A display at the Victoria and Albert Museum in London showing the katana and its various furniture.

Swords are critical in most feudal societies, and Japan was no exception. In the 6th century BCE the legendary Emperor Jimmu conquered much of Japan. At the same time, the Japanese took inspiration for swords from the Chinese. Early swords were merely duplicates of Chinese swords, straight and double-edged, but the warring stability of the Asuka period promoted the advancement of weaponry.

One of the oldest known forms of kenjutsu dates the Kofun era (3rd and 4th centuries). The style, called Kashima no Tachi (鹿島の太刀), was created at the Kashima Shrine (in Ibaraki Prefecture). In the Heian Period (8th to 11th centuries) we see the development of sword-making, through techniques brought from the Russia and North part of Japan Hokkaido in those days Ainu's territory. The Ainu people used Warabite-tou(蕨手刀) Warabite sword and this sword influenced on Katana.According to legend, the Japanese sword was invented by a smith named 'Amakuni' in AD 700, along with the folded steel process. Among other modifications, the katana becomes single-edged, and better suited for slashing. This is also reflected in the styles of kenjutsu created during this period. From the Kashima shrine's Kashima no Tachi sprang the Kantō-nanaryū (関東七流 - also known as the Kashima-nanaryū 鹿島七流). In the same period, the Kyō-hachiryū (京八流) was created in the Kurama mountain (in Kyoto).

By the twelfth century, civil war erupted after a long period of decadence. For five centuries, Japan had its own dark ages, marked by continuous, brutal wars. The War of Onin (1467-1477) revolutionized Japanese armour.
During the Muromachi period, bloody wars were the norm, but the indolent shogunates also put a high value on art and culture, so the islands did not descend into barbarism. While many good swords were made during this period, the vast need for swords caused smiths to switch to production line methods. Furthermore, the ferocity of the fighting caused the highly artistic techniques of the Kamakura period (known as the Golden Age of Swordmaking) to be abandoned in favor of more utilitarian and disposable weapons. The export of katana reached its height during Muromachi period with the total of at least 200,000 katana being shipped to the Ming dynasty in official trades. The (ultimately failed) rationale behind this was to attempt to soak up the production of Japanese weapons and make it harder for pirates in the area to arm. As time progressed, the craft decayed under the needs listed above, and the introduction of guns, as a decisive force on the battlefield.

In times of peace, swordsmiths had time and the inclination to return to the making of refined and artistic blades, and the beginning of the Momoyama period saw the return of high quality creations. As the techniques of the ancient smiths had been lost during the previous period of war, these swords were called shinto, literally 'new swords.' This gave the obvious name to the older blades as koto, 'old swords.' The blades that predated the curved blades introduced around 987AD were referred to as 'jokoto' or ancient swords. As the Edo period progressed, there came a decline in quality once again, for a variety of reasons, including the evolution of the samurai class into bureaucrats and policemen; other related arts did move forward from time to time, leading to beautiful engravings and decorations for weapons. The addition of these engravings known as 'horimono' were originally for religious reasons, and were simple and tasteful. It is often considered that the more complex work found on many shinto swords then is a corruption, where form no longer strictly follows function and thereby no longer achieves a pure form of beauty.

Under the isolationist Tokugawa Shogunate, guns and gunpowder were increasingly restricted and removed from circulation. By the middle of the eighteenth century, most young Japanese had never seen a gun, let alone actually seen one fired.

Towards the end of this period, swordmaking had fallen to another low, and due to the efforts of the master swordsmith Munetsugu at the turn of the 19th century, artistic merit once again returned to the craft. Munetsugu published opinions that the arts and techniques of the shinto swords were inferior to the koto blades, and that research should be made by all swordsmiths in the land to rediscover the lost techniques. Munetsugu travelled the land teaching what he knew to all who would listen, and swordsmiths rallied to his cause and ushered in a second renaissance in Japanese sword smithing. With the discarding of the Shinto style, and the re-introduction of old and rediscovered techniques, the swords of this time were now called 'shinshinto' meaning 'new-new swords.'

Japan remained in stasis until Matthew Perry's arrival in 1853 and the subsequent Convention of Kanagawa forcibly reintroduced Japan to the outside world; the rapid modernization of the Meiji Restoration soon followed.

The Haitorei edict in 1876 all but banned carrying swords and guns on streets, making samurai less distinguishable from commoners. Possession itself was not prohibited, so many katana were simply stashed away. Overnight, the market for swords died, and many swordsmiths were left without a trade to pursue, and valuable skills were lost. In time, the need to arm soldiers with swords was perceived again and over the decades at the beginning of the 20th century swordsmiths again found work. These swords, known as 'gunto,' are often
very low in quality with many being oil tempered or simply stamped out of steel and given a serial number rather than a chiselled signature.

Katana remained in use in some occupations, police sometimes using katana not only to catch criminals but to defend themselves from criminals who could be armed with katana as well. At the same time, Kendo was incorporated into police training so that police officers would have at least the minimal training necessary to properly use one.

Though this was a dark time for the katana, the craft was kept alive through the efforts of a few individuals, and notably the Gassan line of smiths who were employed as Imperial Artisans. These smiths, Gassan Sadakazu and Gassan Sadakatsu were kept busy producing fine works that stand with the best of the older blades for the Emperor and other high ranking officials. The students of Gassan Sadakatsu went on to be designated Intangible Cultural Assets, or more commonly known as Living National Treasures, as they embodied knowledge that was considered to be fundamentally important to the Japanese identity. In 1938 the Japanese government issued a military specification for what it called the "Type 98 katana", and many machine- and handcrafted swords used in World War II conformed to this specification.

Under the United States occupation at the end of World War II all armed forces were disbanded and, except under several permits issued by police and municipal government, production of katana with edges was banned. This ban would be later overturned through the personal appeal of Dr. Homma Junji to General Douglas MacArthur. During their meeting, Dr. Homma produced blades from the various periods of Japanese history and General MacArthur was a quick student, being able to identify very quickly what blades held artistic merit and which could be considered purely weapons. As a result of this meeting, the general ban was amended so that the weapon grade gunto would be destroyed and swords of artistic merit could be owned and preserved. Even so, many katana were sold to American soldiers who had money to spend at a bargain price. Some were simply stolen. Others remained stashed away.

Due to this disarmament, as of 1958 there were more Japanese swords in America than in Japan: American soldiers would return from the Orient with piles of swords, often as many as they could carry. The vast majority of these 1,000,000 or more swords were gunto, but there were still a sizable number of koto, shinto and shin-shinto.

Swordsmiths had been increasingly turning to producing civilian goods after the Edo period but this disarmament and subsequent regulations almost put an end to the production of katana. A few smiths did continue their trade, and Dr. Homma went on to be a founding figure of the Nihon Bijitsu Hozon Token Kai, the 'Society for the Preservation of Art Swords', who made it their mission to preserve the old techniques and blades. With the efforts of other like minded individuals, the katana has arisen from its darkest day and many swordsmiths have continued the work begun by Munetsugu, re-discovering the old techniques and making the art swords produced by today's best smiths as good as many of the blades of old.

Some katana have been used in modern-day armed robberies. However it is likely that most of these katana are sword like objects, as a basic, properly constructed katana is comparative in price to an inexpensive handgun.