

Research Article

Legal Protection of Intellectual Property Rights in Licensing Agreements in Indonesia: A Review from a Civil Law Perspective

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Abstract

This research analyzes the legal protection of intellectual property rights (IPR) within licensing agreements in Indonesia from a private law perspective. Utilizing a literature review and analysis of relevant regulations, we explore key aspects of drafting licensing agreements and their implications for IPR protection. Our findings reveal gaps in IPR protection stemming from ambiguous clauses, limited knowledge among contracting parties (especially SMEs), enforcement challenges, and the need for adaptation to new technologies. Policy reforms are essential, including agreement standardization, enhanced IPR literacy, optimization of alternative dispute resolution mechanisms, and legislative adaptation to technological dynamics, to improve the effectiveness of legal protection.

Keywords: Legal Protection, Intellectual Property, License Agreements, Civil Law.

INTRODUCTION

Intellectual Property Rights (IPR), as the product of human creativity and innovation, have become one of the most valuable assets in today's increasingly competitive global economy. In the modern business landscape, the value of IPR often exceeds that of physical assets, making it a fundamental pillar for competitive advantage and a nation's economic growth (Smith & Jones, 2020). Various forms of IPR—from



copyrights that protect artistic and literary works, patents for technological inventions, to trademarks that distinguish products and services in the market—grant exclusive rights to creators or owners to control the use and commercialization of their intellectual output.

The utilization of IPR does not always have to be carried out directly by the owner. In fact, one of the most common and effective strategies to expand the reach and economic value of IPR is through licensing agreements. In this context, the IPR holder (licensor) grants permission or rights to another party (licensee) to use, produce, or distribute the IPR within certain timeframes, territories, and specified conditions (Lee et al., 2021). Licensing agreements serve as a crucial instrument that bridges innovation and the market, enabling IPR to evolve and deliver broader economic benefits.

In Indonesia, the legal foundation for IPR protection has been comprehensively established through several specific laws, such as Law No. 28 of 2014 on Copyright, Law No. 13 of 2016 on Patents, and Law No. 20 of 2016 on Trademarks and Geographical Indications. This legislative framework aims to foster a conducive environment for creativity and innovation while providing legal guarantees for IPR holders. Nevertheless, in practice, there are often complexities in the implementation and enforcement of IPR laws, particularly in the realm of licensing agreements. Issues such as ambiguous contract clauses, limited understanding among parties about their rights and obligations, and the potential for undetected or difficult-to-prove infringements frequently arise as ongoing challenges (Brown & White, 2019). This indicates that although the legal umbrella exists, its implementation in licensing agreements still requires in-depth examination to ensure optimal protection.

This study aims to thoroughly analyze how civil law—as a foundational pillar in regulating contracts and obligations in Indonesia—provides the basis and mechanisms for protecting rights attached to IPR within the context of licensing agreements. By reviewing relevant civil law principles, the doctrine of freedom of contract, and the legal implications of each contractual clause, this research seeks to identify both the strengths and existing gaps in the IPR protection system in Indonesia. A comprehensive understanding of these civil law aspects is crucial to formulate effective policy recommendations, aimed at optimizing IPR protection and promoting sustainable innovation-driven economic growth.

LITERATURE REVIEW

Definition of Intellectual Property Rights

Intellectual Property Rights (IPR) are a legal umbrella encompassing various exclusive rights over the products of human thought and creativity (World Intellectual Property Organization [WIPO], 2004). This concept recognizes that intellectual creations possess economic and legal value equivalent to physical assets. Generally, IPR can be classified into several main categories:

1. Copyright: Protects original works in the fields of art and literature, such as books, music, films, software, and architectural designs (Law No. 28 of 2014). Copyright protection arises automatically once the work is expressed in tangible form, without requiring formal registration (Sulaiman & Hamid, 2018).
2. Patent: An exclusive right granted by the state to an inventor over their invention in the field of technology for a specific period, allowing the inventor to exploit the invention or authorize others to do so (Law No. 13 of 2016). An invention can be patented if it meets the criteria of novelty, inventive step, and industrial applicability (Suprpto, 2017).
3. Trademark: A sign used to distinguish the goods or services of one party from those of another in trade (Law No. 20 of 2016). Trademarks may consist of images, logos, names, words, letters, numbers, color arrangements, sounds, holograms, or combinations thereof (Raharjo & Purnomo, 2019). Trademark registration is crucial for obtaining legal protection.
4. Trade Secret: Information that is not generally known in the field of technology or business, holds economic value due to its usefulness in business activities, and is kept confidential by its owner (Law No. 30 of 2000). Protection of trade secrets depends on the owner's efforts to maintain confidentiality (Wulandari & Santoso, 2021).
5. Industrial Design: A creation concerning the form, configuration, or composition of lines or colors that gives an aesthetic impression and can be realized in a three-dimensional or two-dimensional pattern to produce an industrial product or handicraft (Law No. 31 of 2000). Industrial designs must be new and original (Prasetyo & Fitriani, 2020).

Licensing Agreement

A licensing agreement is a vital legal instrument in the commercial utilization of IPR (Christie, 2016). It is a contract in which the IPR holder (licensor) grants another party (licensee) the right to exercise the economic rights of the IPR under certain terms and conditions, often in exchange for financial compensation such as royalties (Arsyad & Wijaya, 2019). In the context of Indonesian civil law, licensing agreements are governed by the principles of contract law contained in the Indonesian Civil Code (KUHPerdata), particularly Article 1320 on the validity of contracts and Article 1338 on the binding nature of agreements (Subekti, 2003).

Key elements that must be present in a licensing agreement—and which are central to IPR protection—include:

1. **Contracting Parties:** Clearly identifying the licensor (individual or legal entity owning the IPR) and the licensee (the party granted permission).
2. **Subject Matter of the License:** Refers to the type of IPR being licensed, such as copyright over software, and a specific description of its intended use (Putri & Sari, 2022).
3. **Scope of the License:** Defines the limits of IPR usage, including the license duration, the geographical territory where the IPR may be used, and the permitted types of use (Purwanto & Dewi, 2020). These limitations are crucial to prevent unauthorized usage.
4. **Royalties and Other Payments:** Outlines the agreed payment structure, such as fixed royalties, percentage-based royalties from sales, upfront payments, or a combination of these methods (Hartono & Susilo, 2018).
5. **Warranties and Indemnification:** A clause in which the licensor guarantees lawful ownership of the IPR and assures that the licensee's use will not infringe on third-party rights. It also details remedies for breach or violations (Nugraha & Wibowo, 2021).
6. **Dispute Resolution:** Specifies the agreed-upon mechanism for resolving disputes, such as mediation, arbitration, or court litigation (Sukanto & Lestari, 2019).
7. **Termination Clause:** Establishes the conditions under which the agreement may be terminated, such as the expiration of the term, material breach by one party, or mutual consent.

Related Cases

Legal case studies concerning IPR licensing agreements in Indonesia offer concrete illustrations of the challenges and legal interpretations in practice. For instance, in copyright disputes over licensed software programs, issues often arise when the licensee modifies the software without permission or distributes it beyond the agreed limits—often resulting in lawsuits for breach of contract and copyright infringement (Yulianto & Lestari, 2020). Similarly, trademark disputes in franchise agreements frequently occur when franchisees use the mark outside the prescribed standards or continue its use after the agreement has ended (Setiawan & Kusuma, 2021).

The importance of clear and detailed licensing clauses has been emphasized in numerous court rulings. These cases highlight how ambiguity in agreements can lead to divergent interpretations, triggering disputes and financial losses for one of the parties (Dewi & Putra, 2022). Analyses of such rulings not only provide insights into legal practices but also show how judges interpret and apply civil law norms and IPR statutes in specific legal disputes.

