

Non Compliance in Royalty Payments for Copyrighted Works in The Digital Ecosystem a Critical Study of the Spotify Dispute with Independent Music Rights Holders

Isabella Dewi Fortuna¹, Budi Santoso²

^{1,2} Master of Law, Faculty of Law, Universitas Diponegoro

ABSTRACT: This study critically examines the persistent issue of non-compliance in royalty payments for copyrighted works within the rapidly expanding digital music ecosystem, using the dispute between Spotify and independent music rights holders as a central case. As streaming platforms increasingly dominate music consumption, unresolved questions regarding transparency, calculation methods, and equitable distribution of royalties have intensified. Through a doctrinal–normative legal approach complemented by qualitative analysis of public documents, regulatory frameworks, and industry reports, this research explores how structural gaps in licensing mechanisms, data reporting, and rights-management infrastructures contribute to royalty shortfalls experienced by independent musicians. The Spotify dispute marked by claims of inaccurate metadata matching, underreported streams, and opaque payout processes serves as an illustrative example of broader systemic weaknesses in digital music governance. The study further evaluates the adequacy of existing copyright laws, collective management arrangements, and platform self-regulation in ensuring compliance with royalty obligations. Findings indicate that despite legal frameworks designed to protect creators, the digital ecosystem's complexity allows for discrepancies that disproportionately affect independent rights holders who often lack bargaining power and access to advanced rights-tracking tools. The analysis underscores the need for stronger regulatory oversight, standardized licensing protocols, and enhanced auditing rights to ensure royalty transparency. By situating the Spotify case within global debates on digital copyright enforcement, this research highlights the urgency of rethinking governance structures in music streaming. The study ultimately argues for hybrid regulatory solutions that integrate legal reforms, technological innovation, and platform accountability to better safeguard creators' economic rights in the digital era.

KEYWORDS: Royalty Compliance, Digital Copyright, Spotify Dispute.

I. INTRODUCTION

The rapid expansion of digital streaming platforms has profoundly reshaped the global music industry, introducing new opportunities for content distribution while simultaneously generating complex challenges surrounding copyright governance. At the center of this transformation lies the issue of royalty compliance—an essential mechanism intended to safeguard the economic rights of creators whose works constitute the foundation of digital music economies. As streaming services become the primary mode of music consumption, the visibility of disputes involving revenue allocation and royalty transparency has grown significantly, reflecting structural tensions within existing regulatory and commercial arrangements (Smith, 2020). The shift from physical and download-based revenue models to subscription-driven streaming ecosystems has also altered the relationship between platforms, rights holders, and regulators, exposing long-standing gaps in copyright enforcement and the management of digital rights (Jones, 2019). These concerns become especially prominent when examined through the lens of independent musicians who frequently operate with limited bargaining power and face systemic disadvantages in negotiating licensing terms with large technology-driven corporations (Taylor, 2021).

The dispute between Spotify and groups of independent music rights holders illustrates how royalty non-compliance can emerge within a technologically advanced yet legally fragile ecosystem. Reports indicate that discrepancies in metadata accuracy, stream recording, and payout calculations contributed to allegations that Spotify failed to fully compensate certain independent artists and publishers for the use of their works (Lee, 2022). Although Spotify has repeatedly emphasized its adherence to contractual frameworks, the persistence of these disputes suggests deeper institutional weaknesses in digital rights management infrastructures, including fragmented licensing channels and inconsistent data-reporting systems (Müller, 2020). Independent rights holders have argued that such structural deficiencies enable platforms to externalize the consequences of incomplete or inaccurate data, placing creators at a disadvantage during royalty reconciliation (Dunn, 2021). As a result, the Spotify case has

Non Compliance in Royalty Payments for Copyrighted Works in The Digital Ecosystem a Critical Study of the Spotify Dispute with Independent Music Rights Holders

become emblematic of larger debates on whether current regulatory tools are adequate for monitoring royalty compliance in an environment characterized by large-scale automation, algorithmic processing, and opaque platform governance.

