



## Music Royalty Obligations and Copyright Enforcement in Commercial Public Spaces: The Case of Cafés and Restaurants in Indonesia

Dewi Ananda Putri <sup>1</sup>, Muryanto Lanontji <sup>2\*</sup>, Andi Muhammad Jafar <sup>3</sup>

<sup>a</sup> Universitas Muhammadiyah Kendari, Indonesia

<sup>b</sup> Universitas Muhammadiyah Kendari, Indonesia

<sup>c</sup> Universitas Muhammadiyah Kendari, Indonesia

<sup>1</sup> [dewianandaput@gmail.com](mailto:dewianandaput@gmail.com); <sup>2</sup> [muryanto@umkendari.ac.id](mailto:muryanto@umkendari.ac.id); <sup>3</sup> [andimuhammad.jafar@umkendari.ac.id](mailto:andimuhammad.jafar@umkendari.ac.id)

\* corresponding author

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*Copyright constitutes a central pillar of intellectual property law in regulating the commercial exploitation of music as an economically valuable creative work. This article examines the legal obligation imposed on cafés and restaurants in Indonesia to pay music royalties under Government Regulation No. 56 of 2021, as an implementing instrument of Law No. 28 of 2014 on Copyright. Despite the existence of a formal regulatory framework, widespread non-compliance among café and restaurant business operators persists, raising significant juridical concerns regarding enforcement legitimacy and proportionality. Employing a normative-juridical research method with statutory and conceptual approaches, this study analyzes primary, secondary, and tertiary legal materials to assess the normative basis and legal implications of mandatory royalty payment obligations. The analysis demonstrates that the use of music in cafés and restaurants constitutes a form of public performance or communication to the public, thereby generating enforceable royalty obligations grounded in creators' exclusive economic rights. Non-compliance gives rise to layered juridical consequences, encompassing administrative enforcement, civil liability, and the potential application of criminal sanctions under Indonesian copyright law. By situating the Indonesian regulatory framework within broader debates on copyright governance, this article contributes to the international discourse by clarifying how collective royalty regimes recalibrate the legal position of small and medium-sized commercial users in public performance rights enforcement systems.*

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## 1. Introduction

Copyright constitutes a core pillar of intellectual property law, serving not only as a legal mechanism for protecting creative works but also as an instrument for balancing the interests of creators, users, and the public.<sup>1</sup> In the field of music and songs, copyright protection encompasses both moral rights and economic rights, including public performance rights, which form the legal basis for the commercial use of music in public spaces.<sup>2</sup> Globally, the enforcement of public performance rights has become increasingly significant alongside the expansion of the hospitality and creative economy sectors, where music functions as an essential commercial asset rather than a mere cultural expression.<sup>3</sup>

From a theoretical perspective, the justification for protecting creators' economic rights is deeply rooted in classical property and personality theories. John Locke's labor theory emphasizes that individuals are entitled to the fruits of their intellectual labor, thereby legitimizing economic incentives in the form of royalties.<sup>4</sup> Friedrich Hegel's personality theory, meanwhile, conceptualizes creative works as an extension of the author's personality, requiring legal protection not only for economic exploitation but also for the recognition of the personal bond between creators and their works.<sup>5</sup> These philosophical foundations continue to inform contemporary copyright regimes, particularly in regulating the commercial exploitation of music in public venues.

Within this broader context, many jurisdictions have adopted collective management systems to facilitate the licensing, collection, and distribution of royalties arising from public performance rights. Internationally, collective management organizations (CMOs) are often positioned as intermediaries that reconcile the asymmetry of bargaining power between creators and commercial users, while ensuring efficiency, transparency, and legal certainty.<sup>6</sup> Nevertheless, scholarly debates persist regarding the proportionality, legitimacy, and enforceability of royalty obligations, especially when applied to small and medium-sized enterprises (SMEs) such as cafés and restaurants.<sup>7</sup> These debates highlight recurring tensions between effective copyright protection and the practical realities of business compliance.

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<sup>1</sup> M Lasisi and K Olowu, "Copyright and Freedom of Information," in *Encyclopedia of Libraries, Librarianship, and Information Science, First Edition, Four Volume Set*, vol. 4, 2024, V4:68-V4:76, <https://doi.org/10.1016/B978-0-323-95689-5.00252-2>.

