INTELLECTUAL PROPERTY RIGHTS AS THE RESOURCE FOR CREATIVE ECONOMIC IN INDONESIA

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ABSTRACT

Intellectual Property (IP) objects from copyright such as songs and films have economic value that can improve the country’s economy and can even be used as collateral for credit, but the condition is that they must be registered with the ministry of law and human rights. Law No. 24/2019 has not yet regulated in detail the mechanism for granting credit to creative economy actors with intellectual property collateral objects. The research method used here is in the form of a doctrinal approach to laws and regulations. Primary sources are relevant legal regulations related to intellectual property and credit financing, and secondary sources are books and journals. The purpose of this research is to understand credit financing with collateral in the form of songs and films. PP No.24/2022 provides flexibility for creative economy actors to obtain credit financing not only at bank financial institutions but also at non-bank financial institutions. However, the special conditions that are regulated are that the intellectual property has been registered or registered with the ministry that organizes government affairs in the field of law, the intellectual property has been self-managed, and or the rights have been transferred to another party.

Keywords: copyright; intellectual property rights; song; film; creative economy

INTRODUCTION

The complexity of IPR protection which has legal, economic, and cultural dimensions, needs serious attention from the Indonesian government. This is because Indonesia is a country that has wealth that is spread from Sabang to Merauke, with various tribes and races resulting in a diverse culture as well. The wealth of the Indonesian people is not only in the form of natural resources, but the Indonesian people also have other riches, such as the cultural wealth of ethnic groups spread throughout the archipelago. Humans and culture are bonds that cannot be separated in this life.¹

The IPR system is a private right. One is free to apply or register intellectual works or not. The exclusive rights granted by the state to individual IPR actors (inventors, creators, designers, and so on) are nothing but appreciation for their work (creativity). Other people are motivated to develop it further so. The IPR system determines the community’s interests through market mechanisms. In addition, the IPR system supports establishing a sound documentation system for forms of human creativity so that the possibility of producing the same technology or other works can be avoided/prevented. With the support of good documentation, it is expected that the community can make maximum use of it for their living needs or develop further to provide even higher added value.

At this time, IPR has become a critical issue and received national and international attention. The inclusion of TRIPs in the WTO Agreement package in 1994 marked the start of a new era of IPR development worldwide. Thus, the issue of IPR cannot be separated from the world of trade and investment. The importance of intellectual property rights in economic development and trade has spurred a new era of science-based economic development.

Intellectual Property (IP)-backed financing refers to using IP assets to gain access to credit. IP-backed financing is gaining international

attention. More and more, multinational and Small and Medium Enterprises (SMEs) leverage their IP assets with financial rewards, and lending institutions worldwide consider IP as collateral when providing loans.

The song and the movie are the creations of someone in the art industry, which generates coffers of money from their products that many people can enjoy. The international best-selling “Harry Potter” film and the sales of the film “Ada Apa Dengan Cinta”, both have very high selling power in the film industry market. Even the latest films, such as “KKN Desa Penari, Danur, and Warkop DKI Reborn”, have also reap many benefits from the sale of the creative industry market. Intellectual property such as songs and films generate economic value that is not small, and even this achievement requires full support not only by the government as a policy maker but also by the public as lovers of the music and film industry. It knows that songs and films are included in Intellectual Property Rights that need to be registered and protected with government institutions, namely the Directorate General of Intellectual Property of the Kementerian Hukum dan HAM so that selling power increases.

It avoids misuse or counterfeiting of copyrighted intellectual works. Not many people know that creations registered with the Ministry of Law and Human Rights have benefits for creators apart from the misuse of scholarly works, ensuring legal certainty for creators and copyright holders to avoid losses due to forgery and fraudulent acts of other parties. For the government, foreign exchange earnings are obtained from the registration of IPR and the positive image of the government in the implementation of IPR at the WTO level.

The existence of songwriters and filmmakers from year to year has produced extraordinary works not only domestically but also abroad. Not a few songs and films by Indonesian children spread their creations and innovations to other countries, giving rise to significant economic value. For example, KKN Desa Penari’s production cost reached more than 7 million tickets while still being screened in all Indonesian cinemas and earning a profit of Rp. 280 billion in 2022. In 2016, the film Warkop DKI Reborn also managed to record an income of around Rp. Two hundred forty billion from a total audience of almost 7 million.

Likewise, from the element of the song with the video clip, it was successfully watched by many people through the youtube channel. For example video clip of the song performed by Siti Badriah, since it was uploaded on March 23, 2018, to this day, the video has been watched by 676 million. Fleet’s video occupies the 2nd position as a YouTube video, Indonesia’s most watched. The current number of views has reached 394 million since it was uploaded on February 3, 2017. The famous singer Virgoun uploaded a video clip in the form of the lyrics of the song Surat Cinta Untuk Starla on February 10, 2016. Now, the video has been watched 373 million times on YouTube.

