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The Authority of Collective Management Institutions in the Commercial Management of Song Royalties

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Abstract
The management of song and/or music copyright royalties in Indonesia involves the National Collective Management Institution (LMKN) and the Collective Management Institution (LMK) as the primary institutions. However, the arrangement of authority between the two institutions indicates a disharmony of legal norms, particularly between Government Regulation Number 56 of 2021 and Minister of Law Regulation Number 27 of 2025. The main problem lies in the unclear norms regarding the LMK's authority in collecting royalties, which are not normatively provided in higher-level regulations but implicitly appear in lower-level regulations. This study aims to analyze this conflict of authority and formulate a legal harmonization capable of creating legal certainty in the royalty management system. This study uses a normative juridical method with a statutory and conceptual approach. The results show that the unclear norms have created legal uncertainty, the potential for actions exceeding their authority, and institutional conflict between LMKN and LMK. Therefore, legal harmonization is needed. The authority of LMK in managing royalties is experiencing legal ambiguity. The ambiguity in this norm lies in Article 36 paragraph (1) of the Minister of Law and Human Rights Regulation on Royalties, which allows LMKs to collect royalties from users commercially. This ambiguity in the norm can create legal uncertainty regarding the collection of song royalties from commercial users. Furthermore, LMKs' authority in managing song royalties commercially is limited to collecting and distributing royalties to their members in accordance with the Government Regulation on Song Royalties. However, the Minister of Law and Human Rights Regulation on Royalties provides LMKs with the authority to collect royalties if they have obtained an operational permit from the Minister.

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Introduction

The development of the creative industry, particularly in the music and song sectors, has positioned copyright as a fundamental aspect of legal protection for creators. [1] Copyright not only provides moral protection but also safeguards economic rights in the form of royalties derived from the exploitation of copyrighted works. [2] To optimize the administration of such economic rights, Law Number 28 of 2014 concerning Copyright (*Undang-Undang Hak Cipta* “UUHC”) provides for the establishment of Collective Management Institutions *(Lembaga Manajemen Kolektif* “LMK”) and the National Collective Management

[1] Bernard Nainggolan, 2011, *Pemberdayaan Hak Cipta Dan Lembaga Manajemen Kolektif*, Bandung: P.T.Alumni, (1).
[2] Stanaya, I.W.N. and Purwanto, I.W.N., 2025. Analisis Dampak Penerapan Peraturan Presiden Nomor 10 Tahun 2021 Terhadap Realisasi Investasi Dan Pertumbuhan Ekonomi Sosial. *Jurnal Media Akademik* (JMA), 3(12).

Institution (*Lembaga Manajemen Kolektif Nasional* "LMKN"), which are responsible for the collection and distribution of royalties.

From a philosophical perspective, Article 28C, Paragraph (1) of the 1945 Constitution of the Republic of Indonesia (UUD 1945) stipulates that every person has the right to self-development through the fulfillment of their basic needs, the right to education, and the right to benefit from science and technology, as well as arts and culture, for the purpose of improving their quality of life and for the welfare of humanity. Furthermore, Article 28C, Paragraph (2) of the 1945 Constitution stipulates that every person has the right to advance themselves by collectively asserting their rights to build their society, nation, and state. These constitutional provisions reflect the State's commitment to protecting both the individual and collective rights of every Indonesian citizen by granting individuals the right to self-development through the fulfillment of their basic needs, including through creative works in the fields of art, literature, and science. [3]

From a juridical perspective, Article 8 of the UUHC provides that authors and copyright holders possess the exclusive right to obtain economic benefits from their works. Royalties constitute remuneration received by authors or holders of related rights for the use of copyrighted works or related-rights products. Songs and musical compositions are among the categories of works protected by copyright, while the economic rights of authors or copyright holders including the right to receive royalties must be duly respected and fulfilled. The UUHC further regulates an organization entrusted with administering the economic rights of authors and copyright holders through the collection and distribution of royalties, namely the Collective Management Institution (LMK). LMK is established as a non-profit legal entity and operates pursuant to authorization granted by authors or copyright holders. In addition to LMK, the UUHC also provides for the National Collective Management Institution (LMKN), a government auxiliary body vested with authority directly attributed by the UUHC.