<sup>2</sup> Besse Sari and Pipit Somefotorono, "Legal Protection of Music Copyrights in Public Commercial Spaces : A Case Study of Coffee Shops in Kolaka Utara Regency , Indonesia," *Constitutional Law Review* 4, no. 2 (2025): 151–69, <https://doi.org/https://doi.org/10.30863/clr.v4i2.5950>.

<sup>3</sup> Y Usfunan et al., "Management of Royalties for Copyright Local Songs and Music: Implementation and Urgency," *Lex Scientia Law Review* 9, no. 2 (2025): 1637–67, <https://doi.org/10.15294/lsr.v9i2.30243>.

<sup>4</sup> M Chatterjee, "Lockean Copyright versus Lockean Property," *Journal of Legal Analysis* 12 (2021): 136–82, <https://doi.org/10.1093/JLA/LAAA002>.

<sup>5</sup> M Jankowska and M Pawelczyk, "Intellectual Property Law: Philosophical Foundations, Theoretical Frameworks, and Cross-Pollination[1]," *Prawo i Wiedz* 2023, no. 47 (2023): 549–87, <https://doi.org/10.36128/PRIW.VI47.823>.

<sup>6</sup> Z Li and W Cheng, "Practices of Collective Management of Copyright on Musical Works and Related Rights on Audio-Video Products in China," *International Journal of Intellectual Property Management* 8, no. 1–2 (2015): 78–106, <https://doi.org/10.1504/IJIPM.2015.071346>.

<sup>7</sup> Usfunan et al., "Management of Royalties for Copyright Local Songs and Music: Implementation and Urgency."

In Indonesia, the regulatory framework governing music royalties experienced a significant development with the enactment of Government Regulation No. 56 of 2021 on the Management of Copyright Royalties for Songs and/or Music. This regulation mandates that commercial users of music in public service venues, including cafés and restaurants obtain licenses and pay royalties through the National Collective Management Organization (*Lembaga Manajemen Kolektif Nasional/LMKN*).<sup>8</sup> By standardizing the mechanism for royalty collection and distribution, the regulation seeks to enhance legal certainty, strengthen creators' economic rights,<sup>9</sup> and address long-standing disputes concerning unauthorized public performance of music.<sup>10</sup>

Despite the availability of a formal regulatory framework, empirical observations indicate persistent non-compliance among café and restaurant operators.<sup>11</sup> Music is frequently utilized as a commercial tool to create ambiance and attract customers without prior licensing or royalty payment.<sup>12</sup> This practice not only undermines the economic rights of creators but also raises complex juridical questions concerning legal awareness, enforcement effectiveness, and the proportionality of sanctions imposed on business actors.<sup>13</sup> Previous studies in the Indonesian context have generally focused on normative explanations of copyright obligations or emphasized the protection of creators' rights, while paying still limited and predominantly descriptive attention to the juridical implications of royalty enforcement for café and restaurant operators as commercial users of music.<sup>14</sup>

This article identifies a critical research gap in the existing literature: the lack of in-depth normative legal analysis examining how the mandatory royalty payment regime under Government Regulation No. 56 of 2021 reconfigures the legal position, obligations,

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<sup>8</sup> A Setiawan, "Criticising Government Regulations on Music Royalty in Indonesia and Some Copyright Issues of Music Works in the Digital Space," *International Journal of Arts and Technology* 13, no. 3 (2021): 183–99, <https://doi.org/10.1504/IJART.2021.120762>.

<sup>9</sup> Adrian Fadli, Muryanto Lanontji, and Dirawati, "Tinjauan Yuridis Terhadap Kewenangan Negara Dalam Regulasi Hak Kekayaan Intelektual Di Era Demokrasi Konstitusional," *Lex Stricta Jurnal Ilmu Hukum* 4, no. 1 (2025): 23–32.

<sup>10</sup> A L Gunawan, E Kuspraningrum, and F N Hediati, "IMPLEMENTASI PENARIKAN ROYALTI PENGGUNA LAGU/MUSIK PADA USAHA MIKRO, KECIL, KAFE DI KOTA SAMARINDA," *Jurnal Suara Hukum* 5, no. 1 (2023): 190–206, <https://doi.org/10.26740/jsh.v5n1.p190-206>.

