**Call-Off Schedule 12 - Intellectual Property Rights**

# **Call-Off Schedule 12 (*Intellectual Property Rights*)**

***[Guidance note: this Schedule on Intellectual Property Rights (IPRs) can be amended depending on how you need to arrange ownership and licencing of all Specially Written Software and Project Specific IPRs created for or pursuant to the contract. There are now 4 suggested options available.***

* ***Option A: Authority owns all Specially Written Software and Project Specific IPRs with limited Supplier rights to all Specially Written Software and Project Specific IPRs in order to deliver the Contract.***
* ***Option B: Authority ownership of all Specially Written Software and Project Specific IPRs with non-exclusive Supplier rights;***
* ***Option C: Supplier ownership of all Specially Written Software and Project Specific IPRs with Authority rights for the current contract only;***
* ***Option D: Supplier ownership of Specially Written Software and Project Specific IPRs with Authority rights for the current contract and broader public sector functions;***

***Option B should be considered for use in situations where the Authority should retain ownership of any Specially Written Software and Project Specific IPRs but where the Supplier should be able to use any Specially Written Software and Project Specific IPRs developed, subject to Authority approval. In this situation, the Authority will not look to publish the Specially Written Software and Project Specific IPRs under Open Licence.***

***Option C should be considered for use where (a) there is no clear benefit in the Authority owning the Specially Written Software and Project Specific IPRs, or (b) where any Specially Written Software and Project Specific IPRs created cannot easily be separated from the Supplier’s Background IPR (e.g. Software As A Service (SAAS)), but where a licence is only needed for the current contracted service (and future replacement of that service) and the IPR in question will not be needed for other services.***

***Option D is similar to Option C to cover other contracts and services, which may include contracts and services not yet awarded, and broader public sector functions.***

***[Guidance note: for Option A: Authority owns all Specially Written Software and Project Specific IPRs, with limited Supplier rights to Specially Written Software and Project Specific IPRs in order to deliver the Contract, please include the following drafting:]***

1. INTELLECTUAL PROPERTY RIGHTS
   1. Except as expressly set out in this Contract:
      * 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:
           1. the Supplier Software;
           2. the Third Party Software;
           3. the Third Party IPRs; and
           4. the Supplier Background IPRs;
        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:
           1. the Authority Software;
           2. the Authority Data; and
           3. the Authority Background IPRs;
        3. Specially Written Software and Project Specific IPRs (except for any Know-How, trade secrets or Confidential Information contained therein) shall be the property of the Authority.
   2. Where either Party acquires, by operation of law, title to Intellectual Property Rights that is inconsistent with the allocation of title set out in Paragraph 1.1, 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).
   3. Neither 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.
   4. Unless the Authority otherwise agrees in advance in writing:
      * 1. all Specially Written Software and any software element of Project Specific IPRs shall be created in a format, or able to be converted into a format, which is suitable for publication by the Authority as open source software; and
        2. where the Specially Written Software and any software element of Project Specific IPRs are written in a format that requires conversion before publication as open source software, the Supplier shall also provide the converted format to the Authority.
   5. Where the Authority agrees that any Specially Written Software and/or any software element of Project Specific IPRs should be excluded from Open Source publication, the Supplier shall as soon as reasonably practicable provide written details of the impact that such exclusion will have on the Authority’s ability to publish other Open Source software under Paragraph 4 (*Open Source Publication*).
   6. Unless otherwise agreed in writing, the Parties shall record all Specially Written Software and Project Specific IPRs in Annex 1 to this Schedule 12 (*Intellectual Property Rights*) and shall keep Annex 1 updated during the Call-Of Contract Period.
2. TRANSFER AND LICENCES GRANTED BY THE SUPPLIER

Specially Written Software and Project Specific IPRs

* 1. Subject to Paragraph 2.17 (*Patents*) the Supplier hereby agrees to transfer to the Authority, or shall procure the transfer to the Authority of, all rights (subject to Paragraph 1.1(a) (*Intellectual Property Rights*)) in the Specially Written Software and the Project Specific IPRs including (without limitation):
     + 1. the Documentation, Source Code and the Object Code of the Specially Written Software; and
       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”);

but not including any Know-How, trade secrets or Confidential Information.

* 1. The Supplier:
     + 1. shall:
          1. inform the Authority of all Specially Written Software and any element of Project Specific IPRs that constitutes a modification or enhancement to Supplier Software or Third Party Software; and
          2. deliver to the Authority the Specially Written Software and the software element of Project Specific IPRs in both Source Code and Object Code forms together with relevant Documentation and all related Software Supporting Materials within 7 days of the issue of a Milestone Achievement Certificate in respect of the relevant Deliverable and shall provide updates of the Source Code and of the Software Supporting Materials promptly following each new release of the Specially Written Software, in each case on media that is reasonably acceptable to the Authority; and
          3. without prejudice to Paragraph 2.11 (*Third Party Software and Third Party IPRs*), provide full details to the Authority of any Supplier Background IPRs or Third Party IPRs which are embedded in or which are an integral part of the Specially Written Software or any element of Project Specific IPRs;
       2. acknowledges and agrees that the ownership of the media referred to in Paragraph 2.2(a)(ii) shall vest in the Authority upon their receipt by the Authority; and
       3. 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 Authority.

