West Science Interdisciplinary Studies
Vol. 03, No. 09, September and 2025: pp. 1626-1632

Analysis of Intellectual Property Rights as Collateral in Government Regulation No. 24/2022

Evan Rayhan Revendy[1], Muhamad Andre Nurdiansah[2], Ahmad Nathique Bil Haqi[3]
[1] Brawijaya University and evanrayhanr@student.ub.ac.id
[2] Brawijaya University and andre03@student.ub.ac.id
[3] Brawijaya University and bilhaqiahmad@student.ub.ac.id

ABSTRACT

The rapid development of Intellectual Property Rights (IPR) is closely linked to advances in technology, information, and communication. The existence of IPR enhances the quality of produced goods, thereby supporting economic growth. To foster the development of the creative economy in Indonesia, Law No. 24 of 2019 on the Creative Economy was enacted, with its implementation further regulated under Government Regulation No. 24 of 2022, which, among other provisions, addresses financing schemes. Using a normative juridical research method with a statutory approach, the findings reveal that IPR asset valuation can be conducted through the Cost-Based Approach, Market-Based Approach, Income-Based Approach, and other valuation methods, in accordance with applicable valuation standards. Regarding legal protection for creditors, the Consumer Protection Law applies.

Keywords: *Intellectual Property Rights, Credit Agreements, Consumer Protection, Creative Economy, Indonesia.*

1. INTRODUCTION

The rapid advancement of technology, information, and communication has brought significant changes to society, particularly in the field of Intellectual Property Rights (IPR). The rapid development of IPR is closely tied to technological, informational, and communicational progress. This is because the growth of IPR has transformed society's behavior, moving from traditional methods of production to more advanced approaches. Consequently, IPR leads to higher-quality products, which in turn support economic growth.

According to Article 499 of the Indonesian Civil Code, Intellectual Property Rights are defined as property rights and regarded movable intangible property. In other words, IPR as movable property can be transferred or assigned to other parties. The transfer of IPR can be conducted through a licensing agreement, allowing the recipient of the rights to gain economic benefits while being obliged to pay royalties to the IPR holder as stipulated in the licensing agreement.

As previously stated, IPR can be transferred via a licensing agreement, which ties IPR to contract law. This relationship refers to the legal conditions for a valid agreement, as outlined in Article 1320 of the Indonesian Civil Code, as well as contract law principles such as freedom of contract, pacta sunt servanda, good faith, and consensualism. As a result, parties bound by a licensing agreement must follow the terms of Article 1320 of the civil code.

IPR, as a property right within the scope of civil law, serves two main functions: providing security and granting enjoyment [1]. Regarding IPR, the property right that attaches to it primarily offers security, making IPR suitable as collateral for debt and fiduciary guarantees. Thus, IPR is not only used as a protective tool for IPR holders in legal disputes but, with the rapid progress of technology, information, and communication, it is also increasingly utilized as collateral for financing from financial institutions. This is consistent with the decision of the 13th session of the

United Nations Commission on International Trade Law (UNCITRAL) in 2008, which underlined that intellectual property rights (IPR) might be used as collateral to receive international bank loans [2].

In Indonesia, legislation such as Law No. 28 of 2014 on Copyright (Copyright Law) governs the use of intellectual property rights as collateral for debt. The Copyright Law's Article 16, paragraph (3) provides that "copyright may be used as an object of fiduciary security."[3]. Thus, both tangible and intangible copyright objects can indirectly provide fiduciary security. The same applies to patents, which can also be used as fiduciary security, as stipulated by Article 108, paragraph (1) of Law No. 13 of 2016 on Patents [4]. With the enactment of these provisions, patent applicants both for regular patents and simple patents no longer need to wait for foreign companies to provide funding for production, as they can secure financing by using their products as collateral.

As technology, information, and communication continue to advance, many entrepreneurs now focus on the creative industry. Consequently, Indonesia is regarded as the third-largest country, after the United States and South Korea, in terms of creative industry entrepreneurs, with 8 million entrepreneurs engaged in this sector [5]. Therefore, to support the development of the creative economy in Indonesia, Law No. 24 of 2019 on the Creative Economy (Creative Economy Law) was enacted.