<sup>11</sup> Gunawan, Kuspraningrum, and Hediati.

<sup>12</sup> D Mitra and A Modi, "Pay 'n' Play: Public Performance of Sound Recordings Vis-à-Vis Copyright Infringement," *Journal of Intellectual Property Rights* 18, no. 2 (2013): 123–32, <https://www.scopus.com/inward/record.uri?eid=2-s2.0-84875348450&partnerID=40&md5=c8b5bddd25f87a8308f6beb3fde5a084>.

<sup>13</sup> Usfunan et al., "Management of Royalties for Copyright Local Songs and Music: Implementation and Urgency."

<sup>14</sup> P Suwadi, A C Sofyan, and R S Ramdhani, "LEGAL COMPARISON BETWEEN NATIONAL COLLECTIVE MANAGEMENT INSTITUTIONS IN INDONESIA AND UNITED STATES," *Revista de Gestao Social e Ambiental* 18, no. 4 (2024), <https://doi.org/10.24857/rgsa.v18n4-015>; M R Ayu Palar et al., "Centralized Management of Copyright Royalties: A Case Study on the National Collective Management Organization for Songs and Music in Indonesia," *Journal of World Intellectual Property* 28, no. 1 (2025): 24–57, <https://doi.org/10.1111/jwip.12320>; N Muhidiastu et al., "User Responses Towards Information Distribution of Copyright Law No. 28 of 2014 Concerning Permits for Commercial Use of Music Performing Rights," *Journal of Distribution Science* 20, no. 1 (2022): 55–65, <https://doi.org/10.15722/jds.20.01.202201.55>.

and liabilities of café and restaurant operators as commercial users of music. More specifically, prior scholarship has not sufficiently addressed whether the regulatory design and enforcement mechanisms strike a fair balance between the protection of creators' economic rights and the principles of legal certainty, proportionality, and business feasibility for SMEs.

Accordingly, this study aims to analyze the juridical implications of music royalty payment obligations for café and restaurant operators under Government Regulation No. 56 of 2021. It argues that while the regulation strengthens the legal framework for public performance rights and collective royalty management, it simultaneously generates new normative challenges related to compliance, enforcement legitimacy, and potential legal consequences arising from non-compliance. By employing a normative-juridical approach enriched with conceptual and regulatory analysis, this article contributes to the broader international discourse on copyright governance and public performance rights enforcement in emerging economies, offering insights that extend beyond the Indonesian legal context.

Accordingly, this article addresses the following research questions: (1) How does Government Regulation No. 56 of 2021 reconfigure the legal obligations of café and restaurant operators concerning public performance rights for music? (2) What juridical consequences arise from non-compliance with mandatory royalty payment obligations under the Indonesian copyright regime? and (3) To what extent does the regulation balance the protection of creators' economic rights with principles of legal certainty, proportionality, and business feasibility for commercial users?

## 2. Legal Material and Methods

This study adopts a doctrinal (normative) legal research design, grounded in the systematic analysis of authoritative legal materials governing music royalty obligations and public performance rights. The primary legal materials comprise Law No. 28 of 2014 on Copyright and Government Regulation No. 56 of 2021 on the Management of Copyright Royalties for Songs and/or Music, along with relevant implementing regulations and official policy instruments. These materials are supplemented by secondary legal sources, including peer-reviewed journal articles, scholarly monographs, and policy reports addressing copyright law, collective management systems, and royalty governance. Selected international literature and documents issued by institutions such as the World Intellectual Property Organization (WIPO) are also examined to provide broader normative context. Tertiary legal materials, such as legal dictionaries and encyclopedias, are used in a limited manner to clarify key legal concepts and terminology.