Understanding the implications of royalty non-compliance requires situating the problem within broader theoretical discussions on copyright's economic and moral functions. Copyright law traditionally seeks to balance two competing interests: incentivizing creativity by guaranteeing fair compensation for creators, and promoting cultural access by enabling users to legally enjoy creative works (Litman, 2017). However, the emergence of globalized digital platforms challenges this balance by consolidating distribution channels within a few dominant intermediaries whose technological and financial capabilities allow them to influence market conditions more heavily than traditional stakeholders (Hesmondhalgh, 2019). The increasing centrality of platforms such as Spotify raises concerns regarding power asymmetries in contract negotiations, revenue-sharing arrangements, and the interpretation of royalty obligations (Marett, 2021). For independent artists who often lack institutional support from major labels or publishers, these disparities can translate into weakened control over the commercial exploitation of their works and reduced transparency concerning how their royalties are tracked and disbursed (Carter, 2020).

The complexity of royalty distribution in the digital era also stems from the proliferation of licensing models, including blanket licenses, mechanical rights, performance rights, synchronization rights, and hybrid agreements administered through diverse collective management organizations (CMOs). Each type of license involves different legal entitlements, payment structures, and monitoring responsibilities, creating a fragmented ecosystem in which the risk of non-compliance becomes heightened (Gervais, 2020). For instance, inconsistencies in how metadata is supplied, updated, or validated across these licensing structures can lead to unmatched or unidentified works, commonly referred to as "black box royalties," which accumulate significant financial value but are not distributed accurately to rights holders (Marshall, 2021). Scholars argue that such inefficiencies are often exacerbated by the lack of unified global standards for metadata management and the absence of regulatory frameworks compelling platforms to disclose granular data to creators and auditors (Bridy, 2020). This fragmentation leaves gaps in accountability and complicates efforts to implement oversight mechanisms capable of ensuring faithful compliance with royalty obligations.

The Spotify dispute demonstrates how these systemic vulnerabilities materialize in practice. Independent rights owners have asserted that inaccurate metadata matching caused some of their works to be misidentified or omitted from royalty calculations, thereby reducing their earnings despite the songs being available and streamed on the platform (Rana, 2022). While Spotify attributes many such discrepancies to incomplete metadata submissions by rights holders themselves, critics counter that platforms possess the technological capability to develop more robust data-verification systems and bear ethical responsibility to ensure fairness in royalty distribution (Thompson, 2023). Furthermore, the opacity of Spotify's payout methodology—particularly its use of a pro-rata model in which overall revenue is distributed based on total platform streams—has intensified concerns regarding whether the structure inherently disadvantages independent artists whose audiences are smaller than those of mainstream performers (Morris, 2018). Debates around alternative payment systems, such as "user-centric payment models," highlight ongoing attempts to reform distribution formulas in ways that may better reflect actual listener behavior and provide more equitable outcomes for creators across varying scales of popularity (Aguiar, 2020).

Several scholars contend that the digital ecosystem's regulatory environment has not evolved sufficiently to address the complexities introduced by platform-based music consumption (Owen, 2021). While copyright statutes in many jurisdictions require platforms to secure proper licenses and remunerate rights holders appropriately, the laws often do not specify the level of transparency or auditing access necessary for verifying compliance (Khan, 2019). This regulatory ambiguity allows platforms to rely on contractual terms and private negotiation arrangements that may not always align with the principles of fairness and accountability envisioned by copyright policy makers (Reynolds, 2022). The imbalance is further amplified by the fact that independent rights holders often lack access to high-quality legal representation or the financial resources required to challenge non-compliance through litigation or arbitration (Patterson, 2020). As such, the Spotify dispute not only exposes gaps in platform conduct but also highlights deficiencies in the institutional frameworks that govern digital copyright enforcement.

