Entrepreneurship: What don’t we know?

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Who are the entrepreneurs, and what do they do?

- An understudied aspect of the patent system: The patent system is an ex post funding system, and that changes the nature of the innovation problem.
- A simple economic cut on this question is to separate roles: Roles in the innovation system include have ideas for inventions choose among ideas fund the inventions carry out the research.
- There is no reason to join these roles
Entrepreneurship and the Patent System

• What are inventors thinking?
  The problem is a surfeit of good ideas and a deficit of funding: Isn’t the problem obvious?

• What are patent scholars thinking?
  Too much investment. The wrong investments. Firms vie for opportunistic IP as opposed to good inventions. Patent law gets the details wrong.

• Again:
  *The patent system is an ex post funding system, and that changes the nature of the problem.*
What do VC’s do?

• Who are the entrepreneurs:
  Are the the VCs? The Inventors?

• Inventors
  They give us money.
  They steal our innovations.
  We are not making deals with angels; this is a pact with
  the devil.

• IP Scholars:
  Frankly, we don’t have much of an answer to
  this, other than the give money.
What do VC’s do? Some speculations

• Collect and Compare ideas
  Is this a good thing?
    Entrepreneurs
      Not if I’m shut out!
    Patent scholars:
      Of course.
      Why not get the best ideas?

• Query: Who has the best ideas?
  Can entrepreneurs evaluate their own ideas?
  What about group think?
Are there any dangers in the VC system?

- Is there a competition policy issue?
  VCs cannot compare ideas unless the collect them. VC’s almost always fund projects in teams. Is this a good thing? Are VCs competing? Is there a competition policy issue? Do the entrepreneurs have a point?

- The contribution of psychologists:
  Is there a problem of group think?

- An empirical question:
  What is the record of success on funding from different sources? Can we sort this out?