

The Effect of Extending and Sharing Intellectual Property Rights

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Abstract

While user generated content, and increasingly videos, have become ubiquitous in the digital age, the users who upload these videos often do not hold the intellectual property rights for the content they post. We evaluate the impact of allowing such content on the intellectual property holder's original product. This question is especially relevant for content concerning video games. Video game content on YouTube accounts for one third of YouTube's total traffic, yet video game firms can legally require any third-party videos featuring their game to be taken down. Although many firms allow third parties to freely share and extend their intellectual property on these public platforms, some like Nintendo do not. We study the impact of firm decisions to share and extend intellectual property in this highly relevant context of video games. To do so, we collect a unique individual-level panel dataset on usage levels and purchases of video games as well as data on the timing of related YouTube video posts and competitive competitions. We apply both difference-in-differences and synthetic control methods to evaluate the causal effects of these sharing and extending activities on video game usage and sales. We find that company-initiated competitive gaming tournaments increase game usage by up to 45%, while one third-party YouTube video post increase game

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sales by 9.4% and game usage by 12.7%. Both effects are concentrated in the heavy users and casual games benefit less from YouTube video posts. These results offer an explanation for why firms would vary in allowing such content sharing and extensions, and why Nintendo, in particular, would want to set stricter content sharing policies for its games.

Keywords: Intellectual property rights; YouTube; Video game; Synthetic control