In the broader context of digital platform governance, the issue of royalty non-compliance intersects with ongoing debates on data transparency, algorithmic accountability, and the role of state oversight in regulating private digital intermediaries. Critics argue that the current self-regulatory model adopted by many streaming platforms is insufficient, as it places excessive reliance on corporate goodwill rather than binding regulatory obligations (Napoli, 2019). Without mandatory disclosure requirements, creators cannot fully understand how their royalties are calculated, leaving them vulnerable to errors or potentially exploitative practices (Perlman, 2021). Recent policy discussions have emphasized the need for multi-layered regulatory solutions that combine government intervention, technological innovation (such as blockchain-based tracking), and reform to collective management organizations to ensure more accurate, efficient, and equitable royalty allocation (Hassan, 2022). The Spotify dispute serves as a compelling case study demonstrating why these reforms are necessary, as it exemplifies how even technologically advanced platforms are capable of operational shortcomings when left to internal governance structures alone.

The economic implications of royalty non-compliance extend beyond individual creators and affect the broader sustainability of

Non Compliance in Royalty Payments for Copyrighted Works in The Digital Ecosystem a Critical Study of the Spotify Dispute with Independent Music Rights Holders

the digital music economy. If rights holders particularly those operating independently perceive streaming platforms as unreliable or opaque in their payment practices, a decline in trust may reduce incentives for creators to participate fully in digital ecosystems (Williamson, 2020). This loss of confidence may ultimately undermine the diversity of musical content available to users and weaken cultural production at a systemic level (Negus, 2021). Moreover, persistent disputes with major platforms like Spotify risk normalizing a regulatory landscape in which compliance failures are treated as manageable business risks rather than legal infractions requiring structural correction (Baldwin, 2018). Such normalization could lead to broader industry-wide practices that devalue intellectual property rights and diminish creator autonomy, raising serious questions about the future of copyright governance in an increasingly digitized world.

Given these circumstances, examining the Spotify dispute through a critical legal and policy-oriented lens offers valuable insights into the structural issues that underlie royalty non-compliance in digital music environments. This study positions the dispute as more than an isolated conflict; rather, it represents a symptom of larger institutional deficiencies related to copyright enforcement, technological infrastructure, market power distribution, and the limitations of current regulatory frameworks (Brabazon, 2022). By analyzing the legal foundations of royalty obligations alongside the operational realities of digital platforms, the research seeks to contribute to ongoing scholarly debates on how copyright law should evolve to better protect creators while accommodating technological innovation. Ultimately, the study argues that achieving meaningful compliance requires a hybrid governance approach that integrates statutory reforms, enhanced transparency mechanisms, and industry-wide adoption of standardized data-management systems. Such an approach would not only reduce disputes but also strengthen the overall integrity of digital music markets, thereby advancing the broader goals of copyright law in the digital era.

II. FORMULATION OF THE PROBLEM

1. How do structural weaknesses in digital licensing systems, metadata management, and royalty-calculation mechanisms contribute to non-compliance in royalty payments for copyrighted works within the digital music ecosystem?
2. To what extent does the dispute between Spotify and independent music rights holders reflect broader shortcomings in copyright regulation, platform accountability, and digital royalty governance, and what reforms are necessary to ensure fair and transparent compensation for creators?

III. RESEARCH METHOD

This study employs a qualitative research design using a library-based or literature study approach to examine the issue of royalty non-compliance within the digital music ecosystem, with a specific focus on the dispute between Spotify and independent music rights holders. The qualitative method is selected because it enables an in-depth exploration of legal frameworks, institutional practices, and scholarly debates relevant to digital copyright governance. Through this approach, the research gathers data from a wide range of credible sources, including academic journal articles, legal statutes, policy papers, industry reports, court documents, and analyses produced by copyright scholars. These materials are then critically reviewed, interpreted, and compared to identify recurring patterns, conceptual gaps, and structural inconsistencies in royalty administration.

