

## ARRANGING THE RHYTHM OF ROYALTY OBLIGATIONS IN THE BROADCASTING OF SONGS AND MUSIC BY LOCAL RADIO IN MEDAN CITY

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### ABSTRACT

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*Local radio stations play a vital role in the broadcasting industry, serving as a key platform for sharing information and entertainment with the community. However, as the digital music industry continues to evolve, local radio stations in Medan face increasingly complex challenges in complying with copyright laws for songs and music. This study explores the struggles of local radio stations in meeting royalty payment obligations while also examining the regulatory and economic barriers that impact the enforcement of copyright laws in the broadcasting sector. Using a juridical-normative approach with qualitative methods, this research conducts a case study of several local radio stations in Medan. The findings reveal that although awareness of royalty obligations is growing, significant challenges remain. These include unclear regulations, financial burdens, and a lack of understanding of how royalties are distributed. This study highlights the need for greater collaboration between the government, collective copyright management organizations, and radio industry players to establish a fairer and more sustainable system for ensuring compliance with music copyright laws in local broadcasting.*

**Keywords:** *local radio, copyright, royalties, music, regulation*

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## INTRODUCTION

Music and radio have long shared a symbiotic relationship, with radio serving as a crucial platform for promoting songs and artists while also relying on music as an essential element of its programming. Local radio stations, including those in Medan City, play a significant role in providing entertainment, disseminating information, and shaping cultural trends. However, the broadcasting of copyrighted music raises important legal and economic considerations, particularly regarding royalty obligations.

Since Indonesia's Reformation Era in 1998, the media industry has undergone significant changes, shifting toward capitalism through commercialization, deregulation, and globalization. This rapid expansion has brought both opportunities and challenges, creating complex operational dilemmas. According to Ishadi, several key contradictions have emerged in this evolving landscape. These include the media's dual role as both a tool of influence and a profit-driven institution, the government's balancing act between neutrality and media growth support, and the ongoing debate between economic liberalization and protecting local markets. Additionally, journalists often find themselves caught between their professional ideals and the increasing need for media regulation. Another major tension lies in how information is perceived—whether as a corporate asset or as a fundamental media resource. These conflicting forces continue to shape the direction of Indonesia's media industry today<sup>1</sup>. Amid the rapid advancements in communication and information technology, radio has remained a steadfast and enduring medium for disseminating information and facilitating communication. However, private radio stations are increasingly pressured to prioritize profitability over their broader societal responsibilities, as they navigate the competitive media landscape<sup>2</sup>.

Indonesia's Broadcasting Law recognizes advertising as a key revenue stream for commercial radio stations. To attract both advertisers and listeners, radio programs must offer engaging and high-quality content—whether for entertainment, education, or insightful discussions. The dynamics of free trade and economic shifts also influence broadcasting standards, pushing radio stations to maintain professional management and compete in an increasingly crowded industry. Financial pressures drive station operators to cater to three main audiences: the political market, which seeks news and current affairs; the popular market, which looks for entertaining and engaging content; and the business market, which relies on updates about finance and investments<sup>3</sup>.

One of the biggest challenges for broadcast radio today is creating high-quality programs that resonate with specific audience demographics. In the digital age, audience loyalty has diminished, as people now have access to a vast array of media options. To stay relevant, private radio stations must continuously innovate and produce compelling content that attracts a broad listener base. Broadcasting regulator M. Syaifurrohman has noted that shifting media consumption patterns, driven by technological advancements, have also impacted advertisers, further complicating the landscape for radio stations<sup>4</sup>.

The radio industry is well aware of the increasing difficulty in securing advertising revenue. To remain competitive against television, print, outdoor, and online media, radio must maintain a strong presence and adapt to changing market demands. The intensifying competition among broadcast media has made commercial strategies essential for survival. Today, nearly all media outlets rely on information technology in their daily

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<sup>1</sup> I. S.K., *Media & kekuasaan televisi di hari-hari terakhir presiden Soeharto*. Jakarta: PT. Kompas Media Nusantara, 2014.

