


Chapter 11

AI-Based Royalty Distribution Concept for Commercial Public Streaming of Songs and Music in Indonesia

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ABSTRACT

The collection and distribution of royalties for the use of songs and music in commercial public spaces in Indonesia remain contentious due to limited transparency, overlapping management authorities, and inadequate technology for tracking music. The problem arises after Government Regulation Number 56 of 2021 implementing mandate on royalty collection for music or song streaming, but it lacks on governance readiness and calculation accuracy that still needs to be improved. Internationally, artificial intelligence (AI) technologies have shown considerable promise in enhancing music detection accuracy and expediting the proportional distribution of royalties. This article presents a comparative analysis of AI applications in royalty tracking systems across USA, UK and Australia. Main priorities include harmonizing the

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roles of LMK and LMKN, strengthening national data integration, increasing transparency in tariff and distribution mechanisms, and establishing AI ethics guidelines to safeguard creators' rights and ensure algorithmic accountability.

1. INTRODUCTION

Since the beginning of 2025, the implementation of royalty collection for music played in open spaces to the public for a commercial context in Indonesia has been implemented by the Directorate General of Intellectual Property (DJKI) of the Ministry of Law in accordance with Law Number 28 of 2014 concerning Copyright (hereinafter referred to as UUHC or Copyright Law) and Government Regulation Number 56 of 2021 concerning Management of Song and/or Music Royalties (hereinafter referred to as PP Number 56 of 2021). The main principle is that royalty payments to the creators and owners of related rights must accompany every form of music playback in public spaces by business actors. (Hesmondhalgh et al, 2021)

This collection is actually normatively in accordance with the legal framework that has been socialized for several years since the issuance of Government Regulation No. 56 of 2021. However, its implementation since last year has continued to generate polemics and controversy in the community (Jensen, 2024). This is primarily because this obligation applies without exception, including to those who already subscribe to personal digital music streaming services (such as Spotify, YouTube Premium, Apple Music, or other platforms), which cannot be a legitimate basis for publicly listening to their subscription music in a commercial context because their subscription streaming service is personal in nature, meaning the subscription package price is also individual. However, when music is played to the public in an open business space, it falls into the commercial use category, requiring a license payment through a legal mechanism, as stipulated in Article 3 paragraph (2) of Government Regulation Number 56 of 2021, which regulates 14 forms of commercial public services that are subject to royalties. In fact, the obligation to pay royalties has existed since the enactment of Law Number 6 of 1982 concerning Copyright, where royalty collection has been actively implemented since 1990. The presence of Government Regulation Number 56 of 2021 as an implementing regulation of the Copyright Law only intends to clarify the scope of commercialization that is subject to royalties and not. The controversy that arises due to the implementation of the Government Regulation is prone to causing top-down miscoordination due to weak transparency and technological unpreparedness in the royalty calculation system owned by The National Collective Management Institute (Lembaga Manajemen Kolektif Nasional or LMKN).

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