

Schedule 32B

Intellectual Property Rights – Supplier B

1 Definitions

In this Schedule, the definitions in Schedule 1 (Definitions) shall apply.

2 Intellectual Property Rights

2.1 Except as expressly set out in this Contract:

2.1.1 the Authority shall not acquire any right, title or interest in or to the Intellectual Property Rights of the Supplier or its licensors, namely:

- (a) the Supplier Software;
- (b) the Third Party Software;
- (c) the Third Party IPRs; and
- (d) the Supplier Background IPRs;

2.1.2 the Supplier shall not acquire any right, title or interest in or to the Intellectual Property Rights of the Authority or its licensors, including:

- (a) the Authority Software;
- (b) the Authority Data; and
- (c) the Authority Background IPRs;

2.1.3 Specially Written Software and Project Specific IPRs shall be the property of:

- (a) Supplier A in respect of Specially Written Software and/or Project Specific IPRs created by Supplier A
- (b) Supplier B in respect of Specially Written Software and/or Project Specific IPRs created by Supplier B.

2.2 Where a Party acquires, by operation of law, title to Intellectual Property Rights that is inconsistent with the allocation of title set out in Paragraph 2.1, it shall assign in writing such Intellectual Property Rights as it has acquired to the other Party on the request of the other Party (whenever made).

2.3 No Party shall have any right to use any of the other Party's names, logos or trade marks on any of its products or services without the other Party's prior written consent.

2.4 Unless otherwise agreed in writing, the Parties shall record all Specially Written Software and Project Specific IPRs in Annex 1 to this Schedule 32 (Intellectual Property Rights) and shall keep Annex 1 updated during the Term.

3 Transfer and licences granted by the Authority and the Supplier

Specially Written Software and Project Specific IPRs

- 3.1 Subject to Paragraph 3.19 (Patents) the Authority hereby agrees to transfer to the Supplier, or shall procure the transfer to the Supplier of, all rights (subject to Paragraph 2.1 (Intellectual Property Rights)) not already resting with the Supplier in the Specially Written Software and the Project Specific IPRs including (without limitation):
- 3.1.1 the Documentation, Source Code and the Object Code of the Specially Written Software; and
- 3.1.2 all build instructions, test instructions, test scripts, test data, operating instructions and other documents and tools necessary for maintaining and supporting the Specially Written Software (together the **Software Supporting Materials**).
- 3.2 The Authority shall execute all such assignments as are required to ensure that any rights in the Specially Written Software and Project Specific IPRs are properly transferred to the Supplier.
- 3.3 If within three (3) years of its creation, any Intellectual Property in the Specially Written Software and/or the Project Specific IPRs has not been commercially exploited by the Supplier or the Key Subcontractor, and the Supplier or the Key Subcontractor is not using commercially reasonable endeavours to do so, the Supplier or the Key Subcontractor (as applicable) shall on written request by the Authority promptly assign the Intellectual Property Rights in the Specially Written Software and/or the Project Specific IPRs to the Authority. Each Party shall bear its own costs in such assignment.

Supplier Software, Specially Written Software, Project Specific IPRs, Supplier Background IPRs

- 3.4 The Supplier shall not use any Supplier Non-COTS Software or Supplier Non-COTS Background IPR in the provision of the Services unless it is detailed in Schedule 12B (Software) or sent to the Technical Board for review and approval granted by the Authority.
- 3.5 The Supplier hereby grants to the Authority:
- 3.5.1 subject to the provisions of Paragraph 3.19 (Patents) and Clause 35.11.2 (Consequences of expiry or termination) and the Authority's payment of the Charges, a perpetual and non-exclusive licence to use (including but not limited to the right to load, execute, store, transmit, display and copy (for the purposes of archiving, backing-up, loading, execution, storage, transmission or display)):
- (a) the Supplier Non-COTS Software for which the Supplier delivers a copy to the Authority solely to the extent necessary for performing the Services in accordance with this Contract; and
- (b) the Supplier Non-COTS Background IPRs, the Specially Written Software and the Project Specific IPRs solely to the extent necessary for performing the Services in accordance with this Contract and licensed to the Authority in accordance with Clause 16 (Intellectual Property Rights) and Schedule 12B (Software);
- 3.5.2 a licence to use the Supplier COTS Software for which the Supplier delivers a copy to the Authority and Supplier COTS Background IPRs on the licence terms identified in a letter in or substantially in the form set out in Appendix A to Schedule 12B (Software) and signed by or on behalf of the Parties on or before the Effective Date provided always that the Authority shall remain entitled to sub-license and to assign and novate the Supplier COTS Software and Supplier COTS Background IPRs on equivalent terms to those set out in Paragraph 3.8 (Authority's right to sub-licence) and 3.9 (Authority's right to assign/novate sub-licences) in relation to the Supplier Non-COTS Software and Supplier Non-COTS Background IPRs on a case by case basis as agreed with the Supplier (and the Supplier shall not unreasonably withhold consent); and
- 3.5.3 a perpetual royalty-free non-exclusive licence to use without limitation any Know-How, trade secrets or Confidential Information contained within the Specially

Written Software or the Project Specific IPRs.