<sup>2</sup> A. Rachmiatie, D. Ravena, and Y. Yuniati, "Radio Constellation to Strengthening Local Identity," *Sosial dan Pembangunan*, vol. 34, no. 1, 2018.

<sup>3</sup> J. Servaes and R. Lie, "Media Versus Globalization and Localisation," *Media Dev*, vol. 48, no. 3, 2001.

<sup>4</sup> Syaifurrohman, *Mengawal Penyiaran Menyelamatkan Generasi Muda Dalam KPID Jawa Barat 2015- 2018*. Bandung: KPID Jabar, 2017.

operations. However, radio audiences come from diverse social and cultural backgrounds, each with unique preferences. This presents both a challenge and an opportunity one that requires careful consideration and strategic adaptation to sustain listener engagement and financial viability.

Currently, one of the most important factors in achieving the company's objectives is the design of the information system strategy, as it needs to align with the established business strategy. Despite the advancements in information and communication technology, radio continues to be a viable option for anyone seeking pleasure and information when it comes to mass communication. It can be said that radio development has advanced quickly in tandem with the advancement of the age. Government and private radio have expanded to numerous distant parts of Indonesia under the management of Komisi Penyiaran Indonesia, also known as the Indonesian Broadcasting Commission, data from the organisation shows that there was a significant increase in the overall number of radios in 2017, with a total of 4,050. This number included 489 community radio stations, 244 public radio stations, and 3,317 private radio stations. Across Indonesia, cities typically host ten radio stations each, encompassing private, public, and community categories.

Radio remains a powerful and accessible medium that connects people by delivering information and entertainment to a wide audience at the same time. Its importance is evident in how it helps raise awareness about key issues like environmental conservation and global warming in a way that is easy to understand. In rural areas, radio serves as a vital source of knowledge, offering guidance on farming, livestock care, and fisheries, while also providing entertainment through storytelling, music, and cultural programs. Meanwhile, in cities, people rely on radio for quick updates and useful information. Commuters, for example, tune in to check traffic conditions or simply to enjoy music as a way to make their journey more pleasant. Whether in urban or rural settings, radio continues to be a trusted companion, keeping people informed and entertained in their daily lives. Radio offers a diverse range of programming to keep its audience engaged, making it a popular choice for news, infotainment, and music broadcasts. Given the significant number of radio stations in operation, entertainment remains a dominant feature of radio programming, with music being played almost continuously to maintain listener interest and satisfaction. This constant stream of music underscores radio's enduring appeal as a primary source of entertainment across different demographics.

The need for legal protection of song copyright owners in the radio industry is becoming increasingly crucial. Copyright law safeguards a songwriter's creative work, ensuring that compositions played on radio stations remain legally protected. The broadcasting of these songs benefits radio corporations by attracting a larger audience, which, in turn, appeals to advertisers seeking to place commercials. However, while radio stations gain from airing music, it is equally important that songwriters receive fair compensation for their work. Under the Copyright Act, songwriters hold exclusive rights to their compositions, including the authority to license or grant permission for reproduction and broadcasting. This authorization is typically formalized through a licensing agreement, which outlines the terms under which intellectual property rights are transferred from the creator (licensor) to the receiving party (licensee). Through this

licensing process, the licensee gains the right to use the intellectual property for commercial purposes, such as producing, distributing, or engaging in other business activities that rely on creative innovation and expertise<sup>5</sup>.

The purpose of copyright is to protect the creator's rights to distribute, sell or create derivatives of the work created.<sup>6</sup> There are two rights in copyright, namely moral rights and economic rights. Economic rights are the rights to obtain economic benefits from creations and related rights products.<sup>7</sup> The existence of this royalty is to protect economic rights where later the creator or owner of related rights will receive payment or economic benefits from the work of songs and/or music from those who use the work for commercial purposes.