In practice, authors frequently encounter difficulties in independently collecting and administering royalties. In response to these challenges, the UUHC recognizes the role of LMK as entities authorized to collect, administer, and distribute royalties to authors. [4] Article 1 point 22 of the UUHC defines a LMK as a non-profit legal entity authorized by authors, copyright holders, and/or owners of related rights to administer their economic rights through the collection and distribution of royalties. The regulation of LMK is further stipulated in Article 87 paragraph (1) of the UUHC, which provides that a LMK is a non-profit legal entity authorized by authors or owners of related rights to administer their economic rights through the collection and distribution of royalties. A non-profit legal entity is established primarily to serve the public interest rather than to generate profits for its founders, owners, or shareholders. Any revenue generated by such an entity is reinvested in furtherance of its organizational mission, which generally concerns social, educational, religious, or humanitarian objectives. [5]

Through the UUHC, the Government established the LMKN as the State's representative body responsible for supervising and coordinating the activities of LMK. This role is expressly affirmed in Article 89 of the UUHC, which provides as follows:

1. For the administration of copyright royalties in the field of songs and/or music, two National Collective Management Institutions shall be established, respectively representing: a. the interests of authors; and b. the interests of owners of related rights.
2. The two Collective Management Institutions referred to in paragraph (1) shall have the authority to collect, administer, and distribute royalties from commercial users.
3. For the purpose of carrying out the collection referred to in paragraph (2), the two Collective Management Institutions shall coordinate with one another and determine the amount of royalties to which each Collective Management Institution is entitled, in accordance with prevailing practices and the principle of fairness.
4. Guidelines for determining royalty rates shall be established by the Collective Management Institutions referred to in paragraph (1) and approved by the Minister.

Through the establishment of the LMKN, it is expected that a transparent and equitable mechanism for the collection and distribution of royalties can be realized, thereby providing legal certainty for authors. Nevertheless, various problems continue to arise in the practical administration of royalties. These include insufficient transparency and accountability in the distribution of royalties by LMK, overlapping authority among LMK that creates uncertainty for users of copyrighted works, and limited State supervision despite the establishment of the LMKN. Consequently, royalty-collection practices frequently give rise to disputes, while the protection of authors' economic rights remains suboptimal, as many users of copyrighted works continue to fail to pay royalties notwithstanding the express obligation stipulated in Article 87 paragraph (4) of the UUHC. [6]

Article 18 of Government Regulation Number 56 of 2021 concerning the Management of Copyright Royalties for Songs and/or Music (the Song Royalty Regulation) provides as follows:

1. For the purpose of royalty management, the Minister shall establish the LMKN, representing the interests of authors and owners of related rights.
2. The LMKN shall comprise:
3. the LMKN for Authors; and
4. the LMKN for Owners of Related Rights.
5. The two LMKN referred to in paragraph (2) shall have the authority to collect, administer, and distribute

[3] Dewi, G.A.P.K. and Purwanto, I.W.N., 2018. Pelaksanaan Hukum Terhadap Pelanggaran Hak Cipta Di Bidang Pembajakan Sinematografi (Film/Video). *Fakultas Hukum Universitas Udayana*.

[4] Rachman, M.T., 2022. Pengelolaan Royalti Dari Pencipta Lagu Yang Tidak Terdaftar Di Lembaga Manajemen Kolektif Oleh Lembaga Manajemen Kolektif Nasional. *"Dharmasisya" Jurnal Program Magister Hukum FHUI*, *2*(2), p.35.

