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**A note on a counterfeiting model with
fines pocketed by the genuine firm**

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Abstract

A monopolist sells a luxury genuine product protected by conventional intellectual property rights laws (IPR). However, a competitive fringe of counterfeiters can illegally copy and sell the product without the permission of the monopolist. Fines are imposed on counterfeiters and pocketed by the genuine firm. It is shown that when the genuine producer can shape the amount of sanctions, he will not necessarily seek to eliminate all counterfeiters.

Keywords Counterfeiting, Fines, Intellectual property rights

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