Government Rule Number 56 of 2021, which regulates the administration of royalties related to songs and/or music copyright, radio stations are among the entities mandated to pay royalties for original works protected by Copyright law bestows specific exclusive rights upon the creators of literary and artistic works, and music is a distinct category falling under its jurisdiction. Within music, "musical works" and "sound recordings" represent two separate and independent classifications that enjoy copyright protection under federal law. A sound recording is a precise rendition of a song or musical performance by a performer that has been stored on a recording media, such as an MP3 file, cassette tape, vinyl album, compact disc, or digital music platform. On the other hand, a musical work encompasses the musical composition and the accompanying lyrics created by a songwriter.

The broadcast radio industry contends that airing music serves as a form of free advertising and promotion for artists and record labels, thereby justifying its longstanding exemption from paying royalties to sound recording copyright holders. From this perspective, musicians and producers generate revenue through alternative streams such as merchandise sales, concert tickets, and the purchase of physical or digital music formats like CDs and MP3 downloads. Radio broadcasters further argue that this exemption upholds a well-established and symbiotic economic relationship between the broadcasting, music, and recording industries. This arrangement, which has persisted for more than 80 years, has remained unchanged despite ongoing appeals from the recording industry for legislative reforms to the performance royalty framework. Lawmakers have consistently upheld the existing model, reinforcing the belief that radio airplay provides substantial promotional value to artists and record labels.

Despite the existence of these legal provisions, the implementation of royalty obligations by local radio stations in Medan City remains inconsistent. Several challenges hinder full compliance, including economic constraints, regulatory ambiguities, and limited awareness among broadcasters. Many local radio stations operate on tight budgets, relying primarily on advertising revenue. The added burden of royalty payments is often perceived as financially straining, especially for smaller stations that struggle to

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<sup>5</sup> R. L. Maramis, "Perlindungan Hukum Hak Cipta Atas Karya Musik dan Lagu Dalam Hubungan Dengan Pembayaran Royalti," *Lex Privatum*, vol. 2, no. 2, 2014.

<sup>6</sup> Syifa Ananda, "Peran Lembaga Manajemen Kolektif Dalam Mengelola Royalti pencipta Terkait Usaha Karaoke," *AKUALITA*, Vol. 1, No. 2, 2018, p. 714

<sup>7</sup> Hendra Tanu Atmadja, "Konsep Hak Ekonomi dan Hak Moral pencipta Menurut Sistem Civil Law dan Common Law," *JURNAL HUKUM*, Vol. 10, No. 23, 2003, p. 154

sustain their operations. Additionally, there are ongoing debates regarding the role of radio in music promotion. Some broadcasters argue that radio airplay serves as free publicity for artists, potentially boosting their popularity and revenue through concert sales and digital streaming. This perspective has contributed to resistance against the obligation to pay royalties, with radio operators questioning the fairness of the existing licensing and royalty collection mechanisms.

Regulatory challenges also complicate the enforcement of royalty payments. Some local radio stations lack clear guidance on licensing agreements, payment structures, and the role of Collective Management Organizations (CMOs) responsible for collecting and distributing royalties. Concerns over transparency and fairness in royalty allocation further contribute to broadcasters' reluctance to comply fully with the law. Given these complexities, this study seeks to examine the legal and economic challenges faced by local radio stations in Medan City regarding royalty obligations. It aims to assess the impact of royalty regulations on radio broadcasting, explore possible solutions for balancing the interests of radio operators and copyright holders, and propose a more sustainable system for ensuring compliance. By addressing these issues, the study aspires to contribute to a more equitable framework for music copyright protection in Indonesia's radio broadcasting industry.

