

This is the equilibrium because if UBC Complies SFU would choose cheat ($1200 > -800$) and if UBC Cheats SFU would also choose cheat ($0 > -200$).

And, if SFU Complies UBC would choose cheat ($1200 > -800$) and if SFU Cheats UBC would also choose cheat ($0 > -200$).

For both firms the dominant strategy is to choose cheat – this is the Nash Equilibrium and both will earn zero profits.