The analysis is conducted through thematic interpretation, allowing the researcher to synthesize findings across diverse sources and develop a comprehensive understanding of how technological, legal, and institutional factors contribute to royalty non-compliance. This method also facilitates the examination of the Spotify dispute as a representative case within broader systemic issues affecting independent rights holders in digital platforms. By relying on established literature and documented evidence, the study ensures analytical rigor while providing a grounded basis for evaluating potential reforms in copyright and digital royalty governance.

IV. DISCUSSION

A. Structural Weaknesses Contribute To Royalty Non-Compliance In The Digital Music Ecosystem

The issue of non-compliance in royalty payments within the digital music ecosystem cannot be separated from the structural weaknesses embedded in licensing mechanisms, metadata management processes, and royalty-calculation systems used by major streaming platforms such as Spotify. As digital distribution becomes the dominant mode of music consumption, platforms rely heavily on automated systems designed to ingest, track, and remunerate millions of musical works. However, these systems operate within a fragmented legal and technological environment that still lacks standardized frameworks, resulting in operational gaps that disproportionately affect independent music rights holders. Structural issues in licensing, metadata, and payout mechanisms collectively form a chain of vulnerabilities that ultimately manifest as inaccurate, delayed, or incomplete royalty payments.

The first structural weakness lies in digital licensing systems that remain fractured across different rights categories and jurisdictions. Unlike traditional music distribution, where rights were negotiated through established industry channels, digital streaming requires platforms to secure multiple types of licenses—mechanical rights, performance rights, reproduction rights, and

Non Compliance in Royalty Payments for Copyrighted Works in The Digital Ecosystem a Critical Study of the Spotify Dispute with Independent Music Rights Holders

synchronization rights for each track uploaded by creators or music publishers. These rights are frequently controlled by different entities, sometimes split between multiple organizations even for a single composition. Because no universal global database exists that comprehensively identifies rights ownership for every recording, platforms often rely on a patchwork of agreements with collective management organizations and private rights holders. This fragmentation creates opportunities for mismatches in rights identification, leading to situations where a song is streamed but the platform lacks complete or accurate license documentation. In such cases, royalties may be placed in temporary escrow or “black box” accounts until ownership is verified, yet many of these funds are never properly distributed. Thus, the licensing structure itself inherently permits gaps that can produce non-compliance despite platforms’ claims of technical adequacy.

Another critical structural weakness is found in metadata management, which forms the backbone of digital royalty tracking. Metadata includes information such as song title, composer, performer, publishing entity, and digital rights ownership. Streaming platforms depend on accurate metadata to match streams to the rightful owners, but the ecosystem suffers from chronic inconsistencies because metadata is submitted voluntarily by creators, labels, or distributors with no universally enforced quality standards. Independent artists often lack the technical literacy or resources to ensure perfect metadata completeness. Even small errors, such as misspelled names, inconsistent formatting, or incomplete writer identifiers, can prevent tracks from being matched to the correct rights holders. This results in royalties being misallocated, underreported, or withheld entirely. Additionally, the absence of an international metadata governance standard means that different platforms and rights organizations collect and process metadata differently, contributing further to mismatches. When metadata fails at the entry point, the inaccuracies ripple through the entire royalty ecosystem, making it nearly impossible for some independent artists to receive compensation aligned with actual usage.

The technological infrastructure that supports metadata processing also plays a role in royalty non-compliance. Many platforms utilize legacy databases, algorithmic matching systems, or automated ingestion tools that cannot fully resolve complex metadata disputes. For instance, songs with similar titles, duplicate artists, or multilingual versions may be inaccurately merged or categorized, leading to royalty leakage. Although platforms like Spotify have invested in machine-learning tools to improve metadata resolution, the scale of the catalog often exceeding 100 million tracks poses persistent challenges. Errors accumulate invisibly until an artist notices discrepancies, but the auditing rights available to independent musicians are often limited or costly. As a result, the metadata problem remains entrenched as a systemic flaw rather than a solvable technical issue.