- 3.6 At any time during the Term or following termination or expiry of this Contract, the Supplier may terminate the licence granted in respect of the Supplier Non-COTS Software under Paragraph 3.5.1(a) or in respect of the Supplier Non-COTS Background IPRs under Paragraph 3.5.1(b) by giving thirty (30) days' notice in writing (or such other period as agreed by the Parties) if the Authority or any person to whom the Authority grants a sub-licence pursuant to Paragraph 3.8 (Authority's right to sub-licence) commits any material breach of the terms of Paragraph 3.5.1(a) or 3.5.1(b) or 2.8.1(b) (as the case may be) which, if the breach is capable of remedy, is not remedied within twenty (20) Working Days after the Supplier gives the Authority written notice specifying the breach and requiring its remedy.
- 3.7 In the event the licence of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs is terminated pursuant to Paragraph 3.6, the Authority shall:
- 3.7.1 immediately cease all use of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs (as the case may be);
- 3.7.2 at the discretion of Supplier A or Supplier B as applicable, return or destroy documents and other tangible materials to the extent that they contain any of the Supplier Non-COTS Software and/or the Supplier Non-COTS Background IPRs, provided that if the Supplier has not made an election within six months of the termination of the licence, the Authority may destroy the documents and other tangible materials that contain any of the Supplier Non-COTS Software and/or the Supplier Non-COTS Background IPRs (as the case may be); and
- 3.7.3 ensure, so far as reasonably practicable, that any Supplier Non-COTS Software and/or Supplier Non-COTS Background IPRs that are held in electronic, digital or other machine-readable form ceases to be readily accessible (other than by the information technology staff of the Authority) from any computer, word processor, voicemail system or any other device containing such Supplier Non-COTS Software and/or Supplier Non-COTS Background IPRs.

Authority's right to sub-licence

- 3.8 Subject to Paragraph 3.19 (Patents) the Authority may sub-licence:
- 3.8.1 the rights granted under Paragraph 3.5.1 (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs) to a third party (including for the avoidance of doubt, any Replacement Supplier) provided that:
- (a) the sub-licence is on terms no broader than those granted to the Authority;
- (b) the sub-licence authorises the third party to use the rights licensed in Paragraph 3.5.1 (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs) only for purposes relating to the Services (or substantially equivalent services); and
- (c) the sub-licensee shall have executed a confidentiality undertaking in favour of the Supplier in or substantially in the form set out in Appendix B to Schedule 12B (Software); and
- 3.8.2 the rights granted under Paragraph 3.5.1 (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs) to any Approved Sub-Licensee to the extent necessary to use and/or obtain the benefit of the Specially Written Software and/or the Project Specific IPRs provided that:
- (a) the sub-licence is on terms no broader than those granted to the Authority; and
- (b) the Supplier has received a confidentiality undertaking in its favour in or substantially in the form set out in Appendix B to Schedule 12B (Software) duly executed by the Approved Sub Licensee.

Authority's right to assign/novate licences

- 3.9 The Authority may assign, novate or otherwise transfer its rights and obligations under the licences granted pursuant to Paragraph 3.5.1 (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs) to:
- 3.9.1 a Central Government Body; or
- 3.9.2 to any body (including any private sector body) which performs or carries on any of the functions and/or activities that previously had been performed and/or carried on by the Authority,
- provided that such transfer is for any purpose relating to the Services.
- 3.10 Any change in the legal status of the Authority which means that it ceases to be a Central Government Body shall not affect the validity of any licence granted in this Schedule (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs). If the Authority ceases to be a Central Government Body, the successor body to the Authority shall still be entitled to the benefit of the licence granted in this Schedule (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs).
- 3.11 If a licence granted in Paragraph 3.5 (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs) is novated under Paragraph 3.9 (Authority's right to assign/novate licences) or there is a change of the Authority's status pursuant to Paragraph 3.10, the rights acquired on that novation or change of status shall not extend beyond those previously enjoyed by the Authority.

