



GLOBAL EXPANSION GUIDEBOOK

IPT

United States



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INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Intellectual Property and Technology*.

GLOBAL EXPANSION GUIDEBOOK SERIES

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics companies need to know. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, equity compensation, intellectual property and technology, and tax laws in key jurisdictions around the world.

INTELLECTUAL PROPERTY AND TECHNOLOGY

Inside this guide, we outline crucial aspects of IPT laws in over 40 jurisdictions that are particularly relevant to businesses seeking to expand their operations globally. We also summarize some fundamental commercial terms that customarily appear in IPT-related agreements.

You will find answers to such common questions as:

- Which jurisdictions recognize moral rights?
- What does my business need to do to have an enforceable assignment of intellectual property from an employee, from a consultant?
- What kind of liability can be excluded from a commercial contract?

With this edition, we've also included a section for each country that discusses the enforceability of electronic signatures.

Our goal is to make the guide as readable and informative as possible, providing you just the background you need to get an overview of the IPT laws in the selected jurisdictions. This is not a substitute for professional legal advice. If you have questions regarding specific matters, we encourage you to contact one of our contributors listed in the contributors section of this guide. With nearly 500 dedicated IPT lawyers around the globe, DLA Piper's IPT group is ready to handle your legal needs wherever you do business.

Also, please note that the guide's use of the term "trademarks" also refers to service marks, unless specifically addressed separately. The summary of intellectual property covers only the most commonly used categories worldwide (for example, we have not addressed plant patents). We have also referred to international treaties and conventions with their most commonly used names and not their formal titles (such as the TRIPS Agreement, the Berne Convention, the Paris Convention and the Patent Cooperation Treaty).

We hope that you find this guide valuable and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that intellectual property and technology law is dynamic, and the legal regime in the countries surveyed could change.

UNITED STATES



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INTELLECTUAL PROPERTY FRAMEWORK

Overview

As a general matter, intellectual property rights are governed by federal statutes with certain exceptions, such as trade secrets, that are also governed by state law.

COMMERCIAL CONTRACT FRAMEWORK

Overview

There are no federal statutes that govern commercial contracts generally. There are federal statutes that may be relevant to certain commercial arrangements (eg, antitrust laws), and there are industry-specific regulations at the federal level that may be applicable to contracts in particular industries. There are also state regulations applicable to specific industries that may be relevant to commercial contracts.

With respect to commercial contracts, a version of the Uniform Commercial Code (UCC) has been adopted by each of the 50 states in the United States. The UCC is a uniform act that was drafted by private organizations as a recommendation on harmonizing the laws applicable to commercial transactions. The UCC governs transactions in goods (eg, buying and selling, security interests, letters of credit and other commercial transactions). Because each state has adopted its own version of the UCC, laws may differ slightly from state to state.

The Uniform Computer Information Transactions Act (UCITA) was an attempt to provide guidelines on licensing of intellectual property and software, which Article 2 of the UCC (the article dealing with "goods," which has been interpreted to include software) did not expressly address. UCITA was controversial because of the potential liability it imposed on software vendors and therefore was not adopted by more than just a few states (Virginia and Maryland).

The interpretation and enforceability of commercial contracts is generally a state law matter, governed by the laws of the state specified in the contract. Case law precedent interpreting and enforcing UCC provisions may differ from state to state.

Commercial contracts with federal and state government agencies are subject to separate governmental regulations, which may include, among other matters, specific auditing and recordkeeping requirements, as well as intellectual property rights that may be granted to the government by default.

COPYRIGHTS

Nature of right

Copyrights are available for original works of authorship fixed in a tangible medium of expression. The rights arise at the time the original work of authorship is fixed in a tangible medium of expression, and registration is not required to validate the copyright. Registered copyrights are denoted by the symbol ©.

Copyright owners have the exclusive right to reproduce, distribute, prepare derivative works, publicly perform and publicly display their works of authorship.