Given the numerous entrepreneurs involved in the creative industry, the implementation of the Creative Economy Law required specific regulations. These implementing regulations aim to address challenges in managing the potential of the creative industry, particularly in increasing the value of intellectual property as the foundation of the creative economy. Therefore, in 2022, the government enacted Government Regulation No. 24 of 2022 concerning the Implementing Regulation of Law No. 24 of 2019 on the Creative Economy.

The formalization of regulations regarding IPR as collateral for debt indirectly motivates creative industry entrepreneurs to be more productive in creating new works. Although regulated by law, there are still many challenges in its implementation. Limited protection periods for IPR, the absence of a clear valuation concept for IPR assets, the lack of legal support for IPR as collateral for debt, and the absence of revisions to Bank Indonesia Regulation (BI Regulation) No. 9/6/PBI/2007 on Amendments to BI Regulation No. 7/2/PBI/2005 on the Assessment of the Quality of Commercial Bank Assets are major factors that hinder banks as financial institutions from implementing these provisions.

Based on the aforementioned background and considering the regulations regarding financing schemes that use Intellectual Property Rights as collateral, the author is interested in examining the issues related to how the valuation of Intellectual Property Rights as collateral for debt in financial institutions is regulated and how legal protection for license holders of Intellectual Property Rights as collateral for debt is ensured in financial institutions.

2. METHODS

The research method employed is the normative juridical legal research method, which uses a statutory approach. The research data is obtained through library research, as the data is sourced from legislation, journals, theories, and relevant legal concepts. The collected data is then analyzed using a qualitative normative method, narrated descriptively, and supplemented by data presentation related to the previously formulated research problems.

3. RESULTS AND DISCUSSION

3.1 The Legal and Institutional Framework for Valuing Intellectual Property Rights as Loan Collateral in Indonesia

The regulation of Intellectual Property Rights (IPR) as debt collateral has obtained a legal basis in Indonesia. The legal basis is found in several laws and government regulations, such as Article 16 paragraph (3) of Law No. 28 of 2014 on Copyright and Article 108 paragraph (1) of Law No. 13 of 2016 on Patents. Furthermore, Government Regulation No. 24 of 2022 confirmed IPR as an asset that can be used in financing the creative economy.

This IPR-based financing scheme is expected to open access to financing for creative business actors who have experienced limitations in providing conventional collateral. This is supported by the findings of Mayana and Santika, which show that the existence of these regulations is a positive step, but has not been supported by the readiness of the ecosystem of financial institutions in Indonesia [6]. However, the main problem that hinders the application of IPR as debt collateral is the absence of a clear mechanism for assessing the value of IPR. Financial institutions do not yet have a standard or standardized methodology for assessing the economic value of an IPR. This is a major obstacle in implementing intellectual property-based financing.

According to Le, Nguyen, and Vo, in emerging markets, intangible assets are often underestimated in the financing system, despite their significant value to startups and creative industries. The same can be found in Indonesia, where market-, income-, and cost-based valuation approaches have not been systemically implemented [7]. Regulations from Bank Indonesia (BI) and the Financial Services Authority (OJK) have yet to adjust to this development. In BI Regulation No. 15/PBI/2012, the list of collateral that banks can accept does not include IPR explicitly. This shows the unsynchronization between financial sector regulations and regulations in the creative economy. Then, according to Wahjudi's research, banks tend to only accept tangible assets because they have a more certain market value and are easy to liquidate in the event of default. This indicates that IPR is not yet considered an asset that has high liquidity value in the conventional financial system [8].

The absence of standardized valuation guidelines also makes it difficult for public appraisers (appraisers) to estimate the value of IPR. In this context, collaboration between the Ministry of Law and Human Rights, OJK, and appraisal professional associations is needed in order to establish national IPR valuation standards. Although PP No. 24 of 2022 has explained the valuation methods which include cost-based, market-based, and income-based approaches, financial institutions have not dared to apply them because there is no guarantor institution that acts as an independent and credible appraiser.