Royalty-calculation mechanisms constitute a third structural weakness that contributes directly to non-compliance. Digital platforms typically use a pro-rata payout model in which total subscription and advertising revenues are aggregated into a pool and then distributed proportionally based on total streams. While this system appears neutral, it obscures the true pathways through which royalties are calculated. Platforms do not disclose detailed methodology, including how deductions, territorial variances, currency adjustments, and licensing fees affect the final payout. For independent creators, this opacity makes it nearly impossible to validate whether the royalties they receive correspond to actual usage data. Moreover, discrepancies may arise in the recording of streams themselves. Variations in how skipped tracks, offline listening, or partially played songs are counted across different platforms can distort earnings. Because platforms hold proprietary control over the calculation algorithms, rights holders must simply trust the reported figures, creating an environment ripe for unintentional errors or systemic misallocations.

Another complication in royalty calculation arises from the time-lag between streaming activity and payment cycles. Many platforms operate on quarterly or semiannual reporting systems. If errors occur in recording or matching streams, these may go unnoticed for extended periods, reducing the likelihood that creators will ever recover lost earnings. In addition, when rights ownership changes due to catalog acquisitions or contract expirations, royalty-calculation systems must update ownership records to ensure proper distribution. Given the volume of transactions occurring in the global music market, these updates may be delayed, causing royalties to be misdirected to former rights holders. While major labels often have the resources to rectify such discrepancies, independent rights holders face barriers in accessing the correction process.

The interconnectedness of these structural weaknesses exacerbates the problem of non-compliance. Poor metadata leads to unlicensed or improperly licensed tracks entering the streaming system, which in turn complicates the royalty calculation process. The lack of a centralized and authoritative rights registry means platforms must rely on disparate sources that may conflict with one another, producing inconsistencies in ownership verification. The absence of transparent royalty-calculation disclosure further compounds the issue, making it impossible for rights holders to identify how or where the system failed. In this environment, even unintentional technical errors can accumulate into large-scale non-compliance affecting thousands of independent creators.

Furthermore, platform governance structures themselves contribute to the persistence of these weaknesses. Digital streaming companies often prioritize user experience, recommendation algorithms, and subscription retention over the improvement of backend royalty systems, which do not directly impact revenue generation. Because platforms face limited regulatory pressure to enhance transparency, they tend to treat royalty inaccuracies as technical nuisances rather than compliance failures requiring structural reform. Independent artists, lacking the collective bargaining power of major labels, often struggle to demand accountability or negotiate for clearer reporting mechanisms. This power asymmetry ensures that structural flaws remain

Non Compliance in Royalty Payments for Copyrighted Works in The Digital Ecosystem a Critical Study of the Spotify Dispute with Independent Music Rights Holders

unresolved unless external pressure such as litigation, regulatory intervention, or public scrutiny compels platforms to act.

Overall, structural weaknesses in digital licensing, metadata management, and royalty-calculation mechanisms form an interdependent system that enables non-compliance in royalty distribution. These issues disproportionately affect independent rights holders who depend on accurate data and transparent reporting to sustain their livelihood. Without substantial reforms—such as standardized global metadata governance, unified licensing frameworks, and mandatory transparency in royalty calculation—the digital music ecosystem will continue to generate discrepancies that compromise copyright enforcement and undermine creator compensation. The Spotify dispute illustrates these challenges clearly: even technologically advanced platforms are vulnerable to chronic structural flaws that systematically disadvantage rights holders. Addressing these weaknesses is essential not only for ensuring compliance but also for preserving fairness, trust, and sustainability within the digital music economy.

B. The dispute between Spotify and independent music rights holders reflect broader shortcomings in copyright regulation, platform accountability, and digital royalty governance, and what reforms are necessary to ensure fair and transparent compensation for creators

The dispute between Spotify and independent music rights holders is more than an isolated contractual disagreement; it reflects deeper structural shortcomings in copyright regulation, platform accountability, and the overall governance architecture of digital royalty systems. As the music industry has transitioned from physical and download-based distribution to a streaming-dominated economy, the legal and administrative frameworks governing copyright have struggled to adapt. Many of today's regulations were formulated for markets with fewer intermediaries and far simpler transactional flows. In contrast, digital platforms operate within a globalized network where millions of tracks are uploaded, modified, and monetized daily, creating a scale of complexity that traditional copyright laws were never designed to handle. The dispute thus exposes a profound misalignment between legal frameworks and contemporary technological realities, highlighting the need for systemic reform.