METHOD

This study adopts a qualitative approach with a descriptive-analytical method to examine in depth the legal protection of IPR in licensing agreements from a civil law perspective. The qualitative approach was chosen because it allows researchers to gain a comprehensive and interpretive understanding of complex phenomena, rather than simply measuring variables quantitatively (Creswell & Poth, 2018). The descriptive-analytical method is used to systematically describe relevant legal facts, then analyze them based on applicable legal theories and norms (Moleong, 2017). Data collection was carried out through extensive library research. Primary data sources include various Indonesian laws and regulations relating to IPR, such as the Copyright, Patent, and Trademark Laws, and the Civil Code (KUHPerdata). Secondary data were obtained from various legal literature, including civil law and IPR textbooks, scientific articles published in national and international law journals, and relevant court decisions related to IPR licensing agreement disputes (Sugiyono, 2019). After the data is collected, the analysis is carried out qualitatively-normatively, namely by interpreting and reviewing legal norms, comparing theoretical concepts with practices in the field, as well as identifying legal loopholes and formulating constructive policy recommendations to improve IPR protection in Indonesia.

RESULT AND DISCUSSION

Civil Law Aspects of Licensing

Licensing agreements, as the backbone of the commercial exploitation of Intellectual Property Rights (IPR), are deeply rooted in the fundamental principles of civil law in Indonesia. At the core of such agreements lies the principle of freedom of contract, as enshrined in Article 1338 of the Indonesian Civil Code (KUHPPerdata). This principle affirms that any legally formed agreement shall have the force of law between the parties involved (Subekti, 2003). This means that licensors and licensees possess broad autonomy in formulating the content and terms of their agreements, tailored to the needs and characteristics of the licensed IPR. This freedom includes the determination of royalty types, license duration, geographic scope, and dispute resolution mechanisms.

However, it is essential to emphasize that this contractual freedom is not absolute. It is constrained by IPR-specific legislation, under the doctrine of *lex specialis derogat legi generali*, which means that specific laws (IPR laws) override general provisions (Civil Code) in cases of conflict (Christie, 2016). For example, while the parties may freely decide the license term, it must not exceed the protection period of the respective IPR—such as 20 years for patents or the lifetime of the creator plus 70 years for copyrights. Furthermore, the contents of the agreement must not violate public order or morality. A license to produce illegal goods, for instance, is not legally valid.

From a civil law perspective, the core of IPR protection within licensing agreements lies in the clear establishment of rights and obligations for both parties. Failure to define these accurately often becomes a source of disputes.

Obligations of the Licensor:

As the IPR holder, the licensor has several key obligations:

1. **Guarantee of Ownership and Validity:** The licensor must warrant that they are the legitimate owner or have the right to license the IPR, and that the IPR is not subject to disputes or third-party claims (Arsyad & Wijaya, 2019). A breach of this warranty may lead to breach of contract claims if the IPR turns out to be defective or contested.
2. **Provision of Access and Necessary Information:** The licensor must provide all required access, technical know-how, and supporting materials needed for the

licensee to utilize the IPR optimally. This may include technical specifications, brand usage guidelines, or software source code.

3. **Non-Interference with Licensee's Use:** During the license period, the licensor must not take any action that would hinder or disadvantage the licensee's use of the IPR—such as granting an exclusive license to another party when the original license was intended to be exclusive.

Obligations of the Licensee:

The licensee, in turn, has fundamental obligations, including:

1. **Royalty Payments and Other Financial Compensation:** This is the most critical obligation. The royalty payment mechanism must be clearly defined, including the basis for calculation (e.g., percentage of sales, per unit produced, lump sum), payment schedule, and currency. Ambiguity in this area is a common trigger for disputes (Hartono & Susilo, 2018).
2. **Use of IPR Within Authorized Scope:** The licensee must strictly use the IPR within the agreed scope—pertaining to geographical area, time duration, product or service category, and method of use. Deviations may be treated as infringement and/or breach of contract, entitling the licensor to terminate the agreement and seek damages (Yulianto & Lestari, 2020).
3. **Preservation of IPR Quality and Reputation:** Especially in trademark licenses, the licensee is often required to maintain product or service quality standards. This is crucial for protecting the licensor's brand reputation and value.
4. **Confidentiality Obligations:** Where the licensed IPR involves trade secrets or other confidential information, the licensee is obligated to safeguard such information against disclosure or misuse.