[5] Adriana, R. and Fathoni, L.A., 2025. Memodifikasi Foto Dari Internet Dengan Tujuan Komersial Ditinjau Dari Undang-Undang No. 28 Tahun 2014 Tentang Hak Cipta. *Commerce Law*, 5(1), pp.269-275.

[6] Amyta Frisca, Basana and M. Zairul Alam, and Diah Pawestri Maharani, Analisis Perbandingan Kewenangan Lmk Dan Lmkn Terkait Penarikan Royalti Dalam Pasal 12 Ayat (2) Peraturan Pemerintah Tentang Pengelolaan Royalti Hak Cipta Lagu Dan/AtauMusik Dengan Pasal 87 Ayat (1) Undang-Undang Tentang Hak Cipta. *Thesis*, Universitas Brawijaya. (2022).

royalties from persons engaging in the commercial use of songs and/or music.
6. The LMKN for Authors and the LMKN for Owners of Related Rights shall each be headed by independent commissioners.
7. Further provisions concerning the duties and organizational structure of the LMKN shall be regulated by a Ministerial Regulation.

Furthermore, Article 19 of the Song Royalty Regulation provides as follows:
1. The LMKN may utilize operational funds in accordance with the applicable laws and regulations.
2. The utilization of operational funds as referred to in paragraph (1) may include financial assistance for the payment of social security contributions on behalf of authors, copyright holders, and owners of related rights.
3. Further provisions concerning the amount and components of operational expenditure shall be regulated by a Ministerial Regulation.

The establishment of the LMKN should, in principle, facilitate authors, copyright holders, and owners of related rights in obtaining the economic benefits or royalties arising from the exploitation of their works. In practice, however, royalty administration continues to encounter various obstacles, ranging from deficiencies in the royalty-management process to problems concerning the institutional coordination framework. [7]

The coordination framework referred to herein concerns the relationship between the LMKN and LMK as private institutions. The legal status of LMK is stipulated in Article 1 point 10 of the Song Royalty Regulation, which defines a Collective Management Institution, hereinafter abbreviated as LMK, as a non-profit legal entity authorized by authors, copyright holders, and/or owners of related rights to administer their economic rights through the collection and distribution of royalties. This provision establishes LMK as legally incorporated institutions that assist the Government and are authorized by authors to administer their economic rights. Accordingly, LMK are also entitled to collect and distribute royalties to songwriters.

The scope of authority conferred upon LMK under the Song Royalty Regulation remains unclear, particularly because the authority to collect, administer, and distribute royalties is vested in the LMKN pursuant to Article 1 point 11 of the Regulation. Consequently, the provisions governing the authority of LMK to administer authors' economic rights are not clearly formulated. This creates legal uncertainty regarding the precise scope of LMK authority under the Government Regulation. [8] Furthermore, the coordination framework between the LMKN and LMK, which operate as private institutions, remains ambiguous. Effective coordination between these institutions is essential to royalty administration, as it directly determines whether royalties are properly distributed to copyright holders. This institutional issue warrants further examination because it also affects the position and function of the Government in the administration of royalties. Another issue concerns the administration of royalties itself. Both the collection and distribution of royalties continue to generate differing views and controversy within the LMKN and LMK. Accordingly, the legal norms contained in the Song Royalty Regulation are considered insufficient to accommodate the respective interests of the relevant parties.

This legal phenomenon gives rise to issues regarding the ambiguity of legal norms concerning the extent to which LMK can provide legal protection for the economic rights of creators as stipulated in government regulations. In this context, the regulation of LMK is crucial to define within government regulations, as the authority vested in LMK determines the commercial management of song and/or music royalties in Indonesia.

Problem Formulation
1. Is there legal ambiguity regarding the authority of Collective Management Institutions in the administration of royalties?
2. What is the authority of Collective Management Institutions regarding the commercial administration of song royalties?

Purpose

This article aims to analyze the authority of LMK in light of the normative ambiguity contained in the Government Regulation concerning the Management of Copyright Royalties for Songs and/or Music, as well as to examine the scope of LMK authority in the administration of such royalties under the Regulation.