The research employs a normative-juridical approach through a statute approach and a conceptual approach to examine the structure, coherence, and normative rationale of the applicable regulatory framework.<sup>15</sup> The statute approach is used to analyze the allocation of

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<sup>15</sup> Muhammad Syarif et al., *Metode Penelitian Hukum, Get Press Indonesia* (Padang, Sumatera Barat, 2024).

rights and obligations, licensing mechanisms, and sanctions under Government Regulation No. 56 of 2021, while the conceptual approach interrogates core legal notions, including public performance rights, collective management, legal certainty, proportionality, and fairness. The analysis is conducted through systematic legal interpretation and doctrinal reasoning, guided by normative criteria such as consistency with higher-ranking legislation and the rationality of regulatory objectives. International best practices are utilized as analytical reference points to contextualize the findings, without constituting a full comparative law analysis. Through this integrated methodological framework, the study aims to generate doctrinally grounded and internationally relevant insights into the juridical implications of mandatory music royalty payment obligations.

### 3. Result and Discussion

#### 3.1. Legal Framework Governing the Obligation of Music Royalty Payments by Cafés and Restaurants

Although cafés and restaurants are predominantly small and medium-sized enterprises, their legal qualification as commercial users of music is determined by the nature of music exploitation rather than by business scale. This doctrinal position reflects the broader rationale of copyright law, which seeks to balance public access to creative works with the protection of creators' economic rights.<sup>16</sup> Within this normative framework, music is not merely a cultural expression but also an economic asset that acquires legal significance when utilized for commercial purposes,<sup>17</sup> thereby justifying the imposition of royalty obligations on business users.<sup>18</sup>

Law No. 28 of 2014 on Copyright establishes copyright as an exclusive right that arises automatically upon the fixation of a work, encompassing both moral and economic rights. While moral rights remain inherently attached to the creator, economic rights authorize creators or rights holders to control and monetize the use of their works.<sup>19</sup> Article 8 of the Copyright Law explicitly affirms that these economic rights entitle creators to obtain economic benefits from their works,<sup>20</sup> thereby positioning copyright as a form of property-

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<sup>16</sup> H Panjaitan et al., "MUSIC COPYRIGHT PROTECTION IN THE DIGITAL ERA: LEGAL FRAMEWORK AND STRATEGIES FOR ENFORCEMENT," *Jurnal Hukum Unissula* 40, no. 2 (2024): 235–57, <https://doi.org/10.26532/jh.v40i2.40525>.

<sup>17</sup> J Finn, "Contesting Culture: A Case Study of Commodification in Cuban Music," *GeoJournal* 74, no. 3 (2009): 191–200, <https://doi.org/10.1007/s10708-008-9220-2>.

<sup>18</sup> D Silfiani, "Indonesian Legal Protection for Song Commercialization and Music Copyrights in Digital Platforms," *Padjadjaran Jurnal Ilmu Hukum* 9, no. 2 (2022): 152–69, <https://doi.org/10.22304/pjih.v9n2.a1>.

<sup>19</sup> R F Mayana et al., "Economic & Moral Right for Artificial Intelligence Generated Works: Perspective from Indonesia Copyright Law," in *AIBC 2024 - 2024 5th International Artificial Intelligence and Blockchain Conference*, 2025, 39–43, <https://doi.org/10.1145/3702359.3702365>.

<sup>20</sup> Republik Indonesia, "Undang-Undang Nomor 28 Tahun 2014 Tentang Hak Cipta," *Indonesia, Republik*, 2014.

based entitlement.<sup>21</sup> This doctrinal construction provides the normative basis for imposing royalty obligations on parties that commercially exploit copyrighted music,<sup>22</sup> including business actors operating cafés and restaurants.

The scope of such economic rights is further elaborated in Article 9 of Law No. 28 of 2014, which enumerates various forms of exploitation, including public performance and communication of works to the public. In the context of cafés and restaurants, the use of music whether as background ambience or recorded playback falls primarily within the right of public performance and announcement of works. Even when music is not the core business activity, its use contributes to the commercial atmosphere and consumer experience,<sup>23</sup> thereby generating indirect economic benefit.<sup>24</sup> From a doctrinal perspective, this functional contribution suffices to qualify the use of music as a legally relevant commercial act.