Legal Consequences of Violations: Breach of Contract and Infringement

Under civil law, violations of rights and obligations in licensing agreements may result in:

1. **Breach of Contract (Wanprestasi):** This occurs when one party fails to fulfill its obligations, fulfills them late, or fulfills them improperly (Article 1238 of the Civil Code). Legal consequences may include claims for compensation (both material and immaterial damages), termination of the agreement, or enforcement of performance (Nugraha & Wibowo, 2021).
2. **IPR Infringement:** This occurs when the licensee uses the IPR beyond the permitted

scope or when a third party uses the IPR without a license. Such actions may trigger both criminal sanctions (if governed under IPR laws) and civil claims (for damages).

Table 1. Critical Elements in IPR License Agreements Based on Civil Law

| Critical Elements | | Description of Civil Law Aspects | IPR Protection Implications |
|--------------------------|----|--|---|
| Subject of Agreement | of | Clear identification of the Licensor and Licensee based on valid legal identity. | Ensure the legal capacity of the parties and the validity of the agreement. Important for enforcing rights. |
| Object of License | of | Detailed explanation of the type of IPR (Patent/Trademark/Copyright) and registration number/date of IPR acquisition. | Determine specifically what rights are licensed, preventing misinterpretation. |
| Scope of License | of | Limitation of IPR use (territory, time period, type of product/service, nature of license - exclusive/non-exclusive). | Prevent use outside the permit, becoming the basis for claims for infringement of rights. The term does not exceed the IPR protection period. |
| Royalties/Fees | | Calculation mechanism, payment schedule, currency, and consequences of delay. | Commercial foundation of the agreement; clear clauses reduce the potential for financial disputes. |
| Guarantees & Indemnities | | Licensor's guarantee of legal ownership of IPR. Provisions for compensation in the event of default or violation of IPR. | Provide legal certainty and compensation pathways in the event of losses due to violations of the agreement or IPR issues. |
| Dispute Resolution | | The mechanism chosen (deliberation, mediation, arbitration, litigation). | Determine the dispute resolution forum, affecting the efficiency and cost of settlement. |
| Termination Clause | | Termination conditions for agreement (end of license period, default, force majeure). | Provide certainty when and how the agreement can be terminated, as well as the consequences. |

Conceptual Visualization of IPR Licensing and Protection Process:



Figure 1. Simple Flow of IPR License Agreement

The diagram above shows how civil law acts as a bridge that regulates the relationship between IPR owners and parties who wish to utilize them.

Gaps in IPR Protection

Although Indonesia’s legal framework provides a solid foundation for the protection of Intellectual Property Rights (IPR) in licensing agreements, its implementation still faces several critical challenges. These challenges often create protection gaps that may disadvantage IPR holders and hinder innovation. Identifying these gaps is essential for developing effective solutions.

1. Ambiguity and Lack of Detail in Agreements

One of the main gaps lies in the lack of clarity and detail in licensing clauses. Agreements that are poorly drafted—especially by inexperienced parties or without legal expertise—often leave room for multiple interpretations. For instance, vague terms like "use for commercial purposes" without specifying product types or markets can lead licensees to operate beyond the licensor’s expectations. Similarly, unclear royalty calculation methods—such as failing to define "gross sales" versus "net sales" or what constitutes a "unit sold"—may cause prolonged financial disputes (Dewi & Putra, 2022). Research shows that non-comprehensive agreements significantly increase the risk of future conflict (Setiawan & Kusuma, 2021).

The importance of clear contract language is evident, as vague terms can easily escalate into major legal and financial issues.