Supplier Software and Supplier Background IPRs

* 1. 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 Annex 2 to this Schedule or sent to the Technical Board for review and approval granted by the Authority.
  2. The Supplier hereby grants to the Authority:
     + 1. subject to the provisions of Paragraph 2.17 (*Patents*) perpetual, royalty-free and non-exclusive licences 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)):
          1. the Supplier Non-COTS Software for which the Supplier delivers a copy to the Authority for any purpose relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function; and
          2. the Supplier Non-COTS Background IPRs for any purpose relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function;
       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 Annex 1 to this Schedule 12 (*Intellectual Property Rights*) 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 Paragraphs 2.7 (*Authority’s Right To Sub-Licence*) and 2.8 (*Authority’s Right To Assign/Novate Sub-Licences*) in relation to the Supplier Non-COTS Software and Supplier Non-COTS Background IPRs; and
       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. At any time during the Call-Of Contract Period 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 2.4(a)(i) or in respect of the Supplier Non-COTS Background IPRs under Paragraph 2.4(a)(ii) by giving 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 2.7 (*Authority’s Right To Sub-License*) commits any material breach of the terms of Paragraph 2.4(a)(i) or 2.4(a)(ii) or 2.7(a)(ii)
  4. In the event the licence of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs is terminated pursuant to Paragraph 2.5, the Authority shall:
     + 1. immediately cease all use of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs (as the case may be);
       2. at the discretion of the Supplier, 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 6 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. 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-License

* 1. Subject to Paragraph 2.17 (*Patents*) the Authority may sub-license:
     + 1. the rights granted under Paragraph 2.4(a) (*Supplier Software and Supplier Background IPRs*) to a third party (including for the avoidance of doubt, any Replacement Supplier) provided that:
          1. the sub-licence is on terms no broader than those granted to the Authority;
          2. the sub-licence authorises the third party to use the rights licensed in Paragraph 2.4(a) (*Supplier Software and Supplier Background IPRs*) only for purposes relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function; and
          3. the sub-licensee shall have executed a confidentiality undertaking in favour of the Supplier in or substantially in the form set out in Annex 2 to this Schedule 12 (*Intellectual Property Rights)*; and
       2. the rights granted under Paragraph 2.4(a) (*Supplier Software 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:
          1. the sub-licence is on terms no broader than those granted to the Authority; and
          2. the Supplier has received a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule duly executed by the Approved Sub‑Licensee.

Authority’s Right To Assign/Novate Licences

* 1. The Authority may assign, novate or otherwise transfer its rights and obligations under the licences granted pursuant to Paragraph 2.4(a) (*Supplier Software and Supplier Background IPRs*) to:
     + 1. A Central Government Body; or
       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.
  2. 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 Paragraph 2.4 (*Supplier Software 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 Paragraph 2.4 (*Supplier Software and Supplier Background IPRs*).
  3. If a licence granted in Paragraph 2.4 (*Supplier Software and Supplier Background IPRs*) is novated under Paragraph 2.8 (*Authority’s Right To Assign/Novate Licences*) or there is a change of the Authority’s status pursuant to Paragraph 2.9, 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

* 1. 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 Annex 2 to this Schedule or approval is granted by the Authority following a review by the Technical Board and has in each case either:
     + 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 to the Authority and on terms no less favourable to the Authority than those set out in Paragraphs 2.4(a) and 2.5 (*Supplier Software and Supplier Background IPRs*) and Paragraph 2.8 (*Authority’s Right To Assign/Novate Licences*); or
       2. complied with the provisions of Paragraph 2.12.
  2. 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 2.11(a), the Supplier shall:
     + 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
       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:
          1. the terms of the licence from the relevant third party; or
          2. 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. The Supplier shall:
     + 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
       2. unless instructed otherwise in writing by the Authority in any case within 20 Working Days of notification pursuant to Paragraph 2.12(a), 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 (including as to indemnification against IPRs Claims) than those on which such software is usually made commercially available by the relevant third party.
  4. 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 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

* 1. 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 Paragraph 2.
  2. The Supplier shall, if requested by the Authority in accordance with Call-Off Schedule 10 (*Exit Management*) and at the Supplier’s cost:
     + 1. grant (or procure the grant) to any Replacement Supplier of:
          1. a licence to use any Supplier Non-COTS Software, Supplier Non-COTS Background IPRs, Third Party Non-COTS IPRs and/or Third Party Non-COTS Software on a royalty-free basis 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 2 subject to receipt by the Supplier of a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule duly executed by the Replacement Supplier;
          2. 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
       2. use all reasonable endeavours to procure the grant to any Replacement Supplier of 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.

Patents

* 1. 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.

1. LICENCES GRANTED BY THE AUTHORITY
   1. The Authority hereby grants to the Supplier a royalty-free, non-exclusive, non-transferable licence during the Call-Of Contract Period to use the Authority Software, the Authority Background IPRs, the Specially Written Software, the Project Specific 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:
      * 1. any relevant Sub-contractor has entered into a confidentiality undertaking with the Supplier on the same terms as set out in Clause 15 (*What You Must Keep Confidential*); and
        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.
   2. In the event of the termination or expiry of this Contract, the licence granted pursuant to Paragraph 3.1 and any sub-licence granted by the Supplier in accordance with Paragraph 3.1 shall terminate automatically on the date of such termination or expiry and the Supplier shall:
      * 1. immediately cease all use of the Authority Software, the Authority Background IPRs and the Authority Data (as the case may be);
        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 6 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
        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.
2. OPEN SOURCE PUBLICATION
   1. The Supplier agrees that the Authority may at its sole discretion publish as Open Source Software all or part of the Specially Written Software and any software element of the Project Specific IPRs after the Start Date.
   2. The Supplier hereby warrants that the Specially Written Software and any software element of the Project Specific IPRs:
      * 1. are suitable for release as Open Source and the Supplier has used reasonable endeavours when developing the same to ensure that publication by the Authority will not allow a third party to use the Open Source software to in any way compromise the operation, running or security of the Specially Written Software, the Project Specific IPRs or the Authority System;
        2. have been developed using reasonable endeavours to ensure that their publication by the Authority shall not cause any harm or damage to any party using anything published as Open Source and that the Specially Written Software and the Project Specific IPRs;
           1. do not contain any Malicious Software;
           2. do not contain any material which would bring the Authority into disrepute upon publication as Open Source;
           3. can be published as Open Source without breaching the rights of any third party; and
           4. will be supplied in a format suitable for publication as Open Source (“the Open Source Publication Material”) no later than the Start Date.
   3. The Supplier shall ensure that the Open Source Publication Material provided to the Authority does not include any Supplier Software or Supplier Background IPRs save that which the Supplier is willing to allow to be included in any Open Source publication. In such a case, the Supplier hereby acknowledges that any such Supplier Software or Supplier Background IPRs will become Open Source and will be licensed and treated as such following publication by the Authority and any third party that uses the Open Source Publication Materials on the terms of the Open Source licence used by the Authority when publishing as Open Source.
   4. The Supplier may within 15 days of the Start Date request in writing that the Authority excludes all or part of:
      * 1. the Project Specific IPR; or
        2. Supplier Background IPR or Third Party IPR that would otherwise be included in the Open Source Publication Material supplied to the Authority pursuant to Paragraph 4.2(b)(iv)4.2,

from Open Licence publication.