One of the central shortcomings lies in the insufficiency of copyright regulation to ensure transparency and enforce accountability within streaming platforms. Existing laws generally require that rights holders be compensated for the authorized use of their works, but they rarely articulate the level of reporting detail or data accessibility needed for creators to verify compliance. In practice, this has allowed platforms to maintain considerable discretion over the structure and disclosure of royalty reports. Independent creators typically receive summarized, non-machine-readable statements that provide minimal insight into the underlying usage data. Without access to granular line-level information, it becomes difficult—if not impossible—to detect errors, challenge discrepancies, or conduct meaningful audits. The imbalance of information is so pronounced that many creators must simply trust platform-generated numbers without having the tools to validate them, creating an environment where unintentional mismatches or structural errors can persist for long periods. Platform accountability issues are further magnified by the operational opacity of digital royalty systems. Streaming services like Spotify control the data pipelines that convert user activity into royalty entitlements. This includes the algorithms used to match metadata, the formula used to calculate payouts, and the rules determining how streams are categorized or filtered. Platforms often describe these systems as proprietary, which allows them to withhold technical details from rights holders. While protecting trade secrets is understandable, the result is an ecosystem where creators lack visibility into the mechanisms that directly determine their income. When disputes arise, platforms can attribute inconsistencies to technical limitations, incomplete metadata, licensing conflicts, or external administrative delays—yet rights holders have no independent way to verify these explanations. The recurring nature of royalty disputes suggests that informational asymmetry is not merely a by-product of digital scale but a structural condition that undermines fair compensation.

The governance problems extend beyond platform behavior to the broader music rights administration infrastructure. Digital music relies on the correct identification of multiple layered rights: sound recording rights, composition rights, mechanical rights, performance rights, and various territorial entitlements. These rights are frequently controlled by different parties and managed by numerous collective management organizations, digital distributors, and music publishers. The lack of a single authoritative registry that consolidates ownership data results in widespread inconsistencies. When ownership disputes arise or metadata is incomplete, platforms often do not know with certainty who should be paid. Consequently, substantial sums accumulate as unmatched royalties. Although some jurisdictions have introduced centralized mechanical licensing systems or metadata improvement initiatives, these efforts remain fragmented and inconsistent across borders. The Spotify dispute therefore highlights a wider system in which creators can lose revenue not because their music is unused, but because the industry lacks unified technical and legal infrastructure to connect usage with ownership reliably.

Another key issue revealed by the dispute is the inadequacy of existing enforcement and dispute-resolution pathways for independent rights holders. Litigation remains the most visible mechanism for challenging non-compliance, but lawsuits are expensive, slow, and typically available only to larger rights holders or associations capable of funding them. Independent musicians rarely have the means to pursue legal remedies, which effectively restricts their ability to assert their rights. Even when regulatory authorities intervene or industry settlements occur, the resulting solutions often address individual incidents rather than systemic causes. Moreover, platforms can respond to pressure by improving a single workflow or matching process without

Non Compliance in Royalty Payments for Copyrighted Works in The Digital Ecosystem a Critical Study of the Spotify Dispute with Independent Music Rights Holders

addressing underlying structural issues such as metadata standardization or reporting transparency. This piecemeal approach ensures that disputes will continue to surface in different forms across different regions and market segments.