Table 2. Potential Problems Due to Ambiguity in License Agreements

| Clause Area | Ambiguity/Lack of Detail | Potential Problems and Risks |
|--------------|-------------------------------|---|
| Scope of Use | "Use for the purpose of " (no | The licensee uses IPR outside the scope |

| Clause Area | Ambiguity/Lack of Detail | Potential Problems and Risks |
|--------------------------|--|--|
| | product/service, geographic specification) | desired by the licensor, it is difficult to prove violations. |
| Royalty Calculation | "5% royalty of sales" (no definition of "sales", audit schedule) | Disputes over the amount of payment, manipulation of sales reports by the licensee. |
| Sub-License | Unregulated or regulated in general terms ("Licensee may grant sublicenses") | The licensee grants rights to third parties without the licensor's control, potential loss of reputation or IPR value. |
| Enforcement of Rights | No obligation on licensee to assist in enforcement in the event of third party infringement. | The licensor has difficulty in handling violations by third parties if the licensee is uncooperative. |
| Termination of Agreement | Unclear termination conditions or unregulated IPR handover process upon license termination. | Disputes over termination of the agreement, the licensee continues to use the IPR after the validity period has expired. |

2. Limited Knowledge and Resources of Contracting Parties

Many business actors, particularly Micro, Small, and Medium Enterprises (MSMEs), which form the backbone of Indonesia's economy, have limited understanding of the complexities of IPR law and licensing agreements (Wulandari & Santoso, 2021). They may not recognize the importance of IPR registration, the commercial potential of their intangible assets, or the legal risks associated with poorly drafted agreements. This lack of legal literacy makes them vulnerable to unfair or unfavorable contracts, where stronger or more experienced parties can impose burdensome terms. Additionally, financial limitations often prevent MSMEs from accessing legal experts in IPR, which is crucial for negotiating balanced licensing agreements that protect their interests.

3. Effectiveness of Law Enforcement Mechanisms

While Indonesia's judicial system has the authority to handle IPR disputes, the effectiveness of legal enforcement remains a challenge. Litigation processes often face several issues:

- a. Long Duration: Court cases can take years to resolve, especially if appeals are involved (Sukanto & Lestari, 2019). This prolonged process can be detrimental to businesses, particularly for IPR with short life cycles or rapidly changing

economic value.

- b. High Costs: Litigation costs, including attorney fees, court fees, and expert witness fees, can be prohibitive, especially for MSMEs.
- c. Complex Procedures: The intricate legal procedures require a deep understanding of procedural law, which many litigants lack without legal assistance.
- d. Lack of Expertise Among Judges: Not all judges specialize in or have deep knowledge of the technical and commercial aspects of IPR, potentially affecting the quality of rulings.

Due to these challenges, IPR holders are often reluctant to pursue legal action, even when their rights are clearly violated, which weakens the overall protection of IPR.

4. Technological Developments

Rapid technological advancements, such as artificial intelligence (AI), big data, blockchain, and the metaverse, have created new forms of IPR and innovative business models that may not be fully addressed by existing IPR regulations (Prasetyo & Fitriani, 2020). For example:

- a. AI-Generated IPR: Who owns the copyright of music or art created entirely by AI? How should licensing agreements be structured for complex AI algorithms?
- b. Data Licensing: Given the high economic value of big data, how should data licensing agreements be structured, including usage rights, privacy, and security?
- c. NFTs and Metaverse: How are IPR protected and licensed in virtual worlds or via NFT technology, where ownership and usage concepts differ from traditional physical or digital assets?

These gaps create legal uncertainties and challenges in licensing new technologies, as current regulations do not explicitly address these issues. Adapting regulations is essential to ensure that the law remains relevant and provides adequate protection in the digital era.

Policy Recommendations

Based on a thorough analysis of the gaps in IPR protection in licensing agreements in Indonesia, a series of integrated and strategic policy recommendations are needed to create a stronger and more competitive IPR ecosystem. These

recommendations focus on preventive measures, capacity building, and regulatory adaptation to global and technological dynamics.