Method

This study employs normative legal research. This method was selected to analyze the regulatory framework and the ambiguity of legal norms. According to Peter Mahmud Marzuki, normative legal research is the process of identifying legal rules, doctrines, and principles to address specific legal issues. [9] Legal principles and rules are utilized to analyze issues concerning the status of LMK and their authority to manage royalties under the Government Regulation on Song and/or Music Royalties. The study utilizes both the statute approach and the analytical and conceptual approach. These approaches were chosen because the legal issues under investigation are closely linked to the status of LMK within the aforementioned Government Regulation.

Discussion

- **The Authority of Collective Management Institutions (LMK) in the Management of Song Royalties**

Authority refers to the legal capacity conferred by laws and regulations to produce legal consequences. According to H.D. Stoud, authority may be understood as the entire body of rules governing the acquisition and exercise of governmental powers by public-law entities within the sphere of public law. [10] Bagir Manan maintains that authority encompasses both rights and obligations. A right entails the

[7] Zefanya, D.G.J. and Indrawati, A.A.S., 2020. Kewajiban Pembayaran Royalti Terhadap Cover Lagu Milik Musisi Indonesia. *Jurnal Kertha Semaya*, 8(12), pp.1908-1917.
[8] Sri Pujianti, Dualisme Kewenangan LMK dan LMKN dalam Pengelolaan Royalti Hak Cipta, Mahkamah Konstitusi Republik Indonesia, https://www.mkri.id/berita/dualisme-kewenangan-lmk-dan-lmkn-dalam-pengelolaan-royalti-hak-cipta-23105, diakses pada tanggal 29 Maret 2026.
[9] Marzuki, Peter Mahmud, 2007, *Penelitian Hukum*, Jakarta: Prenada Group, (35).
[10] Irfan Fachruddin, 2004, *Pengawasan Peradilan Administrasi terhadap Tindakan Pemerintah*, Alumni, Bandung, (4).

freedom to perform or refrain from performing a particular act, or to require another party to undertake a particular action. An obligation, by contrast, imposes a duty to perform or refrain from performing a particular act within the framework of state administrative law. Governmental authority derived from laws and regulations may be acquired through attribution, delegation, or mandate. Attribution refers to the original conferment of authority by the legislature upon a governmental organ, whether pre-existing or newly established. Delegation refers to the transfer of authority held by one governmental organ to another, whereas a mandate refers to the authorization of a subordinate to exercise authority on behalf of the mandating official or institution. [11]
Under fundamental copyright principles, a creator, copyright holder, or owner of related rights is entitled to receive remuneration for the use of their work or related-rights product, provided such use is for commercial purposes. [12] While creators or copyright holders may manage these rights themselves, this role is typically performed by LMK in Indonesian. For instance, David Yates, the director of the "Harry Potter" films, pays royalties to J.K. Rowling, the author of the novels upon which the films are based. [13] Consequently, LMK play a crucial role in assisting creators, copyright holders, and owners of related rights in securing royalties derived from their works or related-rights products.
With respect to the legal form of LMK, their status is regulated not only under Article 1 point 22 of the UUHC but also under Article 1 point 10 of the Song Royalty Regulation. LMK is defined as a non-profit legal entity authorized by authors, copyright holders, and/or owners of related rights to administer their economic rights through the collection and distribution of royalties. Based on this definition, the legal position of LMK may be described as follows:

1. LMK constitutes an institution established as a non-profit legal entity;
2. LMK acts as an authorized representative of authors, copyright holders, and/or owners of related rights;
3. LMK represents the interests of authors, copyright holders, and/or owners of related rights;
4. LMK functions as an institution responsible for royalty administration; and
5. LMK is authorized to collect and distribute royalties.