If return to the essence, Intellectual Property Rights are material rights with monetary value. It means that the economic value in question is a commercial that is easily transferred, traded, and rented. However, in the civil case, the monetary value in question is the property of the holder of the intellectual property rights.

Songwriters and film scriptwriters as creators and producers as copyright users, including as creative economic actors who can contribute commercial value to the state, thus providing a positive influence for improving the country’s economy. As reported by Detiknews In other countries, this practice has actually been going on for a long time. Take the example of the British songwriter, David Bowie, who succeeded in securitizing copyright by issuing bonds worth US$ 55 billion in 1997. This financing instrument became known as Bowie Bonds. These bonds are offered by Bowie to investors with an interest rate of 7.9% and a tenor of 10 years. In 2017, the copyright for the film Ada Apa Dengan Cinta (abbreviated as AADC) 1 and 2 were used as collateral to get a bank loan facility to make the next movie. It can be said that Indonesia has been slow in implementing specific rules regarding collateral for financing songs and films. Several countries, for example, America and Europe, have already implemented intellectual property rights as collateral to get financing. Intellectual Property has a selling value that can later be claimed by the lender when the debtor cannot repay the loan according to the agreement.

The company’s innovative activities are directly related to using intellectual property objects such as inventions, utility models, industrial design, and knowledge. The presence of intellectual property assets allows a company to provide a
solid competitive position and, in some cases, a monopoly position in its segment. Companies seeking a total return on their intellectual resources must take appropriate steps to develop business plans and marketing strategies. The strategic use of intellectual property assets makes it possible to maximize profits from the activities of a company, increase competitiveness and make it more attractive to potential investors. The importance of forming an optimal portfolio of intellectual property, which will maximize the efficiency of innovation activities, should be noted.

Copyright, as one of the human intelligence works closely related to economic and trade activities, plays a crucial role. The stronger the flow of globalization in all fields, including the goods and services sector, no longer recognizes state boundaries, the regulation of Intellectual Property Rights, including Copyrights, must be adequate and effective because Indonesia has become a member of the WTO through Law No. 7 of 1994 and the agreement TRIPs. TRIPs aim to provide IPR protection and rights enforcement procedures for healthy trade.

IP assets have a good chance of being accepted as collateral for financing, depending on the liquidity and separability of the individual/company business. Intellectual Property Rights can signal investors about quality management and can serve as protection later in the event of financial difficulties.

Intellectual property has developed into an integral part of the creative economy industry. The presence of intellectual property assets after the COVID-19 pandemic has provided opportunities for Indonesian creative economy activists to continue to innovate, even though increasing innovation requires financing, so Indonesia regulates specific intellectual property innovation financing schemes in special rules set in 2022.

Financing from IPR, as in the AADC film, is a new trend in banking financing. As reported from Detiknews that the opportunity to implement this through PP No. 24/2022 will certainly enable Mira Lesmana, producer of Ada Apa Dengan Cinta (1 and 2), to apply for intellectual property rights to the film to be used as collateral as capital to make the film AADC 3. However, IPR financing has not been carried out optimally because no appraisal can assess collateral in the form of IPR; both the size and criteria for IPR-based financing did not exist at that time until the government, through President Joko Widodo, ratified PP No. 24/2022 on the Creative Economy which the substance of the regulation makes it easy for creative economy actors of songs and films to make their creations as collateral to obtain financing both banking and non-banking.

RESEARCH METHOD

Legal research begins by searching for legal materials as a basis for making legal decisions on concrete legal issues. On the other hand, legal research is a field activity that can improve the results of what has been decided legally in cases that occur. This research uses normative research or what is called doctrinal law. Legal doctrine is often referred to as a normative discipline that not only describes and systematizes norms but also broadly as a discipline that takes a normative position and makes a choice between values and interests.

The research focuses more on legislation, which analyzes legal regulations interrelated with implementing financial guarantees for intellectual property rights songs and films in Indonesia. Data processing in this study comes from several laws and regulations related to research issues and books to legal journals. Deductive reasoning is a basic logic used in scientific explanations.

DISCUSSION AND ANALYSIS

Objects of Copyright Intellectual Property as Collateral for Financing Institutions

From year to year, the industrial world has a central role in growing the country’s economy. The seriousness of the Indonesian government in improving the country’s economy by participating in AFTA and being part of the WTO and APEC, a tangible manifestation of supporting an economic
system based on openness and freedom, indirectly encourages many companies in Indonesia to further improve competitiveness healthily in the world of trade and industry. One that can increase economic value is the idea or ideas of someone in the creative economy industry, such as songs and films, which are part of intellectual property. Implementing an intellectual property system requires legal protection in the form of legislation that regulates it. In addition, administrative procedures, law enforcement, and socialization with the public are carried out optimally regarding the importance of knowing intellectual property.

