Combating Online Piracy: The 'Longer Arm' of Enforcement

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Abstract

Combating online piracy, a global menace facing the manufacturers of information goods, has remained a top priority for those manufacturers, as well as for governments around the world. Despite much stricter anti-piracy measures in recent times, this menace continues unabated. Apparently, the policy debate is now shifting from the efficacy of the existing laws towards the need for enacting new ones such as the SOPA/PIPA. Our interest is at the core of this debate. We argue that, in order to develop relevant economic insights, one must understand the intricate interrelationships within a piracy ecosystem and how different enforcement approaches impact them. Based on these impacts, we propose a clear distinction between efforts that restrict supply of pirated goods (supply-side enforcement) and those that penalize illegal consumption (demand-side enforcement). We find that, indeed, there are some fundamental differences between the two approaches in terms of their impacts on innovation and welfare. All in all, supply-side enforcement turns out to be the "longer arm" - it has a much more desirable impact in the long run. Our results have clear implications for manufactures and consumers, along with broader connotations for public policy and law.

Click here for the full paper; http://ssrn.com/abstract=2296116

Speaker Profile

Dr. Debabrata Dey is currently Marion B. Ingersoll Professor of Information Systems and Faculty Director of Master of Science in Information Systems (MSIS) at Michael G. Foster School of Business, University of Washington. Dey's main research interests are in studying business issues related to information systems economics, pricing and performance, information security, systems development and contracting, and technology diffusion. His research has been published in journals such as *Management Science*, *Operations Research*, *Information Systems Research*, *ACM Transactions on Database Systems*, *IEEE Transactions on Knowledge and Data Engineering*, and *INFORMS Journal on Computing*. He earned his B.Tech from IIT Kharagpur, M.S and Ph.D. in Computer and Information Systems from University of Rochester.

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