Legal framework

Title 17 of the US Code governs copyrights. The United States became signatory to the Berne Convention in 1988. However, though the Berne Convention grants authors moral rights, moral rights are not recognized in the US Copyright Act. Under US law, moral rights may receive protection through judicial interpretation of several copyright, trademark, privacy and defamation statutes and, for authors of a work of visual art, through 17 U.S.C. §106A, known as the Visual Artists Rights Act of 1990 (VARA).

Duration of right

For works created after January 1, 1978, copyright protection lasts for the life of the author plus an additional 70 years. For an anonymous work, a pseudonymous work or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication or a term of 120 years from the year of its creation, whichever expires first. For works first published prior to 1978, the term will vary depending on several factors.

No renewal is required for works created on or after January 1, 1978. For works published or registered prior to January 1, 1978, renewal registration is optional after 28 years but does provide certain legal advantages.

If a copyrightable work is not a work for hire, an assignment of the copyright may be terminated within a 5-year period beginning 35 years after the initial grant. If the rights granted include the right to publish, then the assignment may be terminated 35 years after publication or 40 years after grant of publication right, whichever is first.

Ownership / licenses

Joint ownership of copyrights is recognized, with each owner holding an independent right to use or license the use of the copyright in the work without the need to obtain the consent of the other co-owners. Each co-owner of a copyright has an obligation to account to the other co-owner(s), but the duty to account may be waived by contract. Implied licenses are also recognized.

Remedies for infringement

Copyright registration is required to claim statutory damages for infringement. Absent registration, only actual damages may be claimed.

Statutory damages range from USD750 to USD30,000 per work, at the discretion of the court. In cases where the plaintiff can prove willful infringement, damages can be as high as USD150,000 per work; conversely, in cases where the defendant can prove the infringement was innocent, the court may reduce the damages award to a sum of not less than USD200 per work.

Actual damages can be actual monetary loss suffered by the copyright owner and profits gained by the infringer.

Attorneys' fees of the copyright holder in a copyright infringement suit are available only if the work is registered. Injunctive relief is also a possible remedy, including the ability to enjoin importation of infringing goods.

Criminal penalties are additionally possible.

MASK WORKS / TOPOGRAPHIES

Nature of right

The Copyright Act provides legal protection for original mask works fixed in semiconductor chip products.

Mask works are defined as a series of related images, however fixed or encoded:

- Having or representing the predetermined 3-dimensional pattern of metallic, insulating or semiconductor material present or removed from the layers of a semiconductor chip product
- In which each image has the pattern of the surface of one form of the semiconductor chip product

Semiconductor chip products are defined as the final or intermediate form of any product:

- Having 2 or more layers of metallic, insulating or semiconductor material, deposited or otherwise placed on, or etched away or otherwise removed from, a piece of semiconductor material in accordance with a predetermined pattern
- Intended to perform electronic circuitry functions

Mask work owners have the exclusive right to reproduce the mask work by optical, electronic or other means; import or distribute the semiconductor chip product in which the mask work is embodied; and induce or knowingly cause another person to do any of the foregoing acts.

Legal framework

Mask works are protected under the US Semiconductor Chip Protection Act, which is administered by the Copyright Office but is different from copyright protection.

Duration of right

The duration of protection is 10 years from registration, terminating at the end of the 10th calendar year. Registration must be filed within 2 years of first commercial exploitation.

Ownership / licenses

Joint ownership of mask works is recognized, with each owner holding an independent right to use or license the use of the mask work without the need to obtain the consent of the other co-owners. Each co-owner of a mask work has an obligation to account to the other co-owner(s), but the duty to account may be waived by contract.

Remedies for infringement

Statutory damages may be up to USD250,000 for each work. Actual damages may be actual monetary loss suffered by the mask work owner and profits gained by the infringer. Attorneys' fees and costs may be recoverable.