Third Party Software and Third Party IPRs

- 3.12 The Supplier shall not use in the provision of the Services (including in any Specially Written Software or in the software element of Project Specific IPRs) any Third Party Non-COTS Software or Third Party Non-COTS IPRs unless detailed in Schedule 12B (Software) or approval is granted by the Authority following a review by the Technical Board and has in each case either:
- 3.12.1 first procured that the owner or an authorised licensor of the relevant Third Party Non-COTS IPRs or Third Party Non-COTS Software (as the case may be) has granted a direct licence to the Authority on a royalty-free basis and on terms no less favourable to the Authority than those set out in Paragraph 3.5.1 and 3.6 (Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs) and Paragraph 3.9 (Authority's right to assign/novate licences); or
- 3.12.2 complied with the provisions of Paragraph 3.13.
- 3.13 If the Supplier cannot obtain for the Authority a licence in respect of any Third Party Non-COTS Software and/or Third Party Non-COTS IPRs in accordance with the licence terms set out in Paragraph 3.12.1, the Supplier shall:
- 3.13.1 notify the Authority in writing giving details of what licence terms can be obtained from the relevant third party and whether there are alternative software providers which the Supplier could seek to use; and
- 3.13.2 use the relevant Third Party Non-COTS Software and/or Third Party Non-COTS IPRs only if the Authority has first approved in writing either:
- (a) the terms of the licence from the relevant third party; or
- (b) use without a licence, with reference to the acts authorised and the specific IPR involved. In spite of any other provisions of the Contract and for the avoidance of doubt, award of this Contract by the Authority and the ordering of any Deliverable under it does not constitute an authorisation by the Crown under Sections 55 and

56 of the Patents Act 1977 Section 12 of the Registered Designs Act 1949 or Sections 240 – 243 of the Copyright, Designs and Patents Act 1988.

3.14 The Supplier shall:

- 3.14.1 notify the Authority in writing of all Third Party COTS Software and Third Party COTS IPRs that it uses and the terms on which it uses them; and
- 3.14.2 unless instructed otherwise in writing by the Authority in any case within twenty (20) Working Days of notification pursuant to Paragraph 3.13.1, use all reasonable endeavours to procure in each case that the owner or an authorised licensor of the relevant Third Party COTS Software and Third Party COTS IPRs grants a direct licence to the Authority on terms no less favourable than those on which such software is usually made commercially available by the relevant third party.

- 3.15 Should the Supplier become aware at any time, including after termination, that the Specially Written Software and/or the Project Specific IPRs contain any Intellectual Property Rights for which the Authority does not have a suitable licence, then the Supplier must notify the Authority within ten (10) days of what those rights are and which parts of the Specially Written Software and the Project Specific IPRs they are found in.

Termination and Replacement Suppliers

- 3.16 For the avoidance of doubt, the termination or expiry of this Contract shall not of itself result in any termination of any of the licences granted by the Supplier or relevant third party pursuant to or as contemplated by this Schedule.

- 3.17 The Supplier shall, if requested by the Authority in accordance with Schedule 25 (Exit Management) and at the relevant Supplier's cost use all reasonable endeavours to:

- 3.17.1 grant (or procure the grant) to any Replacement Supplier, it being acknowledged that the Authority or the Replacement Supplier shall be responsible for the cost of the licence itself, of:
 - (a) a licence to use any Supplier Non-COTS Software, Supplier Non-COTS Background IPRs, Specially Written Software, Project Specific IPRs, Third Party Non-COTS IPRs and/or Third Party Non-COTS Software to the Replacement Supplier and on terms no less favourable than those granted to the Authority in respect of the relevant Software and/or IPRs pursuant to or as contemplated by this Paragraph 3.17 subject to receipt by the Supplier of a confidentiality undertaking in its favour in or substantially in the form set out in Appendix B to Schedule 12B (Software) duly executed by the Replacement Supplier; and/or
 - (b) a licence to use any Supplier COTS Software and/or Supplier COTS Background IPRs, on terms no less favourable (including as to indemnification against IPRs Claims) than those on which such software is usually made commercially available by the Supplier; and/or
 - (c) a licence to use any Third Party COTS Software and/or Third Party COTS IPRs on terms no less favourable (including as to indemnification against IPRs Claims) than those on which such software is usually made commercially available by the relevant third party.

- 3.18 For the avoidance of doubt, Paragraph 7.5 of Schedule 25 (Exit Management) shall not apply to the subject matter of Paragraph 3.17 above.

Patents

- 3.19 Where a patent owned by the Supplier is necessarily infringed by the use of the Specially Written Software or Project Specific IPRs by the Authority or any Replacement Supplier, the Supplier hereby grants to the Authority and the Replacement Supplier a non-exclusive, irrevocable, royalty-free, worldwide patent licence to use the infringing methods, materials or

software solely for the purpose for which they were delivered under this Contract.