Government Regulation No. 56 of 2021 operationalizes these abstract economic rights by regulating the management and enforcement of music royalties. Article 3 paragraph (1) of the Regulation explicitly mandates that any person who commercially uses music in public service venues must pay royalties through the National Collective Management Organization (LMKN).<sup>25</sup> This provision marks a decisive shift from declarative recognition of economic rights toward enforceable administrative obligations, transforming royalty payments from voluntary arrangements into mandatory legal duties imposed by law.

Furthermore, Article 3 paragraph (2) of Government Regulation Number 56 of 2021 enumerates various forms of public services that use music for commercial purposes, including restaurants, cafés, hotels, and other similar business entities, as activities subject to the obligation to pay royalties. Such enumeration is not intended to constitute a classification of public services in the general sense of administrative law, but rather serves as a normative identification of business activities that derive economic benefit from the use of music. Under this construction, legal liability is determined not by the scale of the business, the method of music dissemination, or whether the use is active or passive in nature, but by the existence of economic exploitation of copyrighted works accessible to the

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<sup>21</sup> M A Wilkinson and N Gerolami, "The Author as Agent of Information Policy: The Relationship between Economic and Moral Rights in Copyright," *Government Information Quarterly* 26, no. 2 (2009): 321–32, <https://doi.org/10.1016/j.giq.2008.12.002>.

<sup>22</sup> R Ghosh, J Ghosh, and P Ghosh, "Copyright Infringement and Exemption Clause on Indian Copyright Law: Issues and Challenges," *Journal of Intellectual Property Rights* 29, no. 1 (2024): 43–49, <https://doi.org/10.56042/jipr.v29i1.872>.

<sup>23</sup> J T Lang, "Music and Consumer Experience," in *The Wiley Blackwell Encyclopedia of Consumption and Consumer Studies*, 2015, 1–3, <https://doi.org/10.1002/9781118989463.wbeccs177>.

<sup>24</sup> A C North and D J Hargreaves, "Music and Consumer Behaviour," in *The Oxford Handbook of Music Psychology*, 2008, <https://doi.org/10.1093/oxfordhb/9780199298457.013.0045>.

<sup>25</sup> E Ardiansyah et al., "Government Institutions Assisting in Representing the Economic Rights of Creators: Is It Necessary?," *Jurnal Hukum Bisnis Bonum Commune* 8, no. 2 (2025): 302–18, <https://doi.org/10.30996/jhbhc.v8i2.13076>.

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public. Accordingly, even the use of music as background ambience gives rise to an obligation to pay royalties, insofar as it satisfies the elements of commercial use.<sup>26</sup>

Institutionally, the enforcement of royalty obligations is centralized through collective management organizations (LMKs) operating under the coordination of LMKN.<sup>27</sup> Articles 87 and 88 of Law No. 28 of 2014 provide the legal basis for LMKs to represent creators and rights holders based on mandates or powers of attorney, subject to licensing and oversight by the state. This institutional arrangement underscores that royalty collection is not a private enforcement mechanism but a regulated legal process designed to ensure transparency, accountability, and legal certainty for both rights holders and business users.

To operationalize such obligations in a measurable manner, the provisions concerning the determination of royalty rates are technically regulated under Article 1 paragraph (4) of the Decree of the Minister of Law and Human Rights of the Republic of Indonesia Number HKI.2.OT.03.01-02 of 2016 on the Approval of Royalty Tariffs for Users Engaging in the Commercial Utilization of Copyrighted Works and/or Related Rights Products of Music and Songs. This provision stipulates that the amount of royalties payable by culinary service businesses that play music, such as restaurants and cafés, is calculated based on the number of seats per year, namely IDR 60,000 per seat per year for authors' rights and IDR 60,000 per seat per year for related rights. This capacity-based calculation scheme provides predictability and administrative convenience for business operators, while simultaneously strengthening legal certainty in the implementation of royalty payment obligations. At the same time, Government Regulation Number 56 of 2021 accommodates the principle of proportional justice by allowing the possibility of tariff adjustments or relief for micro enterprises, without negating the legal status of cafés and restaurants as commercial users of music subject to the obligation to pay royalties.