Research by Haron et al. also shows that the valuation of intangible assets such as brands and patents has high variability, depending on the sector, industry, and level of market adoption. This makes banks reluctant to take risks on the uncertainty of the value of such collateral [9]. Meanwhile, Alimov mentioned that intellectual property rights reform is positively correlated with a decrease in the cost of debt in several developing countries. This means that updating the system of protection and recognition of IPR can improve access to financing in general [10]. On the other hand, a study by Thakur et al. found that recognizing the value of goodwill and other intangibles is helpful for companies in obtaining credit, especially if financial markets have matured in accepting intangible assets [11].

Uncertainty over IPR due diligence, especially over ownership and exclusive rights, is also the reason banks are reluctant to accept IPR as collateral. Banks need certainty that there are no disputes or potential violations of the pledged IPR. In the context of due diligence, it is necessary to issue a certificate of the legality and liveliness of the IPR by the Directorate General of Intellectual Property (DJKI), which can be an integral part of the process of applying for IPR-based financing.

One solution proposed by Mayana and Santika is the establishment of a guarantor institution or IPR appraisal institution that stands independently, but is recognized by the government and the financial sector where this institution can guarantee the credibility of IPR

valuation [6]. It is also necessary to regulate risk mitigation schemes for banks, for example in the form of intellectual property value insurance. This insurance can cover the bank's losses if the IPR turns out to have no selling value when the customer defaults. In addition, the development of a secondary market for IPR trading can also encourage the creation of a clearer market value. It is important to provide a reference for financial institutions in determining the value of collateral.

On the academic side, research collaboration between universities, DJKI, and industry should also be encouraged to produce valuation models and market projections of the commercial value of IPRs. Ultimately, utilizing IPR as debt collateral requires a multidisciplinary approach such as legal, financial, technological, and public policy. If all these components can be synergized, the potential of Indonesia's creative economy can be maximized through inclusive access to financing.

3.2 Legal Protection for Intellectual Property License Holders as Debt Collateral in Indonesia

The utilization of Intellectual Property Rights (IPR) as collateral objects in debt agreements is an important development in encouraging the growth of the creative economy in Indonesia. However, the legal protection of licensees as parties who pledge their IPR has not received adequate attention in the national legal framework.

In guarantee law, all parties to the agreement-both creditors and debtors-should receive equal legal protection. In the context of banking credit or financing institutions, debtors can be categorized as consumers. Therefore, Law No. 8 Year 1999 on Consumer Protection applies as a legal umbrella for the protection of debtor rights.

Legal protection for debtor consumers is very important, especially because there is often an imbalance in the position between creditors and debtors. This imbalance is reflected in standard contracts that are more favorable to creditors and do not provide negotiation space for debtors.

This imbalance is also reinforced in Law No. 4/1996 on Mortgage Rights, which privileges creditors holding mortgage rights to obtain prior repayment from the auction proceeds of the collateral object. Unfortunately, the protection of debtors' interests in this law is very limited. Although the Mortgage Law does not explicitly provide protection to debtors, the Consumer Protection Law fills the gap. Article 4 of Law No. 8/1999 states that consumers have the right to comfort, security, and safety in using goods and/or services, as well as to obtain correct and fair information.

In IPR-based financing schemes, legal protection becomes more complex. This is because the collateral object is intangible, such as copyrights, patents, or trademarks. The main challenge is how to ensure that the economic rights of the licensee are protected in the event of a financing process or collateral execution. Mayana and Santika revealed that although there is a legal framework that allows IPR to be pledged, many financial institutions in Indonesia are still hesitant because there is no clarity regarding the legal protection of licensees who pledge these rights [6].

The license holder in this case is not the full owner of the IPR, but obtains economic rights from the license agreement. However, there are no definite rules governing whether the rights in this license can be used as collateral and how legal protection is provided in the event of default. The problem becomes more complex when the license used as collateral is executed by the creditor. Whether the licensee can still retain the right to use it or whether the right is automatically forfeited is not yet legally clear. In addition, licensees are often not involved in the execution or auction process of collateral, thus losing access rights and the potential commercialization of an IPR that has been licensed, without any compensation or protection.