The legal assessment conducted in this manner is expected to identify radio as the entity responsible for paying song and music royalties. Does radio, by playing songs and music, qualify as a commercial entity and, thus, be subject to royalty obligations? Based on these problems, this study needs to be carried out to determine the exact limits for the parties who should be obligated to pay royalties. For this reason, research was carried out using interpretation theory to ensure the meaning of the obligation to pay royalties for song and music copyrights by radio companies. According to the theory of interpretation put forward by F. Vaughan Hawkins, legal documents have diction that builds sentence structures in promulgated regulations. The general meaning of the chosen diction can influence the interpretation process of the meaning of the rule. In this case, the study was then developed to look at the mandate of the Copyright Act in ensuring that parties should pay royalties.

## **METHOD**

This research uses normative legal research methods to analyzing all statutory regulations related to royalties and copyright. This research conducts a case study of several local radio stations in Medan. Interpretation theory is a fundamental concept in understanding the parties who should be obligated to pay royalties for copyrights for music and songs. The results of the analysis are presented in descriptive form.

## **DISCUSSION**

### **Regulations On Royalties In Indonesian Legislation**

The term "Hak Cipta," which is formally translated as "copyright," in Indonesian law refers to the authorship rights that the creator has developed. This word, which translates to "auteur recht" (Dutch), "droit d'auteur" (French), or "author's right," is not

synonymous with copyright as it is understood in the United Kingdom<sup>8</sup>. On the other hand, the right to copy can be viewed as a type of copyright. However, "copyrights" are specifically defined as the exclusive right automatically granted to the creator of a work by declaratory principle after the physical creation of the work. This definition, as outlined in Article 1 of Law Number 28 of 2014 on Copyrights, emphasizes that this exclusive right is inherent and cannot be transferred without the creator's consent, irrespective of any regulatory limitations. Epistemologically, art, science, and literature are part of copyright.

Dutch law still significantly influences the development of civil and private law in Indonesia. Personal law is part of civil law because it regulates legal relationships between legal subjects. For this reason, copyright as part of intellectual property rights can become part of this law. Apart from that, civil law in Indonesia also covers family law (*familierecht*), property law (*vermogenrecht*), and inheritance law (*erfrecht*). Within the Indonesian legal system, property law is divided into two primary divisions. First, there is the law of things, often known as "zakenrecht," which governs a person's legal relationship with their property. This connection manifests as property rights. Secondly, individual rights among legal subjects are governed by the law of duties, often referred to as "verbintenissenrecht."<sup>9</sup> Property rights, governed by the law of things, are inherently absolute.

This implies that these rights adhere to items or goods as the objects of rights, regardless of their location. In this context, properties can be differentiated based on their tangible or intangible nature, or by their mobility, distinguishing between movable and immovable property. The rights associated with movable items, such as cars, can also move with the object itself due to their attachment to it. On the other hand, legal rights arising from creative works of art, science, industry, or literature are known as intellectual property rights, or IPRs. These rights only cover non-Manifest objects, not tangible ones where creation is possible. Individual rights are relative, meaning that they develop as a result of social and legal relationships. For instance, in a transactional or agreement-based legal relationship involving the sale of goods, the parties involved are the buyer and the seller. Only two of these can resolve all that transpired between them. In legal theory, this private relationship is known as the contract's privacy<sup>10</sup>.

Property rights are applicable to works that are under the copyright protection category, including novels, science fiction, music, and artistic creations. The exclusive use and control of the creative works is covered by these property rights. On the other hand, individual rights deal with the transfer of these property rights to another person via a variety of channels, such as contracts, copyright transfers, or just giving someone authorization to use the copyrighted work for performance or reproduction. This aspect of individual rights involves the legal mechanisms through which creators can manage and authorize the use of their intellectual property by others.

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<sup>8</sup> B. Russel, *Power: A New Social Analysis*. New York: W. W. Norton & Company, Inc, 1966.

<sup>9</sup> H. Snijders and J. Hijma, *The Netherlands New Civil Code*. Jakarta: National Legal Reform Program, 2010.

<sup>10</sup> C. Macmillan and R. Stone, *Elements of the Law of Contract*. London: University of London, 2012.