* 1. Any decision to Approve any such request from the Supplier pursuant to Paragraph 4.4 shall be at the Authority’s sole discretion, not to be unreasonably withheld, delayed or conditioned.
  2. The Supplier hereby indemnifies the Authority against all claims in which the Authority is, or is threatened to be, a party for any alleged infringement of any IPR owned or claimed to be owned by any third party which is found, or alleged to be found, in the Specially Written Software and the Project Specific IPRs arising from publication of the Specially Written Software and any software element of the Project Specific IPRs as Open Source under Paragraph 4.1.

***[Guidance note: for Option B: Authority owns all Specially Written Software and Project Specific IPRs with non-exclusive Supplier rights, please include the following drafting:]***

1. INTELLECTUAL PROPERTY RIGHTS
   1. Except as expressly set out in this Contract:
      * 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:
           1. the Supplier Software;
           2. the Third Party Software;
           3. the Third Party IPRs; and
           4. the Supplier Background IPRs;
        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:
           1. the Authority Software;
           2. the Authority Data; and
           3. the Authority Background IPRs;
        3. Specially Written Software and Project Specific IPRs (except for any Know-How, trade secrets or Confidential Information contained therein) shall be the property of the Authority.
   2. Where either Party acquires, by operation of law, title to Intellectual Property Rights that is inconsistent with the allocation of title set out in Paragraph 1.1, 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).
   3. Neither 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.
   4. Unless otherwise agreed in writing, the Parties shall record all Specially Written Software and Project Specific IPRs in Annex 1 to this Schedule 12 (*Intellectual Property Rights*) and shall keep Annex 1 updated during the Call-Of Contract Period.
2. TRANSFER AND LICENCES GRANTED BY THE SUPPLIER

Specially Written Software and Project Specific IPRs

* 1. Subject to Paragraph 2.17 (*Patents*) the Supplier hereby agrees to transfer to the Authority, or shall procure the transfer to the Authority of, all rights (subject to Paragraph 1.1(a) (*Intellectual Property Rights*)) in the Specially Written Software and the Project Specific IPRs including (without limitation):
     + 1. the Documentation, Source Code and the Object Code of the Specially Written Software; and
       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”);

but not including any Know-How, trade secrets or Confidential Information.

* 1. The Supplier:
     + 1. shall:
          1. inform the Authority of all Specially Written Software and any element of Project Specific IPRs that constitutes a modification or enhancement to Supplier Software or Third Party Software; and
          2. deliver to the Authority the Specially Written Software and the software element of Project Specific IPRs in both Source Code and Object Code forms together with relevant Documentation and all related Software Supporting Materials within 7 days of the issue of a Milestone Achievement Certificate in respect of the relevant Deliverable and shall provide updates of the Source Code and of the Software Supporting Materials promptly following each new release of the Specially Written Software, in each case on media that is reasonably acceptable to the Authority; and
          3. without prejudice to Paragraph 2.11 (*Third Party Software and Third Party IPRs*), provide full details to the Authority of any Supplier Background IPRs or Third Party IPRs which are embedded in or which are an integral part of the Specially Written Software or any element of Project Specific IPRs;
       2. acknowledges and agrees that the ownership of the media referred to in Paragraph 2.2(a)(ii) shall vest in the Authority upon their receipt by the Authority; and
       3. 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 Authority.

Supplier Software and Supplier Background IPRs

* 1. 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 Annex 2 to this Schedule or sent to the Technical Board for review and approval granted by the Authority.
  2. The Supplier hereby grants to the Authority:
     + 1. subject to the provisions of Paragraph 2.17 (*Patents*) and Clause 35.11(b) (*Consequences of Expiry or Termination*), perpetual, royalty-free and non-exclusive licences 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)):
          1. the Supplier Non-COTS Software for which the Supplier delivers a copy to the Authority for any purpose relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function; and
          2. the Supplier Non-COTS Background IPRs for any purpose relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function;
       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 Annex 4 to this Schedule 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 Paragraphs 2.7 (*Authority’s Right To Sub-Licence*) and 2.8 (*Authority’s Right To Assign/Novate Sub-Licences*) in relation to the Supplier Non-COTS Software and Supplier Non-COTS Background IPRs; and
       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. At any time during the Call-Of Contract Period 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 2.4(a)(i) or in respect of the Supplier Non-COTS Background IPRs under Paragraph 2.4(a)(ii) by giving 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 2.7 (*Authority’s Right To Sub-License*) commits any material breach of the terms of Paragraph 2.4(a)(i) or 2.4(a)(ii) or 2.7(a)(ii) (as the case may be) which, if the breach is capable of remedy, is not remedied within 20 Working Days after the Supplier gives the Authority written notice specifying the breach and requiring its remedy.
  4. In the event the licence of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs is terminated pursuant to Paragraph 2.5, the Authority shall:
     + 1. immediately cease all use of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs (as the case may be);
       2. at the discretion of the Supplier, 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 6 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. 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-License

* 1. Subject to Paragraph 2.17 (*Patents*)the Authority may sub-license:
     + 1. the rights granted under Paragraph 2.4(a) (*Supplier Software and Supplier Background IPRs*) to a third party (including for the avoidance of doubt, any Replacement Supplier) provided that:
          1. the sub-licence is on terms no broader than those granted to the Authority;
          2. the sub-licence authorises the third party to use the rights licensed in Paragraph 2.4(a) (*Supplier Software and Supplier Background IPRs*) only for purposes relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function; and
          3. the sub-licensee shall have executed a confidentiality undertaking in favour of the Supplier in or substantially in the form set out in Annex 3 to this Schedule; and
       2. the rights granted under Paragraph 2.4(a) (*Supplier Software 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:
          1. the sub-licence is on terms no broader than those granted to the Authority; and
          2. the Supplier has received a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule duly executed by the Approved Sub‑Licensee.