A non-profit legal entity is an organization established to serve the public, particularly by addressing issues affecting particular groups or communities. Such an organization operates on a non-profit basis and is not established for the purpose of generating financial gain. One example of a non-profit organization in Indonesia is a foundation. The non-profit character of a foundation reflects its social, community-oriented, or environmental objectives, rather than the pursuit of material profit. [14] Furthermore, in its capacity as an authorized representative, LMK acts on the basis of the consent granted by the principal. [15] As stipulated in Article 1792 of the Indonesian Civil Code, the essential elements of a grant of authority are as follows:

1. The existence of an agreement;
2. The conferral of authority upon the authorized representative; and
3. The performance of a particular matter by the authorized representative on behalf of the principal. [16]

In its capacity as an authorized representative, LMK acts on behalf of the principal in matters concerning the collection and distribution of royalties derived from songs and/or music. LMK serves as an intermediary between creators of musical works, such as musicians, songwriters, and producers, and parties that exploit such works, including media companies, entertainment venues, and digital service providers. As a royalty management institution, LMK administers the economic rights attached to songs and/or music by collecting royalties from commercial users, such as karaoke establishments, cafés, and concert organizers, and subsequently distributing those royalties to authors or owners of related rights. [17]
With regard to royalty collection, Article 12 of the Song Royalty Regulation provides as follows:

1. The National Collective Management Institution (LMKN) shall collect royalties from persons engaging in the commercial use of songs and/or music through commercial public services on behalf of authors, copyright holders, and owners of related rights who are members of a Collective Management Institution (LMK).
2. In addition to collecting royalties on behalf of authors, copyright holders, and owners of related rights who are members of LMK as referred to in paragraph (1), the LMKN shall also collect royalties on behalf of authors, copyright holders, and owners of related rights who are not yet members of any LMK.

Based on these provisions, the legal position of the LMKN differs from that of LMK. The LMKN is positioned as a state auxiliary organ, whereas LMK is a non-profit legal entity established by creators. In terms of their establishment, the LMKN is formed by the Minister pursuant to the UUHC, while LMK are established by authors or owners of related rights. The principal functions of the LMKN are to collect, administer, and distribute royalties obtained from commercial users, as well as to coordinate the activities of LMK. By contrast, LMK primarily functions to distribute royalties to its members, namely authors, musicians, or other rights holders who have granted it the authority to administer their economic rights.
From a normative perspective, LMK is an institution authorized by authors or copyright holders to collect,

[11] Ridwan HR, 2018, *Hukum Administrasi Negara*, Rajawali Press, Jakarta, (104).
[12] Maharani, K.A.P. and Mahendrayana, I.M.D.D., 2025. Pengaturan Pemberian Royalti Lagu Dalam Bentuk Pemakaian Layanan Publik Bersifat Komersial Menurut Hukum Positif Indonesia. *Kertha Semaya: Journal Ilmu Hukum*, *13*(12), pp.2939-2948.
[13] Hukum Online.com, Kenali Lembaga Manajemen Kolektif, Pelaksana Tata Kelola Royalti Hak Cipta di Indonesia, https://www.hukumonline.com/berita/a/kenali-lembaga-manajemen-kolektif--pelaksana-tata-kelola-royalti-hak-cipta-di-indonesia-lt5b8668951249c/?page=1, diakses 29 Maret 2026.
[14] Anwar Borahima, 2010, *Kedudukan Yayasan Di Indonesia*, Jakarta: Kencana Prenada Media Group, (87).
[15] Ketut Nurcahya Gita dan I Made Udiana, Kepastian Hukum Dalam Pembuatan Surat Kuasa Membebankan Hak Tanggungan, *Acta Comitas Jurnal Hukum Kenotariatan*, 6 (2), (2021), h. 275 – 287.
[16] Meilala Djaja S., 2014, *Hukum Perdata Dalam Perspektif BW*. Bandung: Nuansa Aulia, h. 67.
[17] Maharani, K.A.P. and Mahendrayana, I.M.D.D., *Op.cit*. pp.2939-2948.

