided that they were registered online through the national copyright system. China is exhibiting an intriguing dynamic: its system remains geared toward collective control, but the digitization of license management has led to decentralization. This method demonstrates that direct licensing can expand organically when the music industry's digital ecosystem is mature and bolstered by robust state regulation.

The successful implementation of direct licensing in these three countries is significantly influenced by two primary factors: transparent digital registration mechanisms and explicit legal recognition. China prioritizes a gradual transition from a collective system to a hybrid model, while Singapore is distinguished by its technology-based legal certainty, and Malaysia accentuates the balance between creator discretion and state oversight.

The optimal direct licensing arrangement for Indonesia must encompass several primary components, as indicated by the aforementioned theory and comparison: The obligation to register or notify the license to LMKN as a coordinating institution; Explicit legal recognition of direct licensing as a component of the creator's economic rights; Standardization of contracts and digitization mechanisms to enable the auditing and legal validation of each transaction; The legal protection of electronic agreements that are executed on online platforms; Dispute resolution mechanisms that are efficient, such as mediation, are supervised by the Directorate General of Intellectual Property.

Consequently, this arrangement will establish a contemporary and pluralistic copyright governance system that allows creators to select between direct licensing and a collective system based on the economic requirements and distribution strategies of their works. This method is also in accordance with the WIPO Copyright Treaty's principles of legal certainty and economic freedom in international copyright law.

IV. CONCLUSION

The results of this study indicate that the existence of direct licensing under the copyright law system in Indonesia is not entirely evident and still necessitates normative affirmation. Although Law Number 28 of 2014 concerning Copyright grants creators the exclusive right to determine the use and distribution of their creations, its implementing regulations, particularly Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties, have not explicitly accommodated the mechanism for granting direct licenses between creators and users.. Consequently, there is a discrepancy between the administrative obligation to pay royalties through the National Collective Management Institution (LMKN) and the individual right of creators to administer their economic rights. This condition generates legal uncertainty for all parties involved, including both creators and consumers of musical works.

To guarantee the efficacy of economic rights protection and establish legal certainty, it is imperative to adopt a more adaptive and comprehensive regulatory framework. The ideal regulation would confirm the legal recognition of direct licensing as a legitimate mechanism for the exercise of creators' economic rights, and it would also establish a digital registration system or notification mechanism that enables any direct licensing agreement to be officially recorded under the supervision of the LMKN. This endeavor will ensure transparency, prevent double collection, and strengthen the parties' legal standing in the event of a dispute. Therefore, direct licensing should not be perceived as a threat to the collective management system, but rather as an alternative mechanism that facilitates creators' independent management of economic rights. The copyright protection ecosystem in Indonesia will be fortified, royalty distribution will be more accountable, and a balance will be promoted by the clear recognition and regulation of this mechanism. creative freedom, legal certainty, and economic justice for all music industry players.

BIBLIOGRAPHY

- Firdausah, Risma Icha. "Juridical Analysis of Copyright Disputes Between Agnez Mo and Ari Bias Legal Review of Infringement and Dispute Resolution (Study of Decision Number 92/Pdt.Sus-HKI/Cipta/2024/PN Niaga Jkt.Pst)." Thesis. University of Muhammadiyah Malang, 2025.
- Ibrahim, and Zudan Arief Fakrulloh. "Legal Study on the Payment Mechanism of Copyright Royalties and Its Implications in the Indonesian Creative Industry." *Journal of Social and Political Greenation* 3, no. 2 (2025): 260–270.

- Makkawaru, Zulkifli. *Economic Rights of Song and Music Creators: Collection of Royalties by Collective Management Institutions*. Bandung: Harfa Creative, 2022.
- Marlina, Tina, Raden Handiriono, Dudung Hidayat, Solichin, and Ismayana. *Intellectual Property Law Textbook*. Sleman: Deepublish, 2024.
- Maulana, Insan Budi, Aline Gratika Nugrahani, Simona Bustami, Suci Lestari, and Rakhmita Desmayanti. *Intellectual Property Rights*. Scott: Scott, 2024.
- Sigh, Bernard. *Empowerment of copyright law and collective management institutions*. Bandung: Alumni Publishers, 2023.
- Novianta, Adhitya Nugraha. *The theory of legal certainty according to Gustav Radbruch*. Jakarta: Jaya Gemilang, 2017.
- Nurwati. *Copyright of music and songs*. Yogyakarta: KBM Indonesia, 2024.
- Posner, Richard A. *Economic Analysis of Law*. New York: Aspen Publishers, 2007.
- Prahara, Surya. *Intellectual Property Rights: Folklore Protection in the Context of Sui Generis Communal Property Rights*. Padang: LPPM Bung Hatta University, 2021.
- Fully equipped, I Gusti Ayu Intan, and I Nyoman Suryana. "DISTRIBUTION OF SONG ROYALTIES IN CONCERTS BY COLLECTIVE MANAGEMENT INSTITUTIONS : WHO PAYS?" *Nusantara Hasana Journal* 5, no. 1 (2025): 98–107.
- RACHMATDHAN, MUHAMMAD RIDHO. "THE RIGHT TO PROHIBIT THE USE OF MUSIC AND SONG COPYRIGHTS BY COPYRIGHT HOLDERS (ANALYSIS OF THE CASE OF FEUD BETWEEN AHMAD DHANI AND ONCE MEKEL)." *ISLAMIC UNIVERSITY OF INDONESIA*, 2023.
- Ramadhan, M. Citra, Fitri Yanni Dewi Siregar, and Bagus Firman Wibowo. *Intellectual Property Rights Textbook*. Deliserdang: University of Medan Area Press, 2023.
- Rawls, John. *A Theory of Justice*. London: Harvard University Press, 2009.
- Rizkia, Nanda Dwi, and Hardi Fardiansyah. *Intellectual Property Rights of an Introduction*. Bandung: WIDINA BHAKTI PERSADA BANDUNG, 2022.
- Rusdinah, and Rolib Sitorus. "Legal Liability of Event Organizers in Cases of Song Copyright Infringement: A Study of Decision No. 92/Pdt.Sus-HKI/Cipta/2024/PN Niaga Jkt.Pst." *Justisi* 11, no. 3 (2025): 949–967.
- Saputra, Egi Reksa, Fahmi, and Yusuf Daeng. "Mechanism for Royalty Payment for Commercial Interests Based on Law Number 28 of 2014 concerning Copyright." *Journal of Tambusai Education* 6, no. 3 (2022): 13658–13678.
- Soekanto, Soerjono, and Sri Mamudji. *Normative Law Research: A Brief Overview*. Jakarta: Raja Grafindo Persada, 2004.
- Suciadi, William Suryanto, Peter Dave Ariffien Lihu, and Angeline Tania Gunawan. "Legal Aspects of Royalty Rights Protection for Song Copyright in the Indonesian Digital Music Industry and Its Development." *Anthology: Inside Intellectual Property Rights* 2, no. 1 (May 2024): 402–426. <https://ojs.uph.edu/index.php/Anthology/article/view/8522>.
- Sugiyono. *Quantitative, qualitative and combination research methods (mixed method (second))*. Bandung: Alfabeta, 2020.
- Yulia. *Intellectual Property Rights Law*. Aceh: Sefa Bumi Persada, 2021.