In research by Le, Nguyen, and Vo, it is stated that in developing countries that have regulated IPR-based financing, licensees who have registered their rights can be legally protected and involved in the collateral execution process [7]. In Indonesia, the fiduciary mechanism in accordance with Law No. 42 of 1999 actually allows collateral objects in the form of intangible movable objects, but has not further regulated licensees who are not the legal owners of IPR.

One solution is to require license agreements that will be used as collateral to be registered in the fiduciary system. By doing so, the rights of the licensee become legally recorded and can be protected in the event of a dispute. The Directorate General of Intellectual Property (DJKI) should participate in issuing a certificate of legality or statement of validity for the pledged license, as a form of administrative and legal support. Wahjudi emphasizes the importance of cross-sector regulatory integration between intellectual property law, consumer protection, and banking to create legal certainty in IPR-based transactions [8]. In addition, the Financial Services Authority (OJK) also has a role in requiring financial institutions to provide fair treatment to debtors, including IPR licensees, and ensuring that transparency and information aspects are enforced.

Countries such as the United States, through the Uniform Commercial Code (UCC), recognize licensees as parties that can be included in collateral transactions if their rights have been registered. This provides an example of an inclusive legal model. If Indonesia adopts a similar approach, it will not only develop an IPR-based financing system, but also provide real protection to creative economy actors who are not full owners of IPR. Thakur et al. mentioned that legal certainty for intangible assets and clarity in the valuation and execution process will encourage financial institutions to accept IPR license-based guarantees [11].

It is known that legal protection of licensees in IPR-based financing has not been optimally contained in the Indonesian legal system. Regulatory reform and harmonization between institutions are urgently needed so that licensees do not become vulnerable parties in collateral agreements. With the rapid growth of the creative economy, recognition of the rights of licensees will be an important part of creating an inclusive and equitable financing system.

CONCLUSION

The utilization of Intellectual Property Rights (IPR) as collateral objects in financing in Indonesia has shown significant development, along with the enactment of regulations such as Law No. 28 of 2014 concerning Copyright, Law No. 13 of 2016 concerning Patents, and PP No. 24 of 2022 concerning the Creative Economy. These regulations have, in principle, opened up opportunities for creative economic actors to gain access to financing using IPR. However, their implementation still faces major challenges, especially in the aspects of IPR value assessment and legal protection mechanisms.

First, in terms of IPR valuation, although several valuation approaches have been normatively regulated-such as the Cost-Based Approach, Market-Based Approach, and Income-Based Approach-financial institutions are still reluctant to accept IPR as collateral. This is due to the absence of standardized technical standards, the lack of independent appraisal institutions that specialize in IPR valuation, and the lack of harmonization of banking sector regulations (especially Bank Indonesia Regulations) with regulations in the creative economy. These conditions cause uncertainty in determining the economic value of IPR, thus hindering its widespread application as debt collateral.

Second, in terms of legal protection, especially for IPR licensees who use their licenses as debt collateral, there is no explicit and comprehensive regulation. Although debtors can be positioned as consumers protected by Law No. 8 of 1999 concerning Consumer Protection, in the context of IPR guarantees, protection for licensees is still minimal. When there is an execution of the IPR guarantee, it is unclear whether the rights of the licensee are still recognized or simply ending. In addition, the license registration mechanism in the fiduciary system as a means of legal protection for licensees has not been expressly regulated.This situation calls for more comprehensive regulatory reform, either through the revision of fiduciary regulations, strengthening recognition of the value of IPR in the banking system, or the establishment of an independent and credible IPR valuation institution. In addition, harmonization between intellectual property regulations, financial sector regulations, and consumer protection regulations is needed to create an inclusive, fair, and sustainable IPR-based financing ecosystem. In an era of creativity and an innovation-based economy,

recognizing IPR as a real asset that can be pledged, as well as protecting the rights of licensees in financial transactions, is a strategic step to encourage national economic growth based on intellectual property.

REFERENCES

[1] F. H. Habullah, *Hukum Kebendaan Perdata Hak Hak Yang Memberikan Jaminan*. Jakarta: Ind Hill.Co, 2005.