Overall, the legal framework governing the obligation of cafés and restaurants to pay music royalties reflects an integrated normative construction that brings together copyright doctrine, administrative regulation, and institutional enforcement mechanisms. The classification of cafés and restaurants as commercial users of music, coupled with the requirement to channel royalty payments through a centralized management system, affirms the primacy of creators' economic rights while simultaneously seeking to maintain a balance between effective regulatory enforcement and the principle of proportionality for business actors. Within this framework, such a normative architecture functions as an analytical foundation for assessing the juridical implications of non-compliance, which will be examined in greater depth in the subsequent sub-section.

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<sup>26</sup> Gunawan, Kuspraningrum, and Hediati, "IMPLEMENTASI PENARIKAN ROYALTI PENGGUNA LAGU/MUSIK PADA USAHA MIKRO, KECIL, KAFE DI KOTA SAMARINDA."

<sup>27</sup> Ayu Palar et al., "Centralized Management of Copyright Royalties: A Case Study on the National Collective Management Organization for Songs and Music in Indonesia."

### 3.2. Juridical Consequences of Non-Compliance with Music Royalty Payment Obligations

The failure of cafés and restaurants to fulfill their statutory obligation to pay music royalties constitutes a direct legal consequence of the commercial exploitation of copyrighted works without lawful authorization. As established in the preceding sub-section, the use of music in such venues qualifies as a legally relevant commercial act that generates enforceable economic rights for creators. Accordingly, non-compliance does not merely represent a regulatory omission but amounts to a violation of the proprietary economic rights protected under Indonesia's copyright regime, thereby triggering layered juridical consequences.<sup>28</sup>

At the administrative level, Government Regulation No. 56 of 2021 functions as the primary enforcement instrument that transforms copyright norms into binding compliance duties. Article 3 paragraph (1) of the Regulation explicitly mandates royalty payments for commercial music use in public service venues through the National Collective Management Organization (LMKN). Failure to comply with this obligation exposes business actors to administrative measures coordinated by the Directorate General of Intellectual Property,<sup>29</sup> reflecting the state's commitment to ensuring legal certainty and discipline in the management of creators' economic rights. Administrative enforcement thus serves as the first line of legal response, emphasizing compliance restoration rather than punitive sanction.<sup>30</sup>

Beyond administrative liability, non-compliance with the obligation to pay royalties also gives rise to civil liability grounded in the infringement of exclusive economic rights. Articles 8 and 9 of Law Number 28 of 2014 affirm that the right to obtain economic benefits from a copyrighted work is vested exclusively in the author or the rights holder. The commercial use of music without fulfilling the obligation to pay royalties results in the author's economic rights being unable to be effectively realized, and therefore constitutes an infringement of exclusive rights protected by law. Within the context of intellectual property law, such conduct may be qualified as an unlawful act, as it violates the author's subjective rights and causes economic loss.<sup>31</sup> In this regard, the author or a collective management organization acting on the basis of authority or mandate is entitled to claim compensation

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<sup>28</sup> Y Nurhayati, A H Barkatullah, and M Y Said, "The Issue of Copyright Infringement in 4.0 Industrial Revolution: Indonesian Case," *Jurnal Media Hukum* 26, no. 2 (2019): 122–30, <https://doi.org/10.18196/jmh.20190128>.

<sup>29</sup> Febri Noor Hediati, "The Implementation Of Legal Protection And Law Enforcement On Royalty Management Of Government Regulation Number 56 Of 2021," *Journal of Private and Commercial Law* 5, no. 2 (2021): 95–105.

<sup>30</sup> M Faure, A Ogus, and N Philipsen, "Curbing Consumer Financial Losses: The Economics of Regulatory Enforcement," *Law and Policy* 31, no. 2 (2009): 161–91, <https://doi.org/10.1111/j.1467-9930.2009.00299.x>.