Injunctive relief is also a possible remedy, including the ability to enjoin importation of infringing goods.

Criminal penalties are possible under certain circumstances.

PATENTS

Nature of right

Patents are a statutory right, granted consistent with a mandate in the US Constitution. Patents grant the right to exclude others from making, using, selling, offering for sale and importing the claimed invention.

Legal framework

Patents are governed by Title 35 of the US Code. The US became party to the Patent Cooperation Treaty in 1970 and the Paris Convention in 1887.

Duration of right

Patents filed on or after June 8, 1995 have a term of 20 years from the earliest filing date of the application on which the patent was granted. For patents filed prior to June 8, 1995, the term of the patent is either 20 years from the earliest filing date or 17 years from the issue date, whichever is longer. The US uses a first-to-file system as of March 16, 2013.

For design patents, applications filed on or after May 13, 2015 have a term of 15 years from the issue date. Design applications filed before May 13, 2015 have a term of 14 years from the issue date.

Ownership / licenses

Joint ownership is permissible, and parties may contractually agree to waive the duty to account to other joint owners. A license can be granted by 1 joint owner without consent of the other joint owner. Implied licenses are recognized.

Remedies for infringement

The patent statute permits an award of damages in an amount adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs. Some awards may be a combination of lost profits and a reasonable royalty.

Treble damages up to 3 times actual damages are possible if the infringement is willful.

Failing to include appropriate patent marking may preclude recovery of damages for past infringement.

Injunctive relief is also a possible remedy.

TRADEMARKS

Nature of right

A word, phrase, symbol, design or a combination of words, phrases, symbols or designs that identifies and distinguishes the source of the goods of one party from those of others are protectable as trademarks.

Legal framework

The Lanham Act provides federal protection for unregistered and registered marks. Registered marks are signified by the symbol ®. Federal registration requires use in interstate commerce.

Common law marks are enforced by state law and are signified by the symbol ™.

State registrations are available for marks used in individual states.

The US became a member of the Madrid Protocol in 2003 and to the Trademark Law Treaty in 2009.

Duration of right

Federal trademark registrations are in effect for 10 years and are renewable indefinitely so long as the mark's use in interstate commerce continues.

State registrations differ (eg, 5 years in California and 10 years in New York).

Ownership / licenses

Owners granting licenses to trademarks must include appropriate quality control language in order to preserve and avoid dilution – or loss – of the mark.

Remedies for infringement

Damages may include actual damages or lost profits resulting from the infringement.

Treble damages are possible for willful infringement. Costs and reasonable attorneys' fees may be recoverable for willful infringement.

Injunctive relief is also an available remedy. Registered marks can be filed with US Customs to prevent importation of goods using infringing marks.

TRADE SECRETS

Nature of right

On May 11, 2016, the Federal government enacted the Defend Trade Secret Acts (DTSA). The DTSA provides a federal claim for misappropriation of trade secrets. Until then, trade secrets had been protected only at the state level with all states, other than New York, adopting their own version of the Uniform Trade Secrets Act (UTSA).

States adopting the Uniform Trade Secret Act (UTSA) impose liability for improper acquisition of trade secrets; use or disclosure of a trade secret is not required for liability, though additional damages may accrue.

The UTSA defines trade secrets under a 2-prong test:

- "Information, including a formula, pattern, compilation, program, device, method, technique or process, that derives actual or potential economic value from not being known and not being readily ascertainable by proper means by others"
- Such information is subject to "reasonable efforts by the owner to maintain its secrecy"

The Restatement of Torts (Section 757) defines a trade secret as follows: "a trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it." States adopting the Restatement of Torts approach require unauthorized use or disclosure for liability to accrue.

Legal framework

The DTSA creates a trade secret action under federal law that is intended to supplement, rather than pre-empt, state laws.

The UTSA has been adopted by 49 states, the District of Columbia, Puerto Rico and the US Virgin Islands, though some states have slightly broader or narrower definitions of trade secrets than others. The remaining state, New York, has adopted the approach taken by Section 757 of the Restatement of Torts.