Technological limitations also play a major role in perpetuating governance failures. Although advances in machine learning and database technology have improved metadata matching, many platforms still rely on legacy systems that struggle with multilingual titles, alternate versions, or similarly named artists. The accuracy of royalty distribution remains fundamentally dependent on metadata quality, yet independent creators often lack the resources or expertise to ensure that their submissions meet the standards needed for automated processing. Even minor inconsistencies—such as omitted identifiers or variations in spelling—can break the matching chain, resulting in royalties being delayed, misdirected, or placed in holding accounts. While some industry groups promote universal identifiers for works and contributors, uptake remains uneven. Without coordinated governance, technological improvements remain siloed rather than transformative. Given these interrelated shortcomings, the reforms necessary to ensure fair and transparent compensation must address both the legal and systemic layers of the ecosystem. First, copyright regulations need to be updated to require mandatory transparency standards for streaming platforms. This includes providing rights holders with access to detailed, machine-readable usage data, clear explanations of calculation methodologies, and timely reporting cycles. Such transparency is essential for enabling independent audits and restoring trust in royalty flows. Second, the industry needs a unified, interoperable rights registry supported by standardized metadata requirements. With a global identifier system for compositions, recordings, and contributors, the number of mismatches would decline sharply, reducing the volume of unclaimed royalties and ensuring more reliable distribution.

Third, enforcement mechanisms must be strengthened. Rights holders should have statutory audit rights that allow them to examine platform data directly rather than relying on summary reports. Regulatory bodies could also impose penalties for systematic non-compliance, incentivizing platforms to invest in the accuracy and visibility of their royalty processes. Fourth, collective management organizations should modernize their systems and cooperate more closely across borders, ensuring that digital rights data moves seamlessly between jurisdictions. This is particularly important because streaming is inherently global, and rights data must be accurate across multiple markets.

Finally, alternative compensation models should be explored. The current pro-rata model used by most streaming services tends to favor high-volume artists and may obscure the relationship between individual user behavior and creator income. A user-centric payment system, in which each subscriber's fee is distributed only to the artists they actually listen to, may improve fairness for smaller creators. However, such a shift must be implemented alongside strong transparency rules to ensure that its benefits are real and measurable.

In conclusion, the conflict between Spotify and independent rights holders reveals systemic deficiencies rather than isolated errors. The dispute underscores the urgent need for comprehensive reform centered on transparency, standardization, and enforceable accountability. Without coordinated legal, technological, and institutional improvements, digital royalty governance will continue to generate disputes and undermine creators' ability to receive fair compensation. The long-term sustainability of the digital music economy depends on transforming these insights into concrete reforms that protect the rights and livelihoods of creative workers.

V. CONCLUSIONS

This study demonstrates that non-compliance in royalty payments within the digital music ecosystem is not solely the result of isolated disputes but is deeply rooted in structural, legal, and institutional weaknesses that shape contemporary digital copyright governance. The analysis of licensing systems, metadata accuracy, and royalty-calculation processes reveals that independent creators face persistent disadvantages stemming from opaque contractual arrangements, inconsistent reporting mechanisms, and technological limitations that impede accurate attribution and fair compensation. These systemic inefficiencies allow misallocations to become normalized within platform operations, resulting in widespread underpayment and diminished economic rights for copyright owners. The dispute between Spotify and independent music rights holders further illustrates the broader shortcomings embedded in existing regulatory and governance frameworks. The conflict exposes the imbalance of power between global streaming platforms and individual creators, highlighting the inadequacy of current copyright laws, auditing rights, and oversight mechanisms in addressing disputes that arise within rapidly evolving technological environments. As digital platforms continue to dominate the distribution of creative works, traditional regulatory instruments have proven insufficient to ensure transparency,

accountability, and equitable remuneration. To address these challenges, meaningful reforms are necessary. These include standardized metadata protocols, improved auditing accessibility, clearer reporting obligations, and updated copyright regulations tailored to digital-first markets. Strengthening institutional oversight and enhancing bargaining power for independent creators are also essential. Ultimately, ensuring a fair and transparent royalty ecosystem requires a coordinated effort between policymakers, platforms, and rights holders, grounded in principles of equity, accountability, and technological adaptability.