Authority’s Right To Assign/Novate Licences

* 1. The Authority may assign, novate or otherwise transfer its rights and obligations under the licences granted pursuant to Paragraph 2.4(a) (*Supplier Software and Supplier Background IPRs*) to:
     + 1. A Central Government Body; or
       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.
  2. 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 Paragraph 2.4 (*Supplier Software 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 Paragraph 2.4 (*Supplier Software and Supplier Background IPRs*).
  3. If a licence granted in Paragraph 2.4 (*Supplier Software and Supplier Background IPRs*) is novated under Paragraph 2.8 (*Authority’s Right To Assign/Novate Licences*) or there is a change of the Authority’s status pursuant to Paragraph 2.9, 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

* 1. 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 Annex 2 to this Schedule or approval is granted by the Authority following a review by the Technical Board and has in each case either:
     + 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 to the Authority and on terms no less favourable to the Authority than those set out in Paragraphs 2.4(a) and 2.5 (*Supplier Software and Supplier Background IPRs*) and Paragraph 2.8 (*Authority’s Right To Assign/Novate Licences*); or
       2. complied with the provisions of Paragraph 2.12.
  2. 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 2.11(a), the Supplier shall:
     + 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
       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:
          1. the terms of the licence from the relevant third party; or
          2. 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. The Supplier shall:
     + 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
       2. unless instructed otherwise in writing by the Authority in any case within 20 Working Days of notification pursuant to Paragraph 2.12 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 (including as to indemnification against IPRs Claims) than those on which such software is usually made commercially available by the relevant third party.
  4. 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 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

* 1. 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 Paragraph 2.
  2. The Supplier shall, if requested by the Authority in accordance with Call-Off Schedule 10 (*Exit Management*) and at the Supplier’s cost:
     + 1. grant (or procure the grant) to any Replacement Supplier of:
          1. a licence to use any Supplier Non-COTS Software, Supplier Non-COTS Background IPRs, Third Party Non-COTS IPRs and/or Third Party Non-COTS Software on a royalty-free basis 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 2 subject to receipt by the Supplier of a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule executed by the Replacement Supplier;
          2. 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
       2. use all reasonable endeavours to procure the grant to any Replacement Supplier of 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.

Patents

* 1. 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.

1. LICENCES GRANTED BY THE AUTHORITY
   1. Subject to Paragraph 3.3, the Authority hereby grants to the Supplier a ***[insert duration or delete if no duration required***] royalty-free, non-exclusive, non-transferable licence to use the Authority Software, the Authority Background IPRs, the Specially Written Software and the Project Specific IPRs and the Authority Data for the purpose of using or exploiting the Specially Written Software and the Project Specific IPRs, including (but not limited to) the right to grant sub-licences to Sub-contractors provided that:
      * 1. any relevant Sub-contractor has entered into a confidentiality undertaking with the Supplier on the same terms as set out in Clause 15 (*What You Must Keep Confidential*);
        2. the Supplier shall not, without the Authority’s prior written consent, use the Authority Software, Authority Background IPRs and the Authority Data for any other purpose or for the benefit of any person other than the Authority; and
        3. **[Optional]** the Supplier shall not, without the Authority’s prior written consent, use the Specially Written Software and the Project Specific IPRs for any other purpose or for the benefit of any person other than the Authority.
   2. On the expiry of the licence granted pursuant to Paragraph 3.1 any sub-licence granted by the Supplier in accordance with Paragraph 3.1 shall terminate automatically and the Supplier shall:
      * 1. immediately cease all use of the Authority Software, the Authority Background IPRs, the Specially Written Software, the Project Specific IPRs and the Authority Data (as the case may be);
        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, the Specially Written Software, the Project Specific IPRs and the Authority Data, provided that if the Authority has not made an election within 6 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, the Specially Written Software, the Project Specific IPRs and the Authority Data (as the case may be); and
        3. ensure, so far as reasonably practicable, that any Authority Software, Authority Background IPRs, the Specially Written Software, the Project Specific 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, the Specially Written Software, the Project Specific IPRs and/or Authority Data.
   3. The Supplier may use or exploit the Specially Written Software and/or the Project Specific IPRs provided that:
      * 1. the Supplier must always offer a price and solution to the Authority which is in accordance with the Charges;
        2. where the Supplier proposes to exploit 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;
        3. where the Supplier proposes to discount the prices offered to the Authority in return for the right to exploit 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 3.3(b) above have been applied to the price for the Deliverables offered to the Authority and other potential users;
   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.

***[Guidance note: for Option C: Supplier ownership of all Specially Written Software and Project Specific IPRs with Authority rights for the current contract only, please include the following drafting:]***

1. INTELLECTUAL PROPERTY RIGHTS
   1. Except as expressly set out in this Contract:
      * 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:
           1. the Supplier Software;
           2. the Third Party Software;
           3. the Third Party IPRs; and
           4. the Supplier Background IPRs;
        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:
           1. the Authority Software;
           2. the Authority Data; and
           3. the Authority Background IPRs;
        3. Specially Written Software and Project Specific IPRs shall be the property of the Supplier.
   2. Where either Party acquires, by operation of law, title to Intellectual Property Rights that is inconsistent with the allocation of title set out in Paragraph 1.11.1, 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).
   3. Neither 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.
   4. Unless otherwise agreed in writing, the Parties shall record all Specially Written Software and Project Specific IPRs in Annex 1 to this Schedule 12 (*Intellectual Property Rights*) and shall keep Annex 1 updated during the Call-Of Contract Period.
2. TRANSFER AND LICENCES GRANTED BY THE AUTHORITY AND THE SUPPLIER