Duration of right

As long as reasonable efforts are taken by the owner of the information to maintain the information as a trade secret, the duration of protection is potentially perpetual.

Ownership / licenses

Joint ownership is possible. Trade secret – or know-how – licenses are enforceable.

Remedies for infringement

Damages may include actual loss and unjust enrichment caused by misappropriation. Treble damages for willful and malicious misappropriation may be awarded.

Statutory attorneys' fees may also be awarded for willful and malicious misappropriation.

Actual or threatened misappropriation may be enjoined. The imposition of reasonable royalties instead of an injunction is permitted under exceptional circumstances.

Criminal penalties are possible under certain circumstances.

Similar remedies are also available under the DTSA, as well as a process by which plaintiffs may ask courts to order the seizure of property "necessary to prevent the propagation or dissemination of the trade secret."

OTHER KEY IP RIGHTS

Nature of right

Not applicable for this jurisdiction.

Legal framework

Not applicable for this jurisdiction.

Duration of right

Not applicable for this jurisdiction.

Ownership / licenses

Not applicable for this jurisdiction.

Remedies for infringement

Not applicable for this jurisdiction.

INTELLECTUAL PROPERTY IN EMPLOYMENT CONTEXT

Employees

It is customary for employees to sign inventions assignment and confidentiality agreements. However, some states (eg, California and Washington) have statutory prohibitions on employers requiring employees to assign inventions that the employees have developed entirely on their own time without use of employer resources and that are unrelated to the employer's business.

US copyright law recognizes a "work for hire" doctrine in which an employer owns works of authorship created by an employee within the scope of employment.

The "work for hire" doctrine does not apply to inventions or patents. Employee inventors own their inventions and the resulting patents absent an assignment by the inventor to their employer.

US patent law recognizes a "shop right," which is an implied license for an employer to use an invention of an employee who developed the invention within the scope of their employment using the employer's resources (ie, equipment or funding). The implied license is not transferable except in the sale of a business.

The DTSA requires that employee inventions agreements that are executed or updated (ie, amendments or modifications to existing agreements) beginning on May 12, 2016 include notice of certain immunities provided under the law. The law gives an employee immunity from civil and criminal liability under state and federal law for disclosing a trade secret if the disclosure was made to report or investigate an alleged violation of law, and the new law requires that companies include notice of such immunity in any agreement with an employee that governs the use of trade secret or confidential information. Failure to provide this notice would result in the company not being able to recover exemplary damages or attorneys' fees from the employee if the company were to sue the employee for misappropriation of trade secrets.

Consultants / contractors

It is customary for consultants and contractors to sign written agreements. Absent a written present assignment of developments, consultants and contractors retain ownership of the intellectual property developed by them, even if contracted and paid for by another party.

Contractor agreements with individuals – not contractors or consultants that are entities – must include the same notice described above under the DTSA for [employee agreements](#) in order for an employer of an individual contractor or consultant to preserve its right to recover exemplary damages or attorneys' fees in a claim for misappropriation of trade secrets under the DTSA.

KEY COMMERCIAL CONTRACT CONSIDERATIONS

Registration of commercial agreements

There is no general registration requirement, though some government contracts may require filing. Material contracts of publicly traded companies may require disclosure.

It is possible to register licenses for patents, registered copyrights and trademarks to put potential buyers of the patents, registered copyrights and trademarks on notice of the license, but such registration is not required.

Recognized language of commercial agreements

English – specifically plain English that is consumer-friendly – is preferred, particularly in consumer-facing commercial agreements and terms.

Country-specific issues for online content

The Digital Millennium Copyright Act (DMCA) is a US copyright law that implements two 1996 treaties of the World Intellectual Property Organization (WIPO). The DMCA instituted criminal penalties for the production and distribution of technology, devices or services intended to bypass technological means for controlling access to copyrighted works.