As to the Indonesian Law Number 28 of 2014 concerning copyrights, once the work is fixed in tangible form, the creator's exclusive rights automatically arise based on the declarative principle; no statutory regulations lessen these restrictions (see Art. 1 Section 1). The fundamental component of copyright is the author's exclusive rights, which are their exclusive authority that they alone own and that no one else may use without their permission. Remarkably, the copyright holder only retains a portion of these exclusive rights more precisely, the economic rights and they are not always the original authors (explanation of Article 4 of Copyrights Act). Exclusive rights are defined by Carl-Bernd Kachlig and G.J. Churchill as the author's unique or distinguishing privileges, preventing third parties from using the work without permission<sup>11</sup>. This idea suggests a similarity to a monopoly by drawing a comparison between the holder of an exclusive right and a lone vendor in the economy. The owner of such rights holds a position akin to a monopoly because they must provide authorization before others can engage in any use of the work. In the words of British philosopher Bertrand Russell, copyright is regarded as a legal monopoly[6].

The two primary types of exclusive rights are moral rights and economic rights. Economic rights refer to the exclusive right of the author or copyright holder to be paid for their work, as stated on Copyrights Act. The copyright owner, or author, possesses various rights, including<sup>12</sup>:

- a. Reproduction right: This entails the author's freedom to use their creation in any format and quantity.
- b. Publishing rights: This involves the author's capability to make the work public by means of announcements, broadcasts, readings, and exhibitions.
- c. Mechanical right: This encompasses the author's ability to use technology, specifically electricity, to duplicate or reproduce the work. Economic rights give writers and copyright holders fantastic chances to become wealthy or gain financially.

The economic rights that the author may exercise are governed by Copyrights Act, Article 9:

- a. The release of a piece of work.
- b. Copying a piece of work in any format.
- c. Work translation;
- d. Work adaptation, arrangement, or transformation;
- e. Work distribution or copy;
- f. Work performance;
- g. Work announcement;
- h. Work communication; and
- i. Work rental.

It's noteworthy that even when copyright or related rights are transferred, writers and performers have inalienable moral rights that cannot be taken away or erased for any

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<sup>11</sup> C. B. Kachlig and G. J. Churchill, *Indonesian Intellectual Property Law*. Jakarta: PT. Tata Nusa, 1993.

<sup>12</sup> R. Jened, *Hukum Hak Cipta (Copyright's Law)*. Bandung: Citra Aditya Bakti, 2014.

reason. Moral rights are meant to ensure that everyone acknowledges and values the author's work. There are various rights included in moral rights, including<sup>13</sup>:

- a. Paternity right: The author's right to have their name associated with the work.
- b. Integrity right: The creator's ability to preserve the honor and integrity of their work to protect their reputation.
- c. Right of disclosure: The creator's choice regarding whether or not to make their work public.
- d. Right to withdraw: The ethical prerogative of the author to take their work out of publication.

It's important to note that, as per the same law, moral rights cannot be transferred while the author is still alive. However, these rights can be exercised after the author's death, subject to the requirements of the legislation and any provisions in a will or other relevant documents.

The transmission and defense of an author's rights are affected by distinctions between moral and economic rights. Authors have the option to sell their economic rights if they so want, but moral rights are immutable and unaffected by time due to the paternal right.

According to Copyrights Act, an individual who meets the conditions outlined in Article 1 Sections 1, 2, and 3 is eligible to become a songwriter. The copyright holder, typically the author of music or songs, establishes a legal connection with a sound recording corporation through a formal agreement known as a license agreement. This agreement enables others to enjoy the songs created by the copyright holder. The foundation for copyright protection laws, requiring a license or authorization, is rooted in the principles set forth in Law No. 28/2014, particularly in Article 9 Sections 2 and 3. These parts make it clear that permission from the author or copyright holder is required in order to exercise economic rights. As a result, it is against the law for anyone who isn't granted permission by the author or copyright holder to duplicate and/or utilise a work for profit.