Specially Written Software and Project Specific IPRs

* 1. Subject to Paragraph 2.17 (*Patents*) the Authority hereby agrees to transfer to the Supplier, or shall procure the transfer to the Supplier of, all rights (subject to Paragraph 1.1 (*Intellectual Property Rights*)) not already resting with the Supplier in the Specially Written Software and the Project Specific IPRs including (without limitation):
     + 1. the Documentation, Source Code and the Object Code of the Specially Written Software; and
       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”).
  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. If within 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, and the Supplier is not using its best endeavours to do so, the Supplier 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

* 1. 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 Annex 2 to this Schedule or sent to the Technical Board for review and approval granted by the Authority.
  2. The Supplier hereby grants to the Authority:
     + 1. subject to the provisions of Paragraph 2.18 (*Patents*) perpetual, royalty-free and non-exclusive licences 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)):
          1. 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
          2. 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;
       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 Annex 4 to this Schedule 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 2.8 (*Authority’s Right To Sub-Licence*) and 2.92.8 (*Authority’s Right To Assign/Novate Sub-Licences*) in relation to the Supplier Non-COTS Software and Supplier Non-COTS Background IPRs; and
       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. At any time during the Call-Of Contract Period 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 2.5(a)(i) or in respect of the Supplier Non-COTS Background IPRs under Paragraph 2.5(a)(ii) 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 2.82.7 (*Authority’s Right To Sub-License*) commits any material breach of the terms of Paragraph 2.5(a)(i) or 2.5(a)(ii) or 2.8(a)(ii) (as the case may be) which, if the breach is capable of remedy, is not remedied within 20 Working Days after the Supplier gives the Authority written notice specifying the breach and requiring its remedy.
  4. In the event the licence of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs is terminated pursuant to Paragraph 2.6, the Authority shall:
     + 1. immediately cease all use of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs (as the case may be);
       2. at the discretion of the Supplier, 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 6 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. 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-License

* 1. Subject to Paragraph 2.18 (*Patents*) the Authority may sub-license:
     + 1. the rights granted under Paragraph 2.5(a) (*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:
          1. the sub-licence is on terms no broader than those granted to the Authority;
          2. the sub-licence authorises the third party to use the rights licensed in Paragraph 2.5(a) (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) only for purposes relating to the Services (or substantially equivalent services); and
          3. the sub-licensee shall have executed a confidentiality undertaking in favour of the Supplier in or substantially in the form set out in Annex 3 to this Schedule; and
       2. the rights granted under Paragraph 2.5(a) (*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:
          1. the sub-licence is on terms no broader than those granted to the Authority; and
          2. the Supplier has received a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule 2 duly executed by the Approved SubLicensee‑.

Authority’s Right To Assign/Novate Licences

* 1. The Authority may assign, novate or otherwise transfer its rights and obligations under the licences granted pursuant to Paragraph 2.5(a) (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) to:
     + 1. A Central Government Body; or
       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 (or substantially equivalent services)).

* 1. 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 Paragraph 2.5 (*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 Paragraph 2.4 (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*).
  2. If a licence granted in Paragraph 2.5 (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) is novated under Paragraph 2.9 (*Authority’s Right To Assign/Novate Licences*) or there is a change of the Authority’s status pursuant to Paragraph 2.10, 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

* 1. 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 Annex 2 to this Schedule or approval is granted by the Authority following a review by the Technical Board and has in each case either:
     + 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 2.5(a) and 2.6 (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) and Paragraph 2.9 (*Authority’s Right To Assign/Novate Licences*); or
       2. complied with the provisions of Paragraph 2.13.
  2. 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 2.12(a), the Supplier shall:
     + 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
       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:
          1. the terms of the licence from the relevant third party; or
          2. 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. The Supplier shall:
     + 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
       2. unless instructed otherwise in writing by the Authority in any case within 20 Working Days of notification pursuant to Paragraph 2.13(a), 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 (including as to indemnification against IPRs Claims) than those on which such software is usually made commercially available by the relevant third party.
  4. 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 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

* 1. 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 Paragraph 2.
  2. The Supplier shall, if requested by the Authority in accordance with Call-Off Schedule 10 (*Exit Management*) and at the Supplier’s cost:
     + 1. grant (or procure the grant) to any Replacement Supplier of:
          1. 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 on a royalty-free basis 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 2 subject to receipt by the Supplier of a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule duly executed by the Replacement Supplier;
          2. 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
       2. use all reasonable endeavours to procure the grant to any Replacement Supplier of 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.

Patents

* 1. 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.

1. LICENCES GRANTED BY THE AUTHORITY
   1. The Authority hereby grants to the Supplier a royalty-free, non-exclusive, non-transferable licence during the Call-Of Contract Period 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:
      * 1. any relevant Sub-contractor has entered into a confidentiality undertaking with the Supplier on the same terms as set out in Annex 3 to this Schedule; and
        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.
   2. In the event of the termination or expiry of this Contract, the licence granted pursuant to Paragraph 3.1 and any sub-licence granted by the Supplier in accordance with Paragraph 3.1 shall terminate automatically on the date of such termination or expiry and the Supplier shall:
      * 1. immediately cease all use of the Authority Software, the Authority Background IPRs and the Authority Data (as the case may be);
        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 6 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
        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.
   3. The Supplier may use and exploit the Specially Written Software and/or the Project Specific IPRs provided that:

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

* + - 1. 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;
      2. 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 3.3(b) above have been applied to the price for the Deliverables offered to the Authority and other potential users;

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.