The DMCA features a safe-harbor provision for internet service providers and other intermediaries to avoid liability for copyright infringement claims arising from transmitting, routing or providing connections to infringing content, provided that the service provider registers a designated agent with the Copyright Office. Designated agent registrations must be made electronically, timely updated and renewed every 3 years.

Enforceability of online/clickwrap/shrinkwrap terms

Online, clickwrap and shrinkwrap agreements are generally viewed as enforceable if they are conspicuous and users have an opportunity to review and indicate affirmative assent (eg, check a box).

Governing law

Governing law and venue for resolution of disputes specified in a commercial contract are generally accepted and recognized by state and federal courts.

Dispute resolution is litigation in state and federal courts unless an alternative dispute resolution procedure, such as mediation or arbitration, is specified in the contract. Waivers of class action arbitrations require special attention to be enforceable against consumers.

KEY COMMERCIAL CONTRACT TERMS

Enforceability of warranty disclaimers

Sellers, in their contracts for the sale of goods under Article 2 of the UCC, customarily disclaim or exclude implied warranties that are provided in the UCC for the benefit of buyers. The implied warranties that are disclaimed are usually the implied warranties of merchantability, fitness for a particular purpose and sometimes non-infringement and warranties arising from usage of trade and course of performance.

Disclaimers of warranty are usually enforced unless they are unconscionable, unclear or not conspicuous. Enforceability of disclaimers against consumers may differ from jurisdiction to jurisdiction.

Enforceability of exclusions/limitations of liability indemnification

Sellers, in their contracts for the sale of goods under Article 2 of the UCC, customarily exclude indirect damages (including consequential, incidental and special damages).

A cap on direct damages or aggregate liability is also common.

Exclusions and limitations on liability are usually enforced unless they are unconscionable, unclear or not conspicuous. Exclusions of liability for fraud, personal injury, death and, in some states, bad faith, willful injury or unlawful conduct are not enforceable. Some states allow exclusions of liability for gross negligence if "gross negligence" is specified in the contract.

Enforceability of exclusions and limitations of liability against consumers may differ from jurisdiction to jurisdiction.

Most jurisdictions preclude recovery of punitive (ie, exemplary) damages for contract breaches without a separate and independent tort claim.

Contracts with federal and state government agencies may have statutory limits on their liability.

Indemnification

Express indemnities stated in contracts are recognized and generally respected.

Implied indemnities are based on theories of comparative indemnity or partial indemnity or comparative equitable indemnity (ie, comparative fault of the parties). Courts do not usually imply an indemnity obligation in a contract where an express indemnity is already stated.

Express indemnities based on comparative fault are enforceable.

Indemnification provisions are generally enforceable unless they require indemnification of behavior that statutes or courts have held to be unenforceable, such as fraud, willful injury to a person or property and other future unlawful acts; indemnification for past unlawful acts is enforceable.

Indemnification provisions generally have 3 distinct obligations: defense, indemnify (ie, pay damages) and hold harmless (ie, indemnify party responsible for any other liability arising out of the claim). Indemnification is not limited to third-party claims.

Caps on liability under indemnification provisions may be enforceable.

Electronic signatures

The Federal ESIGN Act grants electronic signatures the same legal standing as pen-and-paper signatures in transactions affecting interstate and foreign commerce. Certain exceptions under the ESIGN Act include the creation and execution of wills, codicils or testamentary trusts and transactions governed by the Uniform Commercial Code.

At the state level, the Uniform Electronic Transactions Act (UETA) governs business, commercial, consumer and governmental transactions in 47 of 50 states (except Illinois, New York and Washington), as well as the District of Columbia, Puerto Rico and the US Virgin Islands. The UETA contains exceptions similar to those under the ESIGN Act. The states that have not adopted UETA have nonetheless adopted rules that validate and govern electronically signed contracts.

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