Article 81 is linked to Article 80 Section 1, which restates the copyright holder's authority. Law Number 28 of 2014 on Copyrights, on the other hand, defines a licence as a written permission given to another party by the owner of a copyright or related rights, permitting the implementation of economic rights for their creation or product subject to specific limitations (see Art. 1 Section 20 of Law Number 28 of 2014 on Copyrights). According to Art. 1 Section 4 of Law Number 28 of 2014 on Copyrights, the parties holding copyrights in this context are the author as the legitimate owner, those who lawfully acquired the right from the author, and any other parties that acquired additional rights from the original owner. Sound record labels are considered copyright holders under Copyrights Act, have the legal authority to exercise the economic rights of songwriters. This includes actions such as recording, duplicating, distributing, and marketing the songs created by the songwriters (refer to Section 1 on Copyrights, Article 9 of Copyrights Act). In this relationship, the record label also assumes the role of a producer, covering all expenses associated with the production process and making payments to the songwriter for the utilization of economic rights.

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<sup>13</sup> H. Soelistyo, *Hak Cipta Tanpa Hak Moral*. Jakarta: Raja Grafindo Persada, 2011.

The collaboration between sound record corporations and songwriters is primarily driven by business and economic considerations. To gain financial benefits, songwriters or copyright holders transfer their economic rights to the record label. In turn, Record companies use music for commercial purposes in order to make money from a variety of sources or payments (see Art. 1 Section 24 of Copyrights Act). Therefore, if music is utilised commercially, the user must not only seek permission but also pay royalties to the artist or copyright holder for the use of the work's economic rights. When it comes to licencing laws, the record label is considered the licensee and the creator, according to their legal standing, is the licensor<sup>14</sup>. The content of the license is determined through an agreement between the parties, specifying the duration of the license and the royalty amount, among other details, provided that it complies with applicable laws and fairness standards (see Art. 80 Sections 3, 4, and 5 of Copyrights Act).

As producers, sound record labels should truly be expected to invest in the overall sales of songs or recorded music. It seems sense that the record business selects and determines which songs to record in a professional manner. What is meant by benchmarks or criteria is whether or not the songs are marketable an economic phrase for being able to be sold. Music recording producers meticulously plan every aspect of the process, covering everything from initial planning to the actual recording of songs, their subsequent release, and the promotion or selling of music recordings.

As producers of songs, sound recording companies move beyond the stage of songwriting and actively release the recorded songs to the public via a variety of media, such as broadcast radio and television as well as live performances. Within this framework, the record label forges a connection with a radio station, facilitating the dissemination of recorded songs to a wider audience through radio broadcasts. This collaboration helps in promoting and popularizing the music produced by the sound recording company<sup>15</sup>. When new music hits the scene, radio stations strive to keep their playlists updated with current music to keep listeners interested. Radio play of new songs is considered a form of promotion or advertisement, based on the interests of the sound recording firm. Under these circumstances, it is reasonable to assume that mutual reliance is necessary for the sound record firm and radio corporation to continue operating together. Even nevertheless, the audio record company's actions demonstrated that they gave the radio station the new songs and music to play, regardless of whether this was lawful[14].

In this context, it is crucial to examine the provisions outlined in the license agreement between record companies and songwriters. Under Article 9, Paragraph 1 of the Copyright Law, a songwriter may grant a record company up to nine different types of economic rights related to their work. Additionally, Government Rule Number 56 of 2021, which regulates the management of song and music copyright royalties, emphasizes that in a license agreement, the songwriter retains control over the specific terms concerning reproduction rights or exclusive reproduction rights. As a result, record labels cannot automatically grant radio stations permission to broadcast a songwriter's work for

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<sup>14</sup> O. Afori, "Implied License: An Emerging New Standard in Copyright Law," Santa Clara High Technology Law Journal, vol. 25, no. 2, 2009.

<sup>15</sup> Enumerator, "Interviews result with Sony Music Indonesia," 2023.

profit unless the agreement explicitly includes provisions regarding the promotion and distribution of the song. In cases where such clauses exist, record labels are authorized to permit radio stations to use the songs commercially, ensuring compliance with the agreed upon terms.