***[Guidance note: for Option D: Supplier ownership of all IPR with Authority rights for the current contract and broader public sector functions, please include the following drafting:]***

1. INTELLECTUAL PROPERTY RIGHTS
   1. Except as expressly set out in this Contract:
      * 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:
           1. the Supplier Software;
           2. the Third Party Software;
           3. the Third Party IPRs; and
           4. the Supplier Background IPRs;
        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:
           1. the Authority Software;
           2. the Authority Data; and
           3. the Authority Background IPRs;
        3. Specially Written Software and Project Specific IPRs shall be the property of the Supplier.
   2. Where either Party acquires, by operation of law, title to Intellectual Property Rights that is inconsistent with the allocation of title set out in Paragraph 1.1, 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).
   3. Neither 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.
   4. Unless otherwise agreed in writing, the Parties shall record all Specially Written Software and Project Specific IPRs in Annex 1 to this Schedule (*Intellectual Property Rights*) and shall keep Annex 1 updated during the Call-Of Contract Period.
2. TRANSFER AND LICENCES GRANTED BY THE AUTHORITY AND THE SUPPLIER

Specially Written Software and Project Specific IPRs

* 1. Subject to Paragraph 2.17 (*Patents*) the Authority hereby agrees to transfer to the Supplier, or shall procure the transfer to the Supplier of, all rights (subject to Paragraph 1.1(a) (*Intellectual Property Rights*)) not already resting with the Supplier in the Specially Written Software and the Project Specific IPRs including (without limitation):
     + 1. the Documentation, Source Code and the Object Code of the Specially Written Software; and
       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”).
  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. If within 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, and the Supplier is not using its best endeavours to do so, the Supplier 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, and Supplier Background IPRs

* 1. 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 Annex 2 to this Schedule or sent to the Technical Board for review and approval granted by the Authority.
  2. The Supplier hereby grants to the Authority:
     + 1. subject to the provisions of Paragraph 2.18 (*Patents*) perpetual, royalty-free and non-exclusive licences 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)):
          1. the Supplier Non-COTS Software for which the Supplier delivers a copy to the Authority for any purpose relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function; and
          2. the Supplier Non-COTS Background IPRs, the Specially Written Software and the Project Specific IPRs for any purpose relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function;
       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 Annex 4 to this Schedule 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 Paragraphs 2.8 (*Authority’s Right To Sub-Licence*) and 2.9 (*Authority’s Right To Assign/Novate Sub-Licences*) in relation to the Supplier Non-COTS Software and Supplier Non-COTS Background IPRs; and
       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. At any time during the Call-Of Contract Period 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 2.5(a)(i) or in respect of the Supplier Non-COTS Background IPRs under Paragraph 2.5(a)(ii) by giving 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 2.8 (*Authority’s Right To Sub-License*) commits any material breach of the terms of Paragraph 2.5(a)(i) or 2.5(a)(ii) or 2.8(a)(ii) (as the case may be) which, if the breach is capable of remedy, is not remedied within 20 Working Days after the Supplier gives the Authority written notice specifying the breach and requiring its remedy.
  4. In the event the licence of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs is terminated pursuant to Paragraph 2.6, the Authority shall:
     + 1. immediately cease all use of the Supplier Non-COTS Software or the Supplier Non-COTS Background IPRs (as the case may be);
       2. at the discretion of the Supplier, 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 6 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. 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-License

* 1. Subject to Paragraph 2.18 (*Patents*) the Authority may sub-license:
     + 1. the rights granted under Paragraph 2.5(a) (*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:
          1. the sub-licence is on terms no broader than those granted to the Authority;
          2. the sub-licence authorises the third party to use the rights licensed in Paragraph 2.5(a) (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) only for purposes relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority’s (or any other Central Government Body’s) business or function; and
          3. the sub-licensee shall have executed a confidentiality undertaking in favour of the Supplier in or substantially in the form set out in Annex 3 to this Schedule; and
       2. the rights granted under Paragraph 2.5(a) (*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:
          1. the sub-licence is on terms no broader than those granted to the Authority; and
          2. the Supplier has received a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule duly executed by the Approved Sub‑Licensee.

Authority’s Right To Assign/Novate Licences

* 1. The Authority may assign, novate or otherwise transfer its rights and obligations under the licences granted pursuant to Paragraph 2.5(a) (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) to:
     + 1. A Central Government Body; or
       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.
  2. 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 Paragraph 2.5 (*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 Paragraph 2.4 (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*).
  3. If a licence granted in Paragraph 2.5 (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) is novated under Paragraph 2.9 (*Authority’s Right To Assign/Novate Licences*) or there is a change of the Authority’s status pursuant to Paragraph 2.10, 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

* 1. 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 Annex 2 to this Schedule or approval is granted by the Authority following a review by the Technical Board and has in each case either:
     + 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 to the Authority and on terms no less favourable to the Authority than those set out in Paragraphs 2.5(a) and 2.6 (*Supplier Software, Specially Written Software, Project Specific IPRs and Supplier Background IPRs*) and Paragraph 2.9 (*Authority’s Right To Assign/Novate Licences*); or
       2. complied with the provisions of Paragraph 2.18.
  2. 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 2.12(a), the Supplier shall:
     + 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
       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:
          1. the terms of the licence from the relevant third party; or
          2. 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. The Supplier shall:
     + 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
       2. unless instructed otherwise in writing by the Authority in any case within 20 Working Days of notification pursuant to Paragraph 2.13(a) 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 (including as to indemnification against IPRs Claims) than those on which such software is usually made commercially available by the relevant third party.
  4. 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 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

* 1. 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 Paragraph 2.
  2. The Supplier shall, if requested by the Authority in accordance with Call-Off Schedule 10 (*Exit Management*) and at the Supplier’s cost:
     + 1. grant (or procure the grant) to any Replacement Supplier of:
          1. a licence to use any Supplier Non-COTS Software, Supplier Non-COTS Background IPRs, Third Party Non-COTS IPRs, Specially Written Software, Project Specific IPRs and/or Third Party Non-COTS Software on a royalty-free basis 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 2 subject to receipt by the Supplier of a confidentiality undertaking in its favour in or substantially in the form set out in Annex 3 to this Schedule Annex 2 duly executed by the Replacement Supplier;
          2. 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
       2. use all reasonable endeavours to procure the grant to any Replacement Supplier of 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.