1. Development of Comprehensive Licensing Agreement Standards and Guidelines

A key preventive step is to reduce ambiguity in licensing agreements. The government, through the Ministry of Law and Human Rights (Kemenkumham), particularly the Directorate General of IPR (DJKI), should collaborate with relevant professional associations such as the Indonesian Notaries Association, IPR lawyers' associations, and the chamber of commerce. The goal is to develop a standard and comprehensive licensing agreement template. This guide should include:

- a. Key Terminology Definitions: Ensure uniform understanding of legal and commercial terms (e.g., "net sales", "exclusive territory", "sub-licensing").
- b. Various Royalty Calculation Models: Provide examples of royalty calculation mechanisms for different types of IPR (e.g., revenue percentage, per unit production, lump sum) and audit procedures to ensure accountability.
- c. Quality Control Mechanisms: For trademarks and industrial designs, include quality standards the licensee must meet and the licensor's right to conduct inspections.
- d. Dispute Resolution Procedures: Offer options for resolving disputes, such as negotiation, mediation, arbitration, or litigation, with legal and practical implications for each choice.
- e. Third-Party Infringement Handling: Define responsibilities and coordination between the licensor and licensee in case of third-party IPR violations.

Table 3. Contents of the Standard IPR License Agreement Guide

| Guide Sections | Main Focus | Benefits for Parties (especially MSMEs) |
|--|--|---|
| Definitions & Interpretations | Standardization of terminology, avoiding multiple interpretations. | Building a uniform understanding, reducing the potential for misinterpretation. |
| License Scope (Territory, Duration, Exclusivity) | Example clauses for various scenarios of IPR usage. | Helping MSMEs determine clear and relevant boundaries for their business. |
| Royalty Model & Procedure | Illustration of calculation, payment schedule, audit rights. | Providing financial transparency, reducing payment disputes. |

| Guide Sections | Main Focus | Benefits for Parties (especially MSMEs) |
|-------------------------------------|---|--|
| Guarantees & Liabilities | Standard guarantee of IPR ownership, risk allocation, compensation. | Providing legal certainty and protection against third-party claims. |
| Quality Control & Branding | Clauses to maintain IPR reputation and standards (especially trademarks). | Ensuring the integrity of IPR, preventing a decline in quality or image. |
| Dispute Resolution & Applicable Law | ADR options, litigation mechanisms, jurisdiction. | Providing clarity on the resolution path in the event of a dispute. |

This guide will not only help the parties, especially MSMEs who are often less experienced, in drafting fair agreements and minimizing the potential for disputes (Purwanto & Dewi, 2020), but can also speed up the negotiation process and reduce transaction costs.

2. Improving IPR Education and Literacy Nationally

The knowledge gap is a significant obstacle to IPR protection. Therefore, socialization and education programs regarding the importance of IPR registration and the preparation of correct licensing agreements must be increased massively and sustainably (Sulaiman & Hamid, 2018). The target audience must expand from business actors (MSMEs, startups), academics and students (especially in the fields of law and business), to the general public who have the potential to be creators or innovators. The forms of education can vary:

- a. Free/Affordable Workshops and Seminars: Held regularly in various regions, in collaboration with local governments, universities, and business incubators.
- b. Online Education Platform: Developing interactive and easily accessible e-learning modules on the basics of IPR and licensing agreements.
- c. IPR Curriculum: Encourage the integration of IPR materials into formal education curricula, from secondary schools to universities.
- d. IPR Help Centers: Establish or strengthen IPR service centers in each region that can provide free initial consultations for the community.

This increase in legal literacy will not only empower parties to understand their rights and obligations and identify potential risks, but also foster a culture of innovation that values IPR from an early age.

3. Optimization of Alternative Dispute Resolution (ADR) Mechanisms

Given the high costs and length of the litigation process, optimization of Alternative Dispute Resolution (ADR) mechanisms, especially IPR-specific mediation and arbitration, is crucial. The government, together with the Supreme Court and existing arbitration institutions, needs to:

- a. Strengthen IPR Arbitration/Mediation Institutions: Encourage the establishment or strengthening of arbitration and mediation bodies that focus on IPR disputes, by having a list of certified mediators/arbitrators who are experts in the field of IPR (Suprpto, 2017).
 - b. Education on the Benefits of ADR: Socialize the benefits of ADR (faster, lower costs, confidentiality is maintained, more flexible solutions) to business actors and legal practitioners.
 - c. Mandatory ADR Clauses: Encourage (or even require for certain cases) the inclusion of ADR clauses as the initial step in resolving disputes in IPR licensing agreements.
 - d. Training for Judges and Law Enforcement Officials: Provide ongoing training to judges and law enforcement officials on specific IPR issues so that decisions are more accurate and enforcement is more effective.
4. Adaptive Legislative Reform to Technological Developments