According to the director of Kidung Indah Selaras Suara (Kiss FM) radio station, songwriters who establish legal agreements with radio stations usually do so through their record labels, which have been granted the rights to copy and reproduce their work. Meanwhile, songwriters themselves often take charge of distribution and sales, ensuring their music reaches their audience directly. At the same time, advancements in sound recording technology have made recording equipment more affordable and accessible to the public. This progress has encouraged musicians and composers to independently record their songs and distribute them directly to their fan base, bypassing traditional record label structures<sup>16</sup>.

Under U.S. federal law, music is recognized as copyrighted intellectual property, yet terrestrial radio stations are not required to pay royalties for broadcasting music. In August 2010, the Government Accountability Office (GAO) released a report analyzing the mutual benefits shared by the radio and music industries. According to the GAO, the broadcast radio sector significantly benefits from its collaboration with the recording industry, as the use of sound recordings attracts listeners, thereby increasing advertising revenue for commercial radio stations. Given that advertising is the primary financial source for commercial radio, these stations earn an average annual revenue of \$225,000, surpassing that of other radio formats. The Performance Rights Act, if enacted, would impose additional costs on broadcast radio stations while increasing revenue for record labels, musicians, and performers (U.S. Government Accountability Office, GAO-10-862, Telecommunications, 2010). Similarly, the Fair Play, Fair Pay Act of 2015, introduced by Republican Rep. Marsha Blackburn and Democratic Leader Ted Deutch, proposed requiring terrestrial radio stations to pay royalties to copyright holders, aligning their obligations with those of internet and satellite radio services. Additionally, this act mandates that all radio formats compensate copyright holders for music recorded before 1972, ensuring equitable remuneration for legacy recordings.

The Fair Play Act (HR 1733) aims to eliminate the existing disparities in licensing requirements across various radio services, including AM/FM, cable, and satellite radio. The legislation seeks to ensure that copyright holders receive fair compensation through royalties, regardless of the medium through which their music is transmitted—whether digital, analog, or other formats. By establishing a more standardized and comprehensive framework for sound recording performance rights, HR 1733 would create a more equitable system for all stakeholders in the music broadcasting industry. Additionally, the act proposes amendments to Section 144 of the Copyright Act, allowing radio stations to obtain proper licenses for broadcasting music, as outlined by the National Association of Broadcasters. Under this regulation, small commercial broadcasters specifically satellite radio personalities generating annual revenues under \$1 million would be required to pay \$500 per year in royalties. Meanwhile, public broadcasters would be obligated to

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<sup>16</sup> Enumerator, "Interviews Result with Kiss FM Radio Station," 2023.

contribute \$100 annually. However, certain exemptions apply, as houses of worship and religious gatherings would not be required to pay royalties for music transmissions. Likewise, incidental uses of sound recordings would remain royalty free.

## CONCLUSION

The regulation of royalty obligations in the broadcasting of songs and music by local radio stations in Medan City is essential to maintaining a balanced relationship between radio broadcasters, songwriters, and record labels. While radio serves as a powerful platform for promoting music and attracting audiences, it is equally important to ensure that songwriters and copyright holders receive fair compensation for their creative work. The legal framework governing music royalties, including Indonesia's Copyright Law and Government Rule Number 56 of 2021, provides a structured approach to royalty payments. However, challenges remain in enforcing compliance among local radio stations, many of which struggle with financial limitations and regulatory oversight. It is crucial to establish a more transparent and standardized licensing system that benefits all stakeholders while promoting the sustainability of both the music and broadcasting industries. By fostering collaboration between radio stations, copyright holders, and regulatory authorities, Medan City can develop a fair and equitable royalty system that supports both the creative and commercial interests involved. Strengthening legal awareness and implementing efficient royalty collection mechanisms will ensure that local radio stations continue to thrive while upholding the rights of musicians and songwriters.

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