

1. What are the main questions raised in the paper?

In real society, there is a case that the original owner loses his object which is stolen by a second party and that object is gotten by the third party through several buyers and sellers. Hence, as the original owner finds his object is owned by an innocent third party, the property right of that object cannot be simply divided into two owners.

2. Why should we care about it?

How to solve this puzzle in practice is a difficult problem for centuries because it always seems to be unfair for one if the lawmakers decide to protect another party. The viewpoints of good-faith purchase, stolen goods always revert or trying to unitary approach are common for this problem but in the real case the rules are not always applied entirely or in some cases one of the party would abuse the protection so that the market are restricted.

3. What is the author's answer?

Design an optimization theory depending on allocative and productive efficiency idea, which is trying to distinguish the conditions when the rights of ownerships should be protected. It also points out a way to avoid the law mechanism intervening markets.

4. How did the author get there?

Use the protection costs, search costs and verification costs to put the rights of two owners in a same framework, which make a pre-distribution of property rights. Use the results plugging into auction theory which is verified as a convincing way to expose the preference and valuation of two owners.