administer, and distribute royalties on their behalf. [18] By contrast, the LMKN functions as a coordinating body responsible for coordinating the collection and distribution of royalties, particularly in relation to copyright in songs and music. These regulatory arrangements are essentially intended to establish a royalty management system that is effective, transparent, and capable of providing legal certainty for all interested parties, including authors, users, and the State. Nevertheless, both LMK and the LMKN appear to possess the same authority, namely to collect, administer, and distribute royalties. This gives rise to an overlap of authority between the two institutions. On the one hand, the definition of LMK under Article 1 point 10 of the Song Royalty Regulation does not expressly confer authority to collect royalties. On the other hand, the authorization granted by songwriters to LMK may include the authority to collect royalties. Consequently, a legal inconsistency arises between the authority conferred upon LMK by songwriters to collect royalties from the commercial use of songs and/or music and the statutory definition of LMK. Furthermore, the Song Royalty Regulation primarily governs the position and authority of the LMKN in collecting, administering, and distributing royalties. It does not clearly regulate the authority of LMK in the collection and distribution of royalties derived from the use of songs and/or music. Accordingly, the regulation of LMK authority under the Song Royalty Regulation remains normatively ambiguous and incomplete.

- **The Authority of Collective Management Institutions (LMK) in the Commercial Management of Song Royalties**

Under the Song Royalty Management Regulation, LMKs are authorized only to administer and distribute copyright royalties for songs and/or music that have been collected by the LMKN from commercial users. As previously explained, a LKM is a non-profit legal entity authorized by authors and is required to have its financial records audited and to distribute royalties transparently. The first aspect of a LMK's authority arises from its legal position as an authorized representative of authors. In this capacity, LMK operates as a non-profit institution authorized by authors, copyright holders, or owners of related rights to administer their economic rights. [19] Accordingly, LMK is authorized to distribute royalties on the basis of the authority granted by authors, copyright holders, or owners of related rights. In distributing royalties, however, LMK is authorized to make distributions only to its members. This limitation is stipulated in Article 27 paragraph (3) of Regulation of the Minister of Law Number 27 of 2025 concerning the Implementing Regulation of Government Regulation Number 56 of 2021 concerning the Management of Copyright Royalties for Songs and/or Music (the Ministerial Regulation on Royalties), which provides that the royalties referred to in paragraph (1) shall be distributed to authors, copyright holders, or owners of related rights who have become members of a LMK.

Article 27 paragraph (1) of the Ministerial Regulation on Royalties provides that the distribution of royalties as referred to in Article 18 paragraph (2) point c shall be carried out by the LMKN through LMK. [20] Accordingly, the distribution process is implemented by transferring royalties from the LMKN to the relevant LMK. This arrangement indicates a delegation of authority from the LMKN to LMK. The provision expressly limits the authority of LMK to two principal functions, namely the administration and distribution of royalties. It demonstrates that LMK serve as implementing arms of the LMKN in distributing royalties to authors, copyright holders, and other rights holders. From a systematic interpretation of the regulatory framework, the LMKN therefore occupies a central position in royalty management, while LMK function as technical implementing institutions within that framework. On the basis of this normative construction, the authority to collect royalties directly from commercial users is vested primarily in the LMKN rather than in LMK. This confirms a division of functions between the two institutions. By virtue of attributed authority, the LMKN acts as the legally authorized body empowered by statute to collect royalties, whereas LMK are authorized only to administer and distribute the royalties after they have been collected.