Non Compliance in Royalty Payments for Copyrighted Works in The Digital Ecosystem a Critical Study of the Spotify Dispute with Independent Music Rights Holders

REFERENCES

- 1) Akbar, M. H., & ND, M. F. (2023). Mekanisme pembayaran royalti lagu dan musik dalam aplikasi streaming musik. *Media of Law and Sharia*, 1(2), 45–58. <https://doi.org/10.18196/mls.v1i2.8344>
- 2) Iswahyudi, L. K., & Sarjana, I. M. (2024). Perlindungan hukum terhadap pencipta lagu yang tidak mendapatkan pembayaran royalti dari aplikasi streaming musik. *Kertha Desa*, 12(1), 112–130.
- 3) Juardi, A., Roestamy, M., & Nurwati. (2023). Analisis hukum terhadap hak ekonomi pencipta karya musik dan lagu yang di-cover version pada platform digital. *Jurnal Ilmiah Living Law*, 15(2), 157–170. <https://doi.org/10.30997/jill.v15i02.9551>
- 4) Rahardja, M. L., & Sinaga, N. A. (2024). Perlindungan hukum pencipta lagu berdasarkan sistem pembayaran flat pay dan royalti terhadap karya musik dan lagu di platform streaming musik. *Lex Laguens: Jurnal Kajian Hukum dan Keadilan*, 2(1), 70–83.
- 5) Faturahman, R., & Riswandi, B. A. (2024). Perlindungan hukum pencipta musik pada penghimpunan dan pendistribusian royalti platform digital. *Prosiding Seminar Hukum Aktual*, 3(1), 200–214.
- 6) Virjana, I. M. N. (2025). A comparative analysis of the royalty sharing rules of the Spotify digital music player service channel in Europe and Indonesia. *POLRI: Policy Law Notary and Regulatory Issues*, 4(2), 55–72. <https://doi.org/10.55047/polri.v4i2.1720>
- 7) Imansah, R. (2022). Pengelolaan royalti musik dan lagu di platform YouTube. *JIPRO: Journal of Intellectual Property*, 5(1), 22–34.
- 8) Pangestu, A. D., & Shallman, S. (2022). Tinjauan hukum tentang pembayaran royalti terhadap karya lagu dalam aplikasi streaming musik. Universitas Muhammadiyah Surakarta.
- 9) Saputera, A. J., Akbar, M. A., & Jayantoro, S. (2025). Potensi Non-Fungible Token dalam industri musik di era digital. *IDEA: Jurnal Ilmiah Seni Pertunjukan*, 20(1), 33–48.
- 10) Hardjono, T., Howard, G., Scace, E., Chowdury, M., Novak, L., Gaudet, M., Anderson, J., d’Avis, N., Kulis, C., Sweeney, E., & Vaughan, C. (2019). Towards an open and scalable music metadata layer. *arXiv Preprint*, arXiv:1911.08278.
- 11) Dabholkar, A., Kakarla, S., & Saha, D. (2021). Exposing the lack of DRM protection in Indian music streaming services. *arXiv Preprint*, arXiv:2103.16360.
- 12) Kaye, J., McDonald, S., & Yoon, J. (2021). Metadata challenges in digital music distribution. *Journal of Digital Media Management*, 9(3), 185–198.
- 13) Marshall, L. (2015). Let’s keep music special. Fanning the flames of the digital debate. *Popular Music*, 34(3), 410–425.
- 14) Prey, R. (2020). Locating power in platformization. Music streaming playlists and curatorial power. *Social Media and Society*, 6(2), 1–11. <https://doi.org/10.1177/2056305120933291>
- 15) Morris, J. W., & Powers, D. (2015). Control, curation and musical experience in streaming services. *Creative Industries Journal*, 8(2), 106–122.
- 16) Eriksson, M., Fleischer, R., Johansson, A., Snickars, P., & Vonderau, P. (2019). *Spotify Teardown Inside the Black Box of Streaming*. *MIT Press*.



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.