[2] UNCITRAL, *UNCITRAL Legislative Guide on Secured Transaction Supplement on Security Rights in Intellectual Property*. New York: United Nations, 2011.

[3] *Undang-Undang Nomor 28 Tahun 2014 Tentang Hak Cipta*.

[4] *Undang-Undang Nomor 13 Tahun 2016 Tentang Paten*.

[5] T. H. I. Husny, "Tantangan Dalam Implementasi Kekayaan Intelektual Sebagai Jaminan Pembiayaan Berdasarkan Peraturan Pemerintah Nomor 24 Tahun 2022," *J. Ilmu Sos. dan Pendidik.*, vol. 7, no. 3, 2023.

[6] R. F. Mayana and T. Santika, "Intellectual property-based financing scheme for creative industry in Indonesia: Policy, progress, challenges and potential solutions," *J. World Intellect. Prop.*, vol. 28, pp. 95–113, 2025, doi: https://doi.org/10.1111/jwip.12322.

[7] C. Le, B. Nguyen, and V. Vo, "Do intangible assets help SMEs in underdeveloped markets gain access to external finance?-the case of Vietnam," *Small Bus Econ*, vol. 68, pp. 833–855, 2024, doi: https://doi.org/10.1007/s11187-023-00785-z.

[8] E. Wahjudi, "Factors affecting dividend policy in manufacturing companies in Indonesia Stock Exchange," *J. Manag. Dev.*, vol. 39, no. 1, pp. 4–17, 2020, doi: https://doi.org/10.1108/JMD-07-2018-0211.

[9] R. Haron, N. M. Nomran, A. H. A. Othman, M. M. Husin, and A. Sharofiddin, "The influence of firm, industry and concentrated ownership on dynamic capital structure decision in emerging market," *J. Asia Bus. Stud.*, vol. 15, no. 5, pp. 689–709, 2021, doi: https://doi.org/10.1108/JABS-04-2019-0109.

[10] A. Alimov, "Intellectual property rights reform and the cost of corporate debt," *J. Int. Money Financ.*, vol. 91, pp. 195–211, 2019, doi: https://doi.org/10.1016/j.jimonfin.2018.12.004.

[11] O. A. Thakur, M. B. Tunde, B.-A. A. Noordin, M. K. Alam, and M. A. Prabowo, "The relationship between goodwill and capital structure and the moderating effect of financial market development," *J. Econ. Financ. Adm. Sci.*, vol. 29, no. 57, pp. 121–145, 2024, doi: https://doi.org/10.1108/JEFAS-04-2022-0107.

BIOGRAPHIES OF AUTHORS

Evan Rayhan Revendy, I am currently a student at the Faculty of Law, Brawijaya University (FH UB). I have a deep interest in legal issues. My primary focus is Criminal Law, but I am also interested in other fields.

As a student, I am active in academic pursuits to continually broaden my knowledge and legal understanding. I am dedicated to lifelong learning by participating in various seminars and workshops. I have a strong aspiration to apply the knowledge I gain in the future, with the hope of making a meaningful contribution to law enforcement.

Email: evanrayhanr@student.ub.ac.id

Muhamad Andre Nurdiansah, CFAS. I am currently a student at the Faculty of Law, Brawijaya University (FH UB). My academic journey here has given me the opportunity to delve into various legal issues relevant to the social, economic, and cultural dynamics of Indonesia.

While my primary focus is Economic and Business Law, my research interests are not limited to a single field. I am also deeply interested in Criminal Law and how customary law and local wisdom can coexist with the modern legal system. I believe that a profound understanding of our cultural roots is essential for resolving contemporary legal issues.

Some of my published works reflect this diverse interest. I have written about indigenous land rights in the Nusantara Capital City area and have also examined criminal policy such as the commutation of the death penalty. My fascination with local wisdom has even led me to research the Javanese calendar in an agricultural context. Furthermore, I have authored two books, "Legal Drafting in Indonesia" and "Business Law", which serve as tangible contributions to my academic field.

	In addition to my academic pursuits, I am actively involved in community service, including establishing a legal awareness group in a local village. I am determined to continue bridging the gap between legal theory and real-world practice. Email: andre03@student.ub.ac.id