Article 36 paragraph (1) of the Ministerial Regulation on Royalties provides that LMK operating in the field of songs and/or music without an operational licence issued by the Minister is prohibited from collecting, administering, and distributing royalties. This provision may be understood to mean that LMK that has not obtained ministerial authorization is not permitted to collect royalties on behalf of its members. In essence, the provision constitutes an administrative prohibition intended to restrict the activities of unlicensed LMK. However, the use of the phrase "collecting, administering, and distributing" may give rise to an *a contrario* interpretation that LMK holding a valid operational licence is permitted to undertake all such activities, including the direct collection of royalties. In other words, once LMK has obtained a licence from the Minister, it may be construed as possessing the authority to collect royalties. Such an interpretation is problematic because the Song Royalty Regulation does not confer upon LMK the authority to collect royalties directly from commercial users. Moreover, such authority is not expressly granted by a higher-level regulation, thereby creating a potential conflict with the principle of legality. Consequently, the provision gives rise to normative ambiguity concerning the authority of LMK to collect royalties arising from the commercial use of songs and/or music.

The normative ambiguity surrounding the authority of LMK, particularly with respect to the collection of royalties, gives rise to significant legal consequences in the administration of copyright in Indonesia. This lack of clarity affects not only the normative framework but also its legal implementation, inter-institutional relations, and the protection afforded to the relevant stakeholders.

The principal legal consequence arising from such normative ambiguity is legal uncertainty. On the one hand, the Song Royalty Regulation limits the authority of LMK to the administration and distribution of royalties. On the other

[18] Apsari, K. and Dharmawan, N.K.S., 2025. Model Pengaturan Pembagian Harta Bersama pada Proses Perceraian yang Bersumber dari Royalti Hak Cipta. *Jurnal Ilmiah Kebijakan Hukum*, 19(1), pp.1-16.
[19] Ibid.
[20] Pradana, B., Ngurah, I.G., Dharmawan, S. and Ketut, N., 2021. Peranan Lembaga Manajemen Kolektif Atas Pembayaran Royalti Cover Lagu Di Youtube. *Kertha Negara: Journal Ilmu Hukum*, 9(4).

hand, the Ministerial Regulation on Royalties permits an interpretation that LMK may also collect royalties directly. This inconsistency creates uncertainty as to which institution is legally authorized to collect royalties, the respective limits of authority of each institution, and the procedures that commercial users are required to follow. Consequently, the legal system is deprived of its fundamental function of providing clear, consistent, and predictable guidance. Furthermore, Article 36 paragraph (1) of the Ministerial Regulation on Royalties appears to provide LMK with an opportunity to collect royalties. However, when assessed in light of the principle of legality, such action may potentially be characterized as *ultra vires*, namely an act performed beyond the authority conferred by the applicable laws and regulations.

The regulatory framework governing such authority may also give rise to institutional conflict between LMK and the LMKN. Where the two institutions rely on differing interpretations of their respective authority to collect royalties, their functions may overlap and competing claims of authority may emerge. The authority of LMK to collect royalties therefore gives rise to a range of complex legal consequences, including legal uncertainty, the potential exercise of *ultra vires* powers, institutional conflict, and losses suffered by both commercial users and authors. Accordingly, regulatory clarification and harmonization are required to establish a royalty management system that is effective, equitable, and capable of ensuring legal certainty.

The normative ambiguity must be resolved through legal harmonization. The authority to collect royalties should be expressly designated as the exclusive authority of the LMKN, while LMK should function as membership representatives responsible for repertoire verification, rights-data validation, and the distribution of royalties to their members. This arrangement would be consistent with the Song Royalty Regulation, which positions the LMKN as the principal gateway for royalty payments, licensing, collection, administration, and distribution. From a legislative drafting perspective, Article 36 paragraph (1) of the Ministerial Regulation on Royalties should be reformulated. The phrase "*dilarang menarik, menghimpun, dan mendistribusikan royalti*" should be amended to prevent it from being interpreted as conferring a new source of authority upon LMK. A more harmonized formulation would provide that a LMK operating in the field of songs and/or music without an operational licence issued by the Minister is prohibited from carrying out royalty-management activities within the scope of its authority, including the administration of rights data, the management of membership records, and the distribution of royalties through the LKMN mechanism. With such an amendment, an operational licence would no longer be construed as the legal basis for authorizing LMK to collect royalties directly. Instead, it would serve as a requirement of legal standing that enables LMK to act as an intermediary institution for royalty distribution and as a representative of its members.