Patents

* 1. 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.

1. LICENCES GRANTED BY THE AUTHORITY
   1. The Authority hereby grants to the Supplier a royalty-free, non-exclusive, non-transferable licence during the Call-Of Contract Period 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:
      * 1. any relevant Sub-contractor has entered into a confidentiality undertaking with the Supplier on the same terms as set out in Clause 15 (*What You Must Keep Confidential*); and
        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.
   2. In the event of the termination or expiry of this Contract, the licence granted pursuant to Paragraph 3.1 and any sub-licence granted by the Supplier in accordance with Paragraph 3.1 shall terminate automatically on the date of such termination or expiry and the Supplier shall:
      * 1. immediately cease all use of the Authority Software, the Authority Background IPRs and the Authority Data (as the case may be);
        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 6 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
        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.
   3. The Supplier may use and exploit the Specially Written Software and/or the Project Specific IPRs provided that:
      * 1. the Supplier must always offer a price and solution to the Authority which is in accordance with the Charges;
        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;
        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 3.3(b) above have been applied to the price for the Deliverables offered to the Authority and other potential users;
   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.

## ANNEX 1: SPECIALLY WRITTEN SOFTWARE AND PROJECT SPECIFIC IPRS

|  |  |
| --- | --- |
| **Name of Specially Written Software and Project Specific IPRs** | **Details** |
|  |  |
|  |  |

***[Guidance: The Authority should make clear to Suppliers that the Specially Written Software and Project Specific IPRs which must be recorded in this Annex does not include all forms of IPR which may be created by the Supplier and the Supplier Personnel during the completion of their obligations under the Contract. Only Specially Written Software and Project Specific IPRs which form part of the Services, or are necessary for the use of the Services by the Authority, or as part of the Authority’s ownership of IPR (depending on which option in this Schedule 12 (Intellectual Property Rights) is chosen) will need to be recorded here. IPR such as email communications or documents which do not form part of the Services need not be recorded in this Annex.]***

**ANNEX 2: SOFTWARE**

| Software | Supplier (if an Affiliate of the Supplier) | Purpose | Total Number of Licences | Restrictions | Type (COTS or Non-COTS) | Call-Of Contract Period  /  Expiry |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |

## ANNEX 3: FORM OF CONFIDENTIALITY UNDERTAKING

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made on [*date*] 20

BETWEEN:

1. [*insert name*] of [*insert address*] (the “Sub-licensee”); and
2. [*insert name*] of [*insert address*] (the “Supplier” and together with the Supplier, the “Parties”).

WHEREAS:

1. [*insert name of Authority*] (the “Authority”) and the Supplier are party to a contract dated [*insert date*] (the “Contract”) for the provision by the Supplier of [*insert brief description of services*] to the Authority.
2. The Authority wishes to grant a sub-licence to the Sub-licensee in respect of certain software and intellectual property rights licensed to the Authority pursuant to the Contract (the “Sub-licence”).
3. It is a requirement of the Contract that, before the Authority grants such sub-licence to the Sub-licensee, the Sub-licensee execute a confidentiality agreement in favour of the Supplier in or substantially in the form of this Agreement to protect the Confidential Information of the Supplier.

IT IS AGREED as follows:

1. Interpretation
   1. In this Agreement, unless the context otherwise requires:

|  |  |
| --- | --- |
| “Confidential Information” | means:   1. Information, including all personal data within the meaning of the Data Protection Act 2018, and however it is conveyed, provided by the Authority to the Sub-licensee pursuant to or in connection with the Sub-licence that relates to:    1. the Supplier; or    2. the operations, business, affairs, developments, intellectual property rights, trade secrets, know-how and/or personnel of the Supplier; 2. the source code and the object code of the software sub-licensed to the Sub-licensee pursuant to the Sub-licence together with build information, relevant design and development information, technical specifications of all functionality including those not included in standard manuals (such as those that modify system performance and access levels), configuration details, test scripts, user manuals, operating manuals, process definitions and procedures, and all such other documentation supplied by the Supplier to the Authority pursuant to or in connection with the Sub-licence; 3. other Information provided by the Authority pursuant to this Agreement to the Sub-licensee that is clearly designated as being confidential or equivalent or that ought reasonably to be considered to be confidential which comes (or has come) to the Sub-licensee’s attention or into the Sub-licensee’s possession in connection with the Sub-licence; and 4. Information derived from any of the above,   but not including any Information that:   1. was in the possession of the Sub-licensee without obligation of confidentiality prior to its disclosure by the Authority; 2. was already generally available and in the public domain at the time of disclosure otherwise than by a breach of this Agreement or breach of a duty of confidentiality; or 3. was independently developed without access to the Information; |
| “Information” | means all information of whatever nature, however conveyed and in whatever form, including in writing, orally, by demonstration, electronically and in a tangible, visual or machine-readable medium (including CD-ROM, magnetic and digital form); and |
| “Sub-licence” | has the meaning given to that expression in recital (B) to this Agreement. |

* 1. In this Agreement:
     + 1. a reference to any gender includes a reference to other genders;
       2. the singular includes the plural and vice versa;
       3. the words “include” and cognate expressions shall be construed as if they were immediately followed by the words “without limitation”;
       4. references to any statutory provision include a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (before or after the date of this Agreement) and any prior or subsequent subordinate legislation made under it;
       5. headings are included for ease of reference only and shall not affect the interpretation or construction of this Agreement; and
       6. references to Clauses are to clauses of this Agreement.

