

## 246 Jurisdictions in the World Get the Good-Faith Purchase Problem Wrong: A New Economic Framework

### 1. What is the main question in the paper?

Whether the good-faith purchase doctrine in the current paradigm, shared by all coded jurisdictions achieve allocative and productive efficiency? If not, is there exist any superior design can maximize the allocative efficiency and productive efficiency?

### 2. Why should we care about it?

In the case of the good-faith purchase doctrine, two parties, instead of one, are innocent, and an additional, culpable party is out of the picture. Hence it is arguably the most difficult property issue. Unlike other private law doctrine, there is no sign showing that it will converge toward one efficient solution.

### 3. What is the author's answer?

While the comparative law and economics approach is usually useful and the aforementioned presumptions may hold in general, this is not the case in the good-faith purchase doctrine. The current paradigm, shared by all coded jurisdictions, fails to achieve allocative and productive efficiency.

The author proposes a new design that ensures allocative efficiency and better promotes productive efficiency than competing designs by adding an internal auction between original owner and good-faith purchaser. The auction implement when the original owner spends optimally on prevention and the purchaser also spends optimally on verification. And the winner in the auction is the higher-valuer. Allocative efficiency is thus achieved.

### 4. How did the author get there?

Summarizes the doctrine adopted in 246 jurisdictions and review the prior works such as the seminal Schwartz and Scott (2011) framework and the relative previous literatures about comparative law and economics theory.