Other requirements, including the requirement to obtain authorization from authors or copyright holders, the stated purpose of establishment, and a declaration of capability to "collect, administer, and distribute" royalties, should likewise be harmonized. In this respect, the authority granted to a LMK should be limited to representing the interests of its members in the management of royalties through the LMKN, rather than authorizing the LMK to collect royalties directly from commercial users. The regulatory framework governing the allocation of authority between the LMKN and LMK should also be harmonized. The LMKN should serve as the sole external institution dealing directly with commercial users, while LMK should function as internal institutions responsible for membership matters, royalty claims, and final distribution to rights holders. This institutional relationship is, in fact, already reflected in the Song Royalty Regulation and Article 27 paragraph (1) of the Ministerial Regulation on Royalties, which provides that royalty distribution shall be carried out by the LMKN through LMK. Accordingly, within the overall regulatory system, external legal relations with commercial users fall within the authority of the LMKN, whereas representational relations with rights holders remain within the authority of LMK.

Legal harmonization must also extend to the enforcement aspect. If the regulatory framework is intended to confer exclusive authority upon the LMKN to collect royalties, it must be expressly stipulated that any direct collection by a LMK from commercial users, in the absence of a valid legal basis or lawful delegation, constitutes an act beyond the scope of its authority. Where a single-gateway payment system is adopted, payments made by commercial users to parties outside the official LMKN mechanism should not discharge their royalty obligations. Disputes arising from multiple or duplicative royalty claims should also be resolved promptly through an effective administrative mechanism. Such measures are essential to ensure legal certainty for commercial users. The Song Royalty Regulation already reflects a policy direction under which royalty payments are to be made through the LMKN. Accordingly, the express imposition of sanctions for royalty collection conducted outside the authorized system would further strengthen legal certainty for commercial users.

The legal harmonization of the provisions governing the authority of the LMKN and LMK should be directed toward expressly establishing that the authority to collect royalties is vested exclusively in the LMKN. LMK, by contrast, should function as representative institutions authorized by rights holders to verify rights-related data, administer membership matters, and distribute royalties through the LMKN mechanism. Such reformulation is necessary because the wording of the Ministerial Regulation on Royalties, particularly the provisions concerning LMK operational licences, has created normative ambiguity that may conflict with the Song Royalty Regulation, which designates the LMKN as the institution authorized to collect, administer, and distribute royalties. Accordingly, regulatory harmonization is required to ensure legal certainty, institutional coherence, and the effective protection of the economic rights of authors and owners of related rights.

Closing

Conclusion

Based on the foregoing analysis, it may be concluded that the authority of Collective Management Institutions (LMK) in royalty management remains subject to normative ambiguity. Such ambiguity arises from Article 36 paragraph (1) of the Ministerial Regulation on Royalties, which may be interpreted as permitting LMK to collect royalties directly from commercial users. This normative uncertainty may consequently give rise to legal uncertainty concerning the collection of royalties for the commercial use of songs and/or music. Furthermore, under the Song Royalty Regulation, the authority of LMK in the commercial management of song royalties is limited to administering and distributing royalties to their members. However, the Ministerial Regulation on Royalties creates the possibility that a LMK may also exercise the authority to collect royalties once it has obtained an operational licence from the Minister.

Suggestion

1. The Government should promptly amend the Ministerial Regulation on Royalties, particularly the provisions concerning the authority of LMK to collect song royalties directly from commercial users.
2. Commercial users should continue to make royalty payments through the LMKN, notwithstanding the interpretative possibility under the Ministerial Regulation on Royalties that royalties may be collected by LMK.
3. Authors or song copyright holders should refrain from granting LMK the authority to collect royalties directly, since LMK are authorized only to receive royalties from the LMKN and distribute them to their respective members.

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