

## **ICT SERVICES AGREEMENT SCHEDULES**

### **SCHEDULE 5.2**

#### **LICENCE TERMS**

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## Section A

### Product Description

#### 1. PRODUCT TITLE

ICT Services Agreement - Schedule 5.2 (Licence Terms).

#### 2. PURPOSE OF PRODUCT

The schedule sets out the licence provisions applicable to the Specially Written Software, Contractor Software, Third Party Software, Project Specific IPR and the Contractor's Background IPR.

#### 3. COMPOSITION

The schedule specifies the Enhanced Licence Terms and Standard Licence Terms which are applicable to the Software.

#### 4. DERIVATION

Authority requirements

#### 5. RELATED CLAUSES & SCHEDULES

Clauses: Guidance to section G (Intellectual Property, Data and Confidentiality)

35 (Licences granted by the Contractor)

38 (Project Specific IPR and Specially Written Software)

Guidance: Guidance Note 1 (Key Commercial Principles), section 1 - 7 (Intellectual Property Rights)

OGC Guidance on IPR Ownership at:

[http://www.ogc.gov.uk/sdtoolkit/reference/ogc\\_library/procurement/owner\\_ipr.html](http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/owner_ipr.html)

Guidance Note 3 (Ownership and Licensing of Intellectual Property)

Schedules: Schedule 5.1 (Software)

### Schedule 5.3 (Escrow Terms)

#### **6. ALLOCATION**

The Authority should carefully consider the proposed schedule during the dialogue phase of the procurement.

#### **7. QUALITY / REVIEW**

Authority expertise: procurement, commercial, legal.

## **Section B**

### **Guidance**

#### **1. INTRODUCTION**

- 1.1 It is important to discuss the availability of suitable licence terms at an early stage in the procurement process. The parties should also assess whether the Authority's requirements in relation to third party licences may have a significant cost impact, and consequently, whether those requirements represent best value for money.
- 1.2 The provisions described in this part B and those set out in Part C of this schedule should be considered on a case by case basis in all circumstances. For example they should match the implementation profile of the Software such that certain Software modules may only need to be licensed at certain times e.g. during / after testing - bespoke provisions would need to be developed to reflect this. Further still, the Authority should consider the value for money issues which relate to the licence terms as, for example, better value for money may be provided by limiting a licence to a certain number of users / location / particular use. However great care should be taken to ensure that an appropriate level of rights is required to allow the Authority to conduct its functions.

#### **2. SOFTWARE CLASSIFICATIONS**

##### **2.1 Specially Written Software**

- 2.1.1 The Authority may require ownership of the Specially Written Software to have complete control over how that software may be used or developed. This point should be carefully considered in view of the general principle that IPR should reside with the party who is best able to exploit it. Given that the Specially Written Software may be proprietary to the project (i.e. it is either not suitable or appropriate for wider commercial use) it may be that the Authority is the party best able to exploit the IPRs.
- 2.1.2 If the IPRs are not assigned to the Authority, clause 35 of the Agreement covers the grant of licence by the Contractor to the Authority in the Specially Written Software. The grant of a licence is to be on Enhanced Licence Terms which should be specified in the schedule.

## **2.2 Project Specific IPR**

If the Project Specific IPR is not assigned to the Authority, clause 35 of the Agreement covers the grant of licence by the Contractor to the Authority. The grant of a licence is to be on Enhanced Licence Terms which should be specified in the schedule.

## **2.3 Contractor Software**

The Contractor Software will be licensed on the Standard Licence Terms which should be specified in the schedule.

## **2.4 Third Party Software**

2.4.1 The Contractor is obliged to procure that the owners of the Third Party Software grant a licence on the Standard Licence Terms direct to the Authority (see clause 35.4 (Licences Granted by the Contractor)).

2.4.2 Where this is not possible the Authority should consider which alternatives might be acceptable. For a general discussion on this point please refer to the guidance and optional drafting at clause 35.4.

## **2.5 Contractor's Background IPR**

The Contractor's Background IPR will be licensed on the Standard Licence Terms which should be specified in the schedule.

## **2.6 Embedded/Integral Third Party Software and Contractor's Background IPR**

In certain situations the Specially Written Software may contain elements of Contractor's Background IPR or Third Party Software embedded in or integral to it. In these situations the Authority will wish to ensure that such elements are licensed on the Enhanced Licence Terms. See however the guidance to clause 35.1 (Licences Granted by the Contractor).

### **3. STANDARD LICENCE TERMS**

- 3.1 The Standard Licence Terms should, as a minimum, confer the following rights on the Authority:
  - 3.1.1 the right to Use the software (but this will not extend to rights to modify or adapt the software);
  - 3.1.2 the licence will be non-exclusive and either perpetual or for a period that will allow an orderly transfer to a Replacement Contractor on expiry or early termination;
  - 3.1.3 the right to engage third parties to Use the software on its behalf (subject to the third party entering into a confidentiality agreement with the owner of the software);
  - 3.1.4 [the right to transfer the licence to other machines or users within the Authority;]
  - 3.1.5 the right to assign the licence to a successor body carrying out the Authority's functions; and
  - 3.1.6 the right to create an archival copy and a back-up copy.

### **4. ENHANCED LICENCE TERMS**

- 4.1 In addition to the rights conferred by the Standard Licence Terms, the Enhanced Licence Terms may also contain the following:
  - 4.1.1 provision that the licence is perpetual and royalty free;
  - 4.1.2 the right to transfer the licence extends to any Contracting Authority; and
  - 4.1.3 rights to modify, adapt, and enhance the licensed software.

The precise scope of the Enhanced Licence Terms will need to be considered in the context of the requirements of each project.

## Section C

### Pro-forma/Example schedule

#### Licence Terms

##### DEFINITIONS

*[Guidance: subject to the agreement of this schedule, the following definition(s) will need to be added to schedule 1]*

<b>"Licensed Materials"</b>	the Contractor Software, Contractor's Background IPR, Third Party Software, Specially Written Software, Project Specific IPR or any of them;
<b>"Licensee"</b>	the Authority or a Replacement Contractor;
<b>"Licensor"</b>	the Contractor or the owner of the Third Party Software as applicable;

## SECTION C

### PART A

#### Standard Licence Terms

#### 5. SCOPE OF THE STANDARD LICENCE TERMS

This part of the schedule sets out the Standard Licence Terms granted by the Licensor to the Authority in respect of the Contractor Software, Third Party Software and