

Macro Roundup Article

Headline: [Mega Firms and Recent Trends in the U.S. Innovation: Empirical Evidence from the U.S. Patent Data](#)

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Summary: The share of mega firms in novel patent applications had been declining for almost two decades but there has been a turnaround since the early-mid 2000s. By the mid-2010s, the share of mega-firms was the highest since 1980 when our sample starts. We show that mega firms are more likely to apply for novel patents even after controlling for various firm characteristics including size, industry, and the total number of patents. This finding also holds within firms—firms produce more novel patents than before as they become mega firms. This suggests that closing on market leadership is associated with more, not less new combinations. We also examine the opposite side of the spectrum, the not-yet-public VC-backed startups, and find that those also play a disproportionately large role in generating novel patents, especially “hit” novel patents, so that successful novel patents appear to be produced in a bi-modal pattern, both by super large mega firms and relatively small startups.

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