1. Confidentiality Obligations
   1. In consideration of the Authority entering into the Sub-licence, the Sub-licensee shall:
      * 1. treat all Confidential Information as secret and confidential;
        2. have in place and maintain proper security measures and procedures to protect the confidentiality of the Confidential Information (having regard to its form and nature);
        3. not disclose or permit the disclosure of any of the Confidential Information to any other person without obtaining the prior written consent of the Supplier or except as expressly set out in this Agreement;
        4. not transfer any of the Confidential Information outside the United Kingdom;
        5. not use or exploit any of the Confidential Information for any purpose whatsoever other than as permitted under the Sub-licence;
        6. immediately notify the Supplier in writing if it suspects or becomes aware of any unauthorised access, copying, use or disclosure in any form of any of the Confidential Information; and
        7. upon the expiry or termination of the Sub-licence:
           1. destroy or return to the Supplier all documents and other tangible materials that contain any of the Confidential Information;
           2. ensure, so far as reasonably practicable, that all Confidential Information held in electronic, digital or other machine-readable form ceases to be readily accessible (other than by the information technology staff of the Sub-licensee) from any computer, word processor, voicemail system or any other device; and
           3. make no further use of any Confidential Information.
2. Permitted Disclosures
   1. The Sub-licensee may disclose Confidential Information to those of its directors, officers, employees, consultants and professional advisers who:
      * 1. reasonably need to receive the Confidential Information in connection with the Sub-licence; and
        2. have been informed by the Sub-licensee of the confidential nature of the Confidential Information; and
        3. have agreed to terms similar to those in this Agreement.
   2. The Sub-licensee shall be entitled to disclose Confidential Information to the extent that it is required to do so by applicable law or by order of a court or other public body that has jurisdiction over the Sub-licensee.
   3. Before making a disclosure pursuant to Clause 3.2, the Sub-licensee shall, if the circumstances permit:
      * 1. notify the Supplier in writing of the proposed disclosure as soon as possible (and if possible before the court or other public body orders the disclosure of the Confidential Information); and
        2. ask the court or other public body to treat the Confidential Information as confidential.
3. General
   1. The Sub-licensee acknowledges and agrees that all property, including intellectual property rights, in Confidential Information disclosed to it by the Supplier shall remain with and be vested in the Supplier.
   2. This Agreement does not include, expressly or by implication, any representations, warranties or other obligations:
      * 1. to grant the Sub-licensee any licence or rights other than as may be expressly stated in the Sub-licence;
        2. to require the Supplier to disclose, continue disclosing or update any Confidential Information; or
        3. as to the accuracy, efficacy, completeness, capabilities, safety or any other qualities whatsoever of any Information or materials provided pursuant to or in anticipation of the Sub-licence.
   3. The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers or remedies provided by law. No failure or delay by either Party to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same, or of some other right, power or remedy.
   4. Without prejudice to any other rights or remedies that the Supplier may have, the Sub-licensee acknowledges and agrees that damages alone may not be an adequate remedy for any breach by the Sub-licensee of any of the provisions of this Agreement. Accordingly, the Sub-licensee acknowledges that the Supplier shall be entitled to the remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach of this Agreement and/or breach of confidence and that no proof of special damages shall be necessary for the enforcement of such remedies.
   5. The maximum liability of the Sub-licensee to the Supplier for any breach of this Agreement shall be limited to ten million pounds (£10,000,000).
   6. For the purposes of the Contracts (Rights of Third Parties) Act 1999 no one other than the Parties has the right to enforce the terms of this Agreement.
   7. Each Party shall be responsible for all costs incurred by it or on its behalf in connection with this Agreement.
   8. This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.
4. Notices
   1. Any notice to be given under this Agreement (each a “Notice”) shall be given in writing and shall be delivered by hand and shall be deemed to have been duly given at the time of delivery provided that such Notice is sent to the relevant physical address, and expressly marked for the attention of the relevant individual, set out in Clause 5.2.
   2. Any Notice:
      * 1. if to be given to the Supplier shall be sent to:

[*Address*]

Attention: [*Contact name and/or position, e.g. “The Finance Director”*]

* + - 1. if to be given to the Sub-licensee shall be sent to:

[*Name of Organisation*]  
[*Address*]

Attention: [ ]

1. Governing law
   1. This Agreement shall be governed by, and construed in accordance with, English law and any matter claim or dispute arising out of or in connection with this Agreement whether contractual or non-contractual, shall be governed by and determined in accordance with English law.
   2. Each Party hereby irrevocably submits to the exclusive jurisdiction of the English courts in respect of any claim or dispute arising out of or in connection with this Agreement.

IN WITNESS of the above this Agreement has been signed by the duly authorised representatives of the Parties on the date which appears at the head of page 1.

For and on behalf of [*name of Supplier*]

|  |  |
| --- | --- |
| Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date: |
| Name: | Position: |

For and on behalf of [*name of Sub-licensee*]

|  |  |
| --- | --- |
| Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date: |
| Name: | Position: |

## ANNEX 4: FORM OF LETTER RE SUB-LICENSING OF SUPPLIER COTS SOFTWARE AND SUPPLIER COTS BACKGROUND IPRs

[Supplier letterhead]

***[insert Authority***

***name and address]***

*[Date]*

Dear Sirs

LICENCES FOR SUPPLIER COTS SOFTWARE AND SUPPLIER COTS BACKGROUND IPRs

We refer to the agreement between us dated [*insert date*] in respect of [*brief* *summary of subject of the Agreement*] (the “Contract”). Capitalised expressions used in this letter have the same meanings as in the Agreement.

In accordance with Paragraph 2.4 (b) of this Call-Off Schedule 12 (*Intellectual Property Rights*) of the Contract we confirm that:

1. the Authority is licensed by the Supplier to use the Supplier COTS Software and Supplier COTS Background IPRs identified in the first column of the Appendix to this letter (the “Appendix”) on the terms of the licences identified in the second column of the Appendix (the “Licences”); and
2. notwithstanding any provision to the contrary in the Licences, it is agreed that the Authority may sub-license, assign and novate the Supplier COTS Software and Supplier COTS Background IPRs as referred to in Paragraph 2.4(b) of this Call-Off Schedule 12 (*Intellectual Property Rights*) of the Contract.

Yours faithfully,

Signed:

On behalf of [*name of the Supplier*]