4 Licences granted by the Authority

4.1 The Authority hereby grants to the Supplier a royalty-free, non-exclusive, non-transferable licence during the Term to use the Authority Software, the Authority Background IPRs and the Authority Data solely to the extent necessary for performing the Services in accordance with this Contract, including (but not limited to) the right to grant sub-licences to Sub-contractors provided that:

4.1.1 any relevant Sub-contractor has entered into a confidentiality undertaking with the Supplier on the same terms as set out in Clause 19 (Confidentiality); and

4.1.2 the Supplier shall not, without the Authority's prior written consent, use the licensed materials for any other purpose or for the benefit of any person other than the Authority.

4.2 In the event of the termination or expiry of this Contract, the licence granted pursuant to 4.1 and any sub-licence granted by the Supplier in accordance with 4.1 shall terminate automatically on the date of such termination or expiry and the Supplier shall:

4.2.1 immediately cease all use of the Authority Software, the Authority Background IPRs and the Authority Data (as the case may be);

4.2.2 at the discretion of the Authority, return or destroy documents and other tangible materials that contain any of the Authority Software, the Authority Background IPRs and the Authority Data, provided that if the Authority has not made an election within six months of the termination of the licence, the Supplier may destroy the documents and other tangible materials that contain any of the Authority Software, the Authority Background IPRs and the Authority Data (as the case may be); and

4.2.3 ensure, so far as reasonably practicable, that any Authority Software, Authority Background IPRs and Authority Data that are held in electronic, digital or other machine-readable form ceases to be readily accessible from any Supplier computer, word processor, voicemail system or any other Supplier device containing such Authority Software, Authority Background IPRs and/or Authority Data.

4.3 The Supplier may commercially exploit the Specially Written Software and/or the Project Specific IPRs as a stand-alone product provided that for the duration of the Term:

4.3.1 the Supplier must always offer a price and solution to the Authority which is in accordance with the Charges;

4.3.2 where the Supplier proposes to exploit the Specially Written Software and/or the Project Specific IPRs, that it provides a detailed proposal of its plans for exploitation of the Specially Written Software and/or the Project Specific IPRs and the forecast returns, including (but not limited to) details of the goods and services to be offered by the Supplier which use the Specially Written Software and/or the Project Specific IPRs, the target markets and territory, the estimated level of orders, the marketing strategy; full details of the estimated costs, prices, revenues and profits; impact assessment on services delivered under the Contract; and any other information that would reasonably be required by the Authority to enable it to consider the commercial, legal and financial implications to the Parties of the proposal and any further information which the Authority may reasonably request; and

4.3.3 where the Supplier proposes to discount the prices offered to the Authority in return for the right to exploit the Specially Written Software and/or the Project Specific IPRs, that it provides clear evidence to demonstrate how the exploitation plans and financial information provided under Paragraph 4.3.2 above have been applied to the price for the Deliverables offered to the Authority and other potential

users.

- 4.4 The Supplier acknowledges and agrees that the Authority is under an obligation to comply with procurement Laws and state aid rules when considering proposals for alternative IPR arrangements and the Authority will need to consider its position and approach on a case by case basis.

5 Escrow

- 5.1 Where the Authority reasonably requires an Escrow Agreement, following a Financial Distress Event or Insolvency Event after the Effective Date, Supplier B shall enter into an Escrow Agreement in a form reasonably agreed by the Parties in respect of Supplier B's Specially Written Software.

- 5.2 All relevant escrow fees in respect of the Escrow Agreement(s) shall be payable by the Parties in the proportions set out in the Escrow Agreement(s).

- 5.3 Supplier B and the Authority mutually undertake to abide by the terms of the Escrow Agreement.

6 REDACTED

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9 IBM Productivity Tools

- 9.1 Supplier B will use IBM proprietary and third-party tools and software (**Productivity Tools**), including artificial intelligence, during the Services to perform certain Supplier B responsibilities. The Productivity Tools and associated documentation: (i) are not provided to the Authority or Service Recipients under this Contract even if the Authority or Service Recipients may view or have access to certain Productivity Tools; and (ii) remain the property of Supplier B or a third-party, as applicable. If any Productivity Tools are installed on the Authority Systems, then Supplier B will remove the Productivity Tools upon completion of the relevant Services. Due to the nature of artificial intelligence, output may not be unique and other clients may receive similar output from such Productivity Tools. The output is not Specially Written Software or Project Specific IPR and when Supplier B provides such output to the Authority, Supplier B does not claim ownership rights to the output.

ANNEX 1
Specially Written Software and Project Specific IPRs

Name of Specially Written Software and Project Specific IPRs	Details