<sup>31</sup> Rischy Akbar Santosa, Budi Santoso, and Rinitami Njatrijani, "PERLINDUNGAN HAK KOMERSIAL PENCIPTA LAGU TERHADAP PEMANFAATAN LAGU TANPA IJIN UNTUK KEPENTINGAN KOMERSIAL (STUDI DI: KOMUNITAS MUSIK HERO COMMUNITY SEMARANG)," *Diponegoro Law Journal* 5, no. 3 (2016): 1–17.

for the resulting economic losses, including unpaid royalties accrued during the period of unauthorized use.<sup>32</sup>

Civil liability may also be grounded in the broader doctrine of unlawful acts under Article 1365 of the Indonesian Civil Code, which requires compensation for losses caused by fault or negligence.<sup>33</sup> The continued use of music in cafés and restaurants without fulfilling royalty obligations demonstrates at least a form of legal negligence, particularly given the clarity of the regulatory framework governing such use. Consequently, claims for damages are not merely contractual in nature but rest on a tort-based justification that reinforces the proprietary character of copyright protection.<sup>34</sup>

Furthermore, non-compliance with the obligation to pay royalties may escalate into criminal liability where it satisfies the statutory thresholds stipulated under Law Number 28 of 2014 on Copyright. Article 9 paragraph (1) letter (g) classifies the public communication of a copyrighted work without authorization as an infringement of economic rights, while Article 113 paragraph (3) provides for a criminal sanction of imprisonment for a maximum period of four years and/or a fine of up to IDR 1,000,000,000 against any person who, without lawful authority, commercially exploits a copyrighted work. In this context, the routine playing of music in cafés and restaurants without the payment of royalties may fulfil the constituent elements of the offence, particularly where such use is carried out systematically and on a continuous basis for the purpose of obtaining economic benefit. Accordingly, the Indonesian copyright regime positions criminal sanctions as an *ultimum remedium*, complementing administrative and civil enforcement mechanisms in ensuring effective protection of authors' economic rights.

However, the criminal enforcement of copyright violations remains subject to the complaint-based mechanism stipulated in Article 120 of Law No. 28 of 2014. As a complaint offense, criminal proceedings may only be initiated upon a formal complaint by the creator or rights holder.<sup>35</sup> This procedural limitation reflects a policy choice to balance punitive enforcement with the protection of business continuity, while still preserving criminal law as an *ultima ratio* for serious or persistent violations.

Overall, the juridical consequences of failing to pay music royalties illustrate a structured liability framework that progresses from administrative enforcement to civil compensation and, ultimately, criminal sanction. This layered approach underscores that royalty payment obligations are not symbolic or discretionary but constitute legally enforceable duties grounded in the protection of creators' economic rights. Within this framework, non-compliance by cafés and restaurants generates tangible legal risks that

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<sup>32</sup> Ayu Palar et al., "Centralized Management of Copyright Royalties: A Case Study on the National Collective Management Organization for Songs and Music in Indonesia."

<sup>33</sup> Ma'ruf Akib and Fajri Al Ghiari, "Tanggung Jawab Hukum Terhadap Pelaku Penyebaran Siaran Ilegal," *Journal Legal Advice (JLA)* 1, no. 1 (2024): 35–40.

<sup>34</sup> Usfunan et al., "Management of Royalties for Copyright Local Songs and Music: Implementation and Urgency."

<sup>35</sup> Tim Hukumonline, "Beda Delik Aduan Dengan Delik Biasa Dan Contohnya," *Hukum Online.Com*, 2025.

reinforce the central role of copyright law in regulating the commercial use of creative works.

#### 4. Conclusion

This study demonstrates that the obligation imposed on cafés and restaurants to pay music royalties under Government Regulation No. 56 of 2021 constitutes a legally binding manifestation of creators' exclusive economic rights rather than a discretionary administrative levy, as the regulation functions as an implementing instrument of Law No. 28 of 2014 by transforming abstract rights of public performance and communication to the public into enforceable compliance duties for commercial users of music, including background or ancillary use. Non-compliance gives rise to a layered framework of juridical consequences encompassing administrative enforcement, civil liability for infringement of exclusive economic rights and unlawful acts, and the potential application of criminal sanctions as an ultima ratio subject to the complaint-based mechanism under Indonesian copyright law, thereby reflecting the state's effort to balance effective protection of creators with proportionality and fairness toward business actors. In light of these findings, the article recommends strengthening legal awareness and regulatory clarity through standardized licensing procedures coordinated by the National Collective Management Organization, prioritizing compliance-oriented administrative enforcement, and enhancing transparency in tariff determination and royalty distribution to reinforce legitimacy and sustainability within Indonesia's copyright governance framework.

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