

Editors' Note

This issue of the *Business History Review* looks at the theme of innovation—specifically, at how markets for innovation function. Technological development is a main driver of economic progress. The ability to exchange ideas in the marketplace promotes discovery by providing incentives for inventors, or firms, to engage in research and development. While much of the literature on markets for innovation, at least from a historical perspective, focuses on the United States, the articles that follow offer a broader array of country cases, including Britain, Germany, and Japan, as well as providing international comparative perspectives. The articles explore factors such as how adept countries are at adjusting laws to adapt to changing circumstances and how easy or difficult it is for inventors and entrepreneurs to find and transact with each other, both within and across national and state borders. Because efficient markets require supporting institutions, the articles emphasize the legal conditions under which inventors and firms operate. They address questions such as, How easily can new ideas be sold and the intellectual property transferred? Can markets exist without patents?

The issue opens with Naomi R. Lamoreaux, Kenneth L. Sokoloff, and Dhanoos Sutthiphisal's "Patent Alchemy: The Market for Technology in US History." Building on seminal earlier work by Lamoreaux and Sokoloff, this article looks at the role patent attorneys played in the United States in the nineteenth century to help inventors find markets for their patents. The authors provide perspective on current debates about the selling of patents by showing that this practice was common in the past and that there is nothing new about inventors or intermediaries capturing payoffs by selling or licensing patent rights. While asymmetric information meant opportunists could sometimes extract more value than inventors, the expectation of payoffs generally encouraged inventors to search for new discoveries that they could patent and transact in the market for ideas.

Next, B. Zorina Khan's article, "Selling Ideas: An International Perspective on Patenting and Markets for Technological Innovations, 1790–1930," analyzes patent data from the United States, Britain, Germany, Canada, New South Wales, Spain, and Japan from the nineteenth and early twentieth centuries to explore the international market in patents. Khan finds that individual countries' legal regimes influenced how

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easily and openly new technologies could spread within and between nations. Carsten Burhop and Nikolaus Wolf, in “The German Market for Patents during the ‘Second Industrialization,’ 1884–1913: A Gravity Approach,” apply a standard econometric method to pre–World War I German patent data to find that patent assignments did not necessarily move more easily between German states than between Germany and bordering nations. Alessandro Nuvolari and James Sumner’s article, “Inventors, Patents, and Inventive Activities in the English Brewing Industry, 1634–1850,” provides a counterpoint to the other articles in this issue by looking at an industry that avoided patents: brewing. Because of the nature of patenting in England during the First Industrial Revolution, brewers tended to avoid it and used other methods to develop new methods and equipment. The issue closes with Tom Nicholas and Hiroshi Shimizu’s article, “Intermediary Functions and the Market for Innovation in Meiji and Taishō Japan.” The authors assert that legal development in Japan in the late nineteenth and early twentieth centuries encouraged the buying and selling of patents, aided by patent attorneys. They argue that this vibrant market in patents should be added to the prevailing explanations of Meiji Japan’s ability to harness and benefit from technological development during the process of modernization.