The rapid dynamics of technology demand proactive and adaptive IPR legislative reform. Existing laws need to be reviewed and updated regularly to accommodate new issues arising from technological innovation (Raharjo & Purnomo, 2019). Areas that require special attention include:

- a. IPR Generated by Artificial Intelligence (AI): Determining ownership and usage rights of works that are wholly or largely generated by AI, as well as their licensing mechanisms.
- b. Data Protection as IPR Assets: Regulating big data licenses, including access rights, usage, and monetization, while still considering privacy issues.
- c. IPR in the Virtual World (Metaverse) and Blockchain Technology (NFT): Clarifying the legal status of IPR and licensing agreements for unique digital assets (Non-Fungible Tokens - NFT) and how IPR is applied in virtual ecosystems.
- d. Trade Secrets and Cybersecurity: Strengthening trade secret protection in the context of cybersecurity threats and how trade secret licensing can be

implemented safely.

The establishment of a Special Task Force on Intellectual Property Rights and Technology, involving legal, technological, economic, and industrial experts, can accelerate the process of identifying legislative needs and formulating draft regulations. The goal is to ensure that Indonesia's IPR legal framework remains relevant, predictive, and capable of protecting intellectual assets in the future.

CONCLUSION

This study examines the legal protection of Intellectual Property Rights (IPR) in licensing agreements in Indonesia, focusing on civil law perspectives. It finds that while the national legal framework provides a fundamental foundation through various IPR laws and the principles of the Civil Code, its implementation faces significant challenges.

Specifically, the analysis reveals that protection gaps often arise from ambiguities and lack of detail in licensing agreements, particularly regarding usage scope, royalty calculations, and oversight mechanisms. Additionally, limited knowledge and resources, particularly among Micro, Small, and Medium Enterprises (MSMEs), make them vulnerable to imbalanced agreements and difficulties in enforcing their rights. Challenges also exist in the effectiveness of law enforcement mechanisms, as lengthy and costly litigation processes often hinder IPR holders from seeking justice. Finally, the rapid pace of technological advancements has led to new forms of IPR and innovative business models that are not fully addressed by existing regulations, creating legal uncertainties in licensing agreements in the digital era.

In conclusion, while IPR protection in licensing agreements in Indonesia exists, it is not yet optimal and requires comprehensive policy reform to ensure legal certainty, foster innovation, and support knowledge-based economic growth.

Recommendations

To improve IPR protection in licensing agreements in Indonesia, we recommend the following:

1. **Develop Comprehensive Licensing Agreement Guidelines:** The government should collaborate with professional associations to create clear, detailed, and easy-to-understand licensing agreement templates, covering essential clauses, royalty calculations, quality control, and dispute resolution to reduce ambiguity and risks.

2. **Enhance National IPR Education and Literacy:** Increase outreach and training on IPR registration and proper licensing agreements, targeting MSMEs, startups, academics, and the public through workshops, online platforms, and integration into education curricula to improve understanding of IPR rights and their commercial value.

These steps will help create a more supportive legal environment for IPR protection, foster innovation, and boost global economic competitiveness.

Future Research

For further research on IPR protection in licensing agreements in Indonesia, several key areas can be explored:

1. **Comparative Legal Analysis:** Compare Indonesia's IPR licensing framework with those of developed countries (e.g., the U.S., Germany, Japan, or Singapore) to identify best practices that can be adapted in Indonesia.
2. **Empirical Case Studies:** Conduct qualitative or quantitative research on companies (especially MSMEs) involved in IPR licensing agreements and disputes to uncover practical issues not identified in the literature.
3. **Technology Impact on Licensing Models:** Analyze the legal implications and licensing models for IPR generated by AI, big data, and blockchain (NFTs) in Indonesia, focusing on how current laws address or face challenges from these technologies.

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