

The Patenting and Trademark Activities of U.S. Firms

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Abstract

The innovative activities of firms are of great interest to both economists and policy makers, since firm innovation is generally seen as a path to increased firm productivity and growth. Many of the surveys used to publish aggregate statistics on innovation, such as R&D and Community Innovation Surveys (CIS), focus on relatively small samples and are skewed towards large firms. These data generally aren't suitable for looking at innovation by young and/or small businesses. This paper focuses on two measures of innovation – patenting and trademarks. The innovation data is publicly available from the U.S. Patent and Trade Office and matched to the Census Bureau's confidential micro data in the Business Register and Longitudinal Business Database (LBD) using names and addresses. By using the universe of firms, we can look at the entire size and age distributions of firms using the long time series of the LBD (1976-2007). Using additional data from the non-employer business register, we can also examine the formation of the firm prior to the hiring of the first employee. The most novel aspect of this paper is the addition of trademarks into the analysis. Patenting activity is concentrated the manufacturing sector, but trademarks and service marks are a form of innovative activity service sector firms are engaged in. Using both of these measures will allow a more comprehensive analysis of the innovative activities of these small and young firms.