Indonesia has now become part of the international community that participated in ratifying the WTO provisions; of course, it complies with the trade rules of the agreement. So that Indonesia automatically, without bargaining, must adjust the laws and regulations relating to free trade with the provisions of the WTO, especially all those related to the fields regulated in the WTO provisions, which are purely multilateral, with legal rules to achieve legal certainty, and in accordance with economic principles.5

Protection of Intellectual Property Rights as a “Right” that is part of economic activity or, in other words, IPR cannot be separated from financial problems. Therefore, IPR is identical to the commercialization of intellectual works. In turn, IPR becomes irrelevant if it is not linked to the process or activity of commercializing IPR itself. This thesis is increasingly transparent with the phrase Trade-Related Aspects of Intellectual Property Rights Including Trade in Counterfeit Goods (TRIPs). This phrase appears about the issue of international trade and becomes an essential icon in the discussion of human intellectual work. This TRIPS Agreement is an international agreement that is generally complete concerning the protection of IPRs.6

Under the TRIPs Agreement, for example, countries are obliged to provide minimum protection standards and must ensure their effective enforcement. Copyright is taking on an increasingly central role in the legal scene. Therefore, it is essential for the actors involved in implementing and enforcing copyright laws – judges, lawyers, customs or police officers, rights holders, and users - to have basic knowledge of how to interpret them.7

Intellectual property first existed in 1470 precisely in the city of Venice, Italy. At that time, there were only patents, and then the British Empire followed in the 1500s, and many countries started to apply them. In 1883, it was harmonized with the approval of the Paris Convention on Patents, Trademarks, and Designs. But substantially, intellectual property has a meaning that can be described as property rights obtained from human intellectual abilities. So, the object that needs to be protected is an idea, not a material form by law. Because of its urgency, intellectual property is an exclusive right that only exists and is attached to the owner or holder of such rights.8

Intellectual property is an idea of the mind created from someone’s imagination, such as a story, a piece of wood, a song, a dance routine, or an invention. These things include intellectual property law, in the form of patents, trademarks, and copyrights, which have commercial value and require protection in the form of legislation by the state.9

Copyright Law No.28/2014, the third part regarding Economic Rights, Article 8 stipulates that the creator or copyright holder has the exclusive right to obtain financial benefits from the creation (invention). In addition, the Copyright Law provides legal protection for registered and legal copyright holders from sales without the original holder’s written consent; this includes violations of the law. Compensation is regulated if the act harms the copyright holder after a court decision.

Enforcement must be predictable and coherent to enable individuals to comply with legislation. This is also to maintain legal certainty. The rule of law must be clear and precise. The use of discretion in applying the rules should be such that the effect is predictable, especially in situations that could lead to negative consequences for the private sector.10

The field of intellectual property in the form of art, both songs and films, is always increasing economic growth. Intellectual property regulations have provided direct protection for human creations. As already explained, Intellectual property consists of trademarks, copyrights, patents, and trade secrets. Characteristics of a brand include words, names, symbols, and even tools that can detect and distinguish goods and or services of a person that have economic value. While the aims of copyright is to protect the creator’s original work in the form of literature, music, drama, art, and many more. Just as a trademark is protected from the first public use; The emergence of copyright begins when someone makes a work permanently.

Several types of property can be owned by individuals and companies, such as real estate, land, private ownership of specific and identifiable goods, jewellery, cars, and artistic products, as well as intellectual property, including human creations, literature, slogans ads, again, or even the latest discoveries. In short, the wealth of ideas is part of intellectual property. However, most countries define patents and trademarks as part of the intellectual property industry.11

Most public property rights, both fundamental and private, are part of intellectual property. The results of intellectual property can be traded by anyone, getting a license in the form of a registered certificate and protected by the state to avoid theft or violation of the law that others can claim. Some things need to be limited in use; if someone wants to buy a bestselling book like John Grisham’s, that person has to read it, sell it to someone else, or even give it away. In addition, it is forbidden to copy books and then sell them to others illegally. This is to protect the work of creation and get protection from the state through legal regulations.12

According to the Anglo-Saxon legal system, IP is classified into Copyrights and Industrial Property Rights. Copyright can be relegated to Neighboring Rights. Examples of related rights are a soap opera from a novel, a television series from a drama, or a song. In this case, the novels, television dramas, and songs shown were Associated Rights. According to the Convention Establishing the World Intellectual Property Organization (WIPO), Industrial Property Rights are classified into Patents, Models and Designs (Utility Models), Industrial Designs, Trademarks, Trade Name, Indication of Source or Appellation of Origin.13

Intellectual property is part of an option in action, which are properties that are not physically visible, so they cannot be protected from a physical perspective and therefore require a court order. A copyright is an intangible property such as checks, proof of patent rights, copyrights, and others. A copyright economic assessment must meet the requirements, including:14

1. A copyrighted work must be specifically can be identified;
2. There must be actual evidence or manifestation of the existence of copyright work (e.g., contracts, licenses, registration documents, computer diskette, set of procedural documentation, customer lists, recorded on a set of financial statements, etc.);
3. The copyrighted work has been created/ already existed;
4. Works protected by copyright must receive

legal protection and can be legally transferred;
5. Copyrighted works must have a selling value.

Even now, IP is free from related natural rights, which do not automatically occur after the intellectual property owned by the person is tangible (declared); this right is simply a right obtained by the creator. In protecting these exclusive rights in the digital era, Suhono et al. stated that the protection could be done with the technology itself, namely harder marking, visible marking, encryption, and copy protection. According to Article 4 of the Copyright Law, exclusivity is divided into two types, namely, economic and moral rights. In its provisions, moral rights are closely related to the creator himself and his intellectual property, and only the creator can change and even modify his creation. Which actions cannot be carried out by the “copyright holder” because it has limitations on exclusive rights and only has economic rights (See explanation of Article 4). If a dispute occurs, according to Article 95 of the Copyright Law, the dispute resolution will be carried out by a mediation process first and then criminal charges. Private commercialization can harm the creator, such as negating the name of each individual regarding his invention, which naturally has rights attached to it, as echoed by John Locke in his Natural Rights Theory that natural rights are the defence that forms the basis for all forms of constitutional government. Everyone has a natural intellectual right to ideas that come from the creativity of their creators. According to the World Intellectual Property Organization (WIPO), KI refers to the creations of the mind, such as literary, artistic, inventions, and so on, that are used in the world of commerce.15

Copyright has special rights; the creator automatically has exclusive rights because he has created something worth money. Hence, it requires specific protection so as not to reduce the economic value. It can be said that the copyright is an economic and moral right that belongs to the creator. Economic rights in question are that the copyright holders have earned a lot of money from work, and moral rights mean that the creator’s rights that are protected, so good morals are an inseparable part of the creator because they are personal and eternal from life to death.16

Moral rights have been explained in Article 5 of the Copyright Law which has the meaning forever attached to the creator, either written or unwritten in a document regarding the general publication of his creation, whether using the initials name or not, changing the result of his design based on decency in the community, changing the title and even subtitle, defending the rights of the creator when there is a deviation from the results of his creation, mutilating the design, changing the invention, and things that can harm the material or immaterial creator. Paragraph 2 also briefly explains that the moral right that is regulated in paragraph 1 cannot be transferred as long as the creator is still alive however the implementation of such right can be continued by testament or due to other reasons based on the laws and regulations after the creator dies.

As explained above, copyright includes intellectual property that must be legally protected by the State, including science (Art and literature) and computer programs.

Copyright is one part of intellectual property with the broadest range of protected objects because it includes science, art, and literacy including computer programs. It seems clear that many creative industries are pioneered by intelligent people who produce their creations not only in Indonesia but also in almost many countries, so it has an impact on improving the country’s economy because it has creative economic actors from the intellectual property aspect of the art industry. Not surprisingly, every country protects them through legal regulations to avoid things that can harm the creator and the state.

IPR-based debt financing is one of the less popular business models; very few specialized lenders worldwide specialize in IPR-backed loan. Due to the absence of specialized lenders in countries like India, traditional commercial banks are getting into this business. The conventional asset-backed lending model guarantees a credit


rating for the lender of tangible assets. Under the agreement, the creditor provides the lender with collateral rights over the assets as collateral for the loan. The mechanism applies to IPR-backed loans wherein the borrower borrows a percentage of the value of his IP assets using these assets as collateral.\(^{17}\)

Indonesia has many talents in the creative industry. Every day, fresh creative content created by Indonesians in various fields appears. These creative ideas can appear indefinitely and have very high economic value. Such works of songs and films are part of intellectual property rights that need legal certainty to have a monetary value, as described in the paragraph above. After the registration of the creation, ownership of Intellectual Property Rights affects the ease of a product penetrating the global market. Without any intellectual property rights, a product has the potential to be returned because it is considered copyright infringement.

The music industry is becoming an information-based item market. And as Bockstedt (2005) states, intellectual property rights are well protected in this significant market. This underscores the relevance of the problem research statements and questions. This shows how important it is that the intellectual property rights of artists and producers must stay protected. Currently, copyright laws protect the works of writers such as writers, composers, lyricists, filmmakers, and visual artists. Apart from copyright, laws called “rights of neighbours” exist. These rights give protection to the efforts and achievements of performing artists, music producers, film producers and broadcasters.\(^{18}\)

The term creative economy is not a concept that can easily be categorized as human intelligence that can generate economic value. Still, UNCTAD and UNDP provide a statement stating that the term developing in the creative economy emphasizes creative assets that have high selling power and positively impact the economic development of countries, including advertising for goods and services, architectural design, arts and crafts, film, video, photography, music, drama, publishing, research, software, and broadcasting. They all include human creations in the form of ideas, culture, intellectual property, knowledge, and technology and become an essential part of the creative economy. In 2013, around 29.5 million people boosted the economy from the cultural and creative industries. WIPO estimates show that the creative sector has contributed more than 5% of the global GDP and has generated jobs nationwide.\(^{19}\)

IP assets have a good chance of being accepted as collateral for financing, depending on the liquidity and separability of the individual/company business. Intellectual Property Rights can signal investors about quality management and can serve as protection later in the event of financial difficulties.\(^{20}\)

The creative economy industry increases the country’s economy from the commercial value of songwriters and filmmakers. Many live concerts mark it, and the public likes good films in theatres. In addition, between 2003 and 2015, exports of goods and services increased by 7.3%. China contributes a lot of economic value, where the creative exchange of goods, designs, fashion, and films is the main focus. In 2015, China became the export of creative goods, occupying the primary ladder of the list of exporters worth US$ 168.5 billion, recorded four times that of the US, so trade transactions in innovative services have more challenges that can be measured because they are limited to developing countries. Trade growth is accelerating due to expanding an increasingly sophisticated digital economy.\(^{21}\)

The Indonesian government issued Law No. 24/2019 on the creative economy. In the explanation of the law, the government states that the development of the creative economy is

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experiencing obstacles, one of which is limited access to the banking sector, thus requiring special regulations for the creative economy as a whole. Article 33 of Law No.24/2019 explains that implementing rules must be enacted two years from promulgation, but on July 12, 2022, PP No.24/2022 on Implementing Regulations of Law No.24/2019 was issued.

Banks and non-banks have been reluctant to provide credit to creative economy actors because there is no legal basis for placing intellectual property rights as collateral. This makes it more difficult and becomes an obstacle for creative business actors because banks still ask for conventional collateral in the form of immovable goods or tangible movable goods as guarantees for the provision of funds; creative business practitioners do not own the majority. Creative economy actors have a role in the success of the country’s economy, including songwriters and filmmakers. From the results of these creations, they get royalties from sales to people who like songs and films in the art industry as entertainment. Management of song and music copyright royalties as regulated in Article 1 PP No. 56/2021 through the withdrawal, collection, and distribution of royalties for copyrighted songs and music.

As stated in Article 6 of Law Number 24 of 2019, creative economy actors are divided into two: creative economy creators or actors and intellectual property managers. An intelligent creator is a person or group who produces creativity with a creative process to produce their creations. At the same time, the intellectual property manager is someone who utilizes intellectual property to make money, either on his own or someone else’s, based on an agreement. Actual examples of intellectual property managers by publishing music and films and then distributing them to the public, cinemas are gathering places for people to watch movies, lifestreaming, restaurants or cafes, advertising service companies, drama stage operators, online portals, and online programs.

Article 16 of Law No. 24/2019 has made it easy for creative economy actors to obtain intellectual property-based financing facilities by the government and are regulated explicitly in government regulations. Since the Creative Economy Law was issued in 2019, government regulation was published in 2022 as a refinement of the intellectual property-based financing mechanism for song and film copyrights. Indeed, the issuance of PP No. 24 of 2022, 3 years after the Creative Economy Law came into existence, and it can be said that legal harmony with the implementation of intellectual property financing as a credit guarantee did not exist at that time.

The explanation of financing as referred to in Article 1 number 1 of PP No. 24/2022 is a loan in which the provision of money or an equivalent claim is based on an agreement or loan agreement between a bank financial institution or a non-bank financial institution and another party that requires the financed party to return the money or claims after a certain period with the provision of compensation in the form of interest or profit sharing. In short, financing with credit guarantees in the form of song and film copyrights is a creative capital for creative economic actors to produce further works of art. It is regulated in Article 9 of PP No.24/2022 that the object of the credit guarantee in question is a fiduciary guarantee on the intellectual property, creative economic activity contracts, and collection rights in creative economy activities; however, as has been explained in the paragraph above, that before being used as credit collateral, the object of IPR must be registered and recorded with the ministry that administers government affairs in the field of law, and intellectual property which has been managed independently or the rights have been transferred to someone else.

As an intermediary institution, the banking sector has a strategic position in supporting the national economy, especially in providing bank credit to finance the public’s business interests. Thus, the bank is one of the pillars of the country’s economy to improve the welfare of its people and is an inseparable part of a government’s financial and payment system.

The function of the bank as an intermediary institution is expressly regulated in Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking, Article 1 number 2, which stipulates that “a bank is a business entity that collects funds from the public in the form of deposits and distributes it to the public in the form of credit and other forms to improve the standard of living of the people at large.” Islamic banks, as regulated by Law Number 10 of 1998 in Article 6, stipulates “Providing financing and carrying out
Providing credit loans with collateral in the form of song and film is problematic because it requires a series of processes as described in PP No.24/2022. Not infrequently, creative economy actors require significant enough capital to meet their survival. This is indicated by the availability of financing facilities by some national banking companies. Generally, every money loan transaction by creditors and debtors requires debt guarantees in the form of immovable property (mortgage) and movable objects (fiduciary), regulated explicitly in the applicable legal regulations. However, the law did not specify specifics for the guarantee for song and film copyrighted works until finally, a specific rule was stipulated that song and film copyrights could be used as collateral for loans to the bank.

Usually, in giving money loans, the creditor includes in the agreement that the debtor must submit particular objects as collateral for the repayment of his debt. Thus, the relationship with the law of contract is: 1) The legal relationship between the giver and the recipient of a fiduciary is a contract relationship, based on which the creditor has the right to demand the delivery of collateral (constitutum possessorium) from the debtor, who is obliged to fulfil it. 2) The content of the contract is to give something because the debtor submits an object (constitutum possessorium) to the creditor. 3) The collateral contract adheres to another existing contract, namely the debt agreement between the creditor and the debtor. The contract between the fiduciary giver and the fiduciary recipient is thus an accessoir contrat, while the principal contract is the debt agreement. 4) A fiduciary contract is thus a contract with void conditions because if the debt is repaid, the collateral rights are nullified. 5) The fiduciary contract occurs because of the fiduciary agreement as a guarantee, so it can be said that the source of the contract is an agreement. 6) The agreement is an agreement that is not known by the Civil Code; therefore, it is also called an innominate agreement or onbenoemde overeenkomst such as buying and selling (Article 1453-Article 1540 of the Civil Code), exchange (Article 1453-Article 1540 1541-Article 1546 of the Civil Code), and so on. 7) The agreement is still subject to the general provisions regarding the contract contained in Chapters I – IV Book III of the Civil Code.

Intellectual property management is a complex, ongoing process that requires careful consideration. Similar to the operation of regulating other matters, the regulation of intellectual property does involve not only general administrative functions such as planning, organizing, motivation, and controlling but also Intellectual Property as a Fiduciary Guarantee in the process of an assessment (assessment, appraisal) will be carried out, especially from the creditor. In determining the economic value of collateral, because copyright is an intangible asset in accounting-wise, where intangible assets include identifiable non-financial assets without physical form on the company’s balance sheet and are used to produce goods and services.

The Creative Economy Law has supported every creative economy actor from the government and local governments through developing an innovative economic ecosystem. Creative economy actors, music and film intellectual property, receive full support from the state and are provided with training facilities, receive technical education, and assistance to improve technical and managerial capabilities of creative economy actors, facilitation support to deal with technological developments in the business world, as well as standardization and certification effort. Creative economy profession. In line with the Copyright Law, creative economy actors

also get ecosystem development regulated in the Creative Economy Law in the form of research development, education development, funding, financing facilitation, infrastructure provision, marketing system development, incentives, intellectual property facilitation, and protection of creativity. Article 16 also explains that the government has facilitated intelligent property-based financing schemes for creative economy actors. Article 24 also explains that the government protects the results of creativity for creative economy actors in the form of intellectual property, which requires protection by being registered and registered as regulated in the Copyright Law specifically for creative economy actors, intellectual property of songs, and films.

Thus, it can be concluded that the object of intellectual property-based financing from song and film copyrights has been strengthened in it is implementation after the issuance of PP No.24/2022 as a complement to Law No. 24/2019 regarding the creative economy, but requires a specific understanding of creative economy actors from intellectual property-based financing schemes that can be provided by banking and non-banking institutions.

**Intellectual Property Financing Scheme in Bank Institution Collateral Guarantees**

The main factor for the law to be able to play a role in economic development is whether the law can create “stability”, “predictability”, and “fairness”. Therefore, the law should play a role in economic development, and the law must be a guide and reference in development. One of the most important keywords when we talk about intellectual property protection, is industry. When a sector has entered the automatic industrial phase, it is also necessary, and the state should not interfere too much; state institutions should not be formed to take over functions which are economic consequences. When the economic impact is felt, legal protection is related. Rights are a necessity.26

One aspect of special rights in intellectual property rights is economic rights, namely the right to obtain financial benefits on intellectual property. The fact that there is a monetary value above shows that IP is one of the trade objects.27

Copyright is one of the intellectual property that generates a lot of royalties. The result of someone’s mind to create science, art, literature, and even computer equipment. The increase in creations makes the creative economy one of the mainstays of Indonesia and other countries because technological sophistication has a positive impact on users getting information quickly and continuing to make updates in all sectors of the art industry. The Copyright Law has directly become part of the national creative economy industry. The Copyright Law has fulfilled the needs of the people who have produced commercially valuable creations and have an impact on the goals of the national economy so that competitiveness becomes clear and dares to innovate to build a more creative economy. Require adequate intellectual property protection, especially creations born of cultural diversity and scientific property. The rapid advances in video and audio recording technology, telecommunications, and digital information in recent decades require companies protection for creators and owners of related rights while still paying attention to the interests of the wider community. If the demand for property rights protection is taken seriously by the government, by serving a sound regulatory system, the country’s economy will increase, and the nation’s credibility is maintained internationally.28

Copyright has a positive impact that can be used as credit collateral because it has economic value and can be transferred either in whole or in part due to an agreement by the laws and regulations. Copyright can be used as an object of fiduciary guarantees; this is regulated in Article 16 of Law No.28/2014 concerning Copyright. Fiduciary guarantees are part of civil material guarantees. Article 1, number 1 of Law No.42/1999 explains that fiduciary is the


transfer of ownership rights to objects based on trust, stipulating that objects used as collateral objects can be transferred, but the object remains with the owner.29

Since the President of the Republic of Indonesia ratified PP No.24/2022 on July 12, 2022, this PP has given hope to creative economy players in the art of songwriting and the film industry to get easy credit financing from financial institutions. After the PP came into existence, it became a breakthrough for the creative economy’s progress, including artists with intellectual property rights. However, knowing the credit financing schemes provided by financial institutions as stipulated in the PP is necessary.

Creative economy actors must meet the requirements set out in article 7 Paragraph 1 of PP No. 24/2022 which explains that Intellectual Property-based Financing is proposed by Creative Economy Actors to bank financial institutions or non-bank financial institutions. In the application for intellectual property-based financing, four conditions must be met, namely, having a creative economy business financing proposal, having a creative economy business, having an agreement related to intellectual property for creative economy products, and having a registered letter or intellectual property certificate issued by the Directorate General of Intellectual Property of the Ministry of Law and Human Rights.

In the next stage, bank or non-bank financial institutions verify the conditions proposed by creative economy actors, namely their property, which will be used as collateral. As explained in article 8 of PP 24 of 2022 that it is necessary for the bank or non-bank financial institutions to verify creative economy businesses, verify registration letters or intellectual property certificates that are used as collateral that can be enforced in the event of a dispute or non-dispute, carry out assessment of intellectual property used as collateral, carry out disbursement of funds to creative economy actors who have followed a series of processes and declared eligible for credit financing, as well as the receipt of financing returns from creative economy actors based on the agreement.

The application for credit financing using intellectual property in the form of songs and films as collateral has received serious attention from the government through the ministry of the creative economy because it is included as a creative economic actor. Creative economy actors can grow economic value not only for the creators but also for state revenues from tax collections.

The provision of credit by bank institutions is the most significant element of bank assets, as the direct support as well as determining the going back and forth of banking institutions in carrying out their functions and business to collect and distribute funds from the public. Apart from that, the process of mobilizing these funds is in the form of savings. Banks also function as credit institutions based on Article 6 letter b and letter m of Law No. 10/1998 concerning banking.

Several elements need to be known about credit, namely:30

a. Trust, where the lender believes that the credit recipient completes the credit financing by the agreement. The relationship between the bank and the customer is not just contractual but a relationship of trust. In the business world, what is given or received in exchange for money, goods, or services is trust because banks are only willing to provide credit to customers as debtors based on trust, which customers can repay their recognition based on the agreement.

b. The time in question is that there is a distance between credit and repayment. The amount of money given by credit loans has a higher value than the value of the amount received by the debtor when it is repaid according to the agreement.

c. The level of risk in question is that the debtor already knows the dangers he will face as a consequence of the credit loan. The longer the term of the credit loan, the higher the risk accepted by the debtor, so that collateral for the object of credit is one of the absolute requirements.31

d. Achievements given are money; the amount in question is based on the debtor’s agreed-upon submission to the creditor.

30 Ibid, 55.
Fiduciary is defined as an addition in the form of a guarantee object from the main agreement, which is regulated in Article 1313 of the Civil Code. The agreement contains the meaning of actions carried out by individuals or more to other people, meaning that the object of fiduciary guarantees are movable objects (tangible and intangible) as collateral for debts in full by selling based on the agreement. This is regulated in Article 1, paragraph 2 of the Fiduciary Guarantee Law.

Article 8 of PP No.24/2022 is in line with fiduciary guarantees that collateral in the form of collateral objects is an accessory to certain receivables based on credit financing agreements. That means that without an additional deal in the form of a guarantee object, credit financing cannot be carried out if only on the main deal. Article 23, paragraph 1 of the Fiduciary Guarantee Law also explains that as long as there is an agreement or contract between the fiduciary giver and the fiduciary recipient, the fiduciary giver has the authority to use the object or product of the object of the fiduciary guarantee, combine the things or outcomes of the object of the fiduciary contract, mix objects or proceeds from objects that are the object of fiduciary security, and collect or compromise on receivables.

Article 9 of PP No.24/2022 explains in detail that in implementing intellectual property-based financing schemes, bank and non-bank financial institutions use intellectual property as an object of debt guarantee. In paragraph 2, it is explained that it can be implemented as fiduciary guarantees for intellectual property, contracts in creative economic activities, and collection rights in creative economic activities. Just as movable objects such as cars, motorbikes, and so on are worth money and immovable objects such as land and buildings that are worth money too, have legal ownership in the form of proof of ownership in the form of official documents issued by the relevant ministry registered and registered so that the object has certainty. Law can be used as it should be by the owner. Likewise, the copyright for songs and films requires legality in the form of a certificate issued by a unique ministry so that it gets legal certainty and can be used as credit collateral as explained in Article 10 PP No.24/2022 that intellectual property that can be used as an object of debt guarantee are in the form of intellectual property that has been registered or recorded registered with the ministry that administers government affairs in the field of Law, and intellectual property that has been managed independently, and the rights have been transferred to other parties.

The intellectual property assessment process (Article 8 letter c) uses cost, market, income, and other valuation approaches based on applicable valuation standards. However, in the assessment process, the intellectual property appraiser must meet the requirements of having a public appraiser permit from the ministry that administers government affairs in the field of state finance, have competence in the area of intellectual property assessment, and is registered with the ministry that carries out government duties in the creative economy (Article 12). Thus, creative economy actors who receive financing from bank financial institutions or non-bank financial institutions can obtain guarantee facilities (Guarantee referred to in the activity of providing guarantees by guarantors for the fulfillment of guaranteed financial obligations to ensure recipients) through a guarantee company under the laws and regulations valid invitation.32

Minister of Finance Regulation No. 213/PMK.06/2020 concerning Guidelines for Auction Implementation stipulates that intangible goods include but are not limited to rights to use interests, collection rights, intellectual property rights, broadcasting/release rights, and securities. The rules for implementing the auction have accommodated the implementation of a fiduciary execution auction of intellectual property rights. Still, there has never been an auction of intellectual property rights. Thus, awareness of adequate legal regulations in the context of intellectual property-based financing. Therefore, the existence of Intellectual Property objects as collateral for credit financing has room for easy movement. However, in practice, bank and non-bank institutions also require caution in providing credit financing with intellectual property guarantees as regulated in related legal regulations.

CONCLUSION

The Intellectual property in the form of songs and films is part of the copyright regulated in Copyright Law no. 28 of 2014. The two creations, both songs and films, have economic value that can contribute to improving the country’s economy. After the Creative Economy Law No. 24 of 2019, the Government issued PP No. 24 of 2022 as a complement to the explanation of the implementation of credit granting with guarantees of intellectual property of songs and films that have been registered and recorded with the ministry of law and human rights to obtain certainty so that they have substantial power when enforced by banking institutions or non-banking. The government realizes that Law No. 24/2019 has not provided a detailed explanation of credit financing schemes for creative economy actors, so PP No. 24/2022 was issued to improve the country’s economy. Thus, the procedure for granting credit to creative economy actors using intellectual property as collateral provides an excellent opportunity for them to be creative in producing bright ideas to improve the creative economy in the music and film industry for the progress of the Indonesian state.

SUGGESTION

After the issuance of PP No. 24/2022 as a complement to the explanation of Law No. 24/2019, the Indonesian government, through the ministry of the creative economy and other ministries, collaborated to carry out holistic socialization not only to creative economy actors who have intellectual property rights but also to bank financial institutions and non-bank financial institutions bank. Although IPR is often rated as a sector with low productivity, IPR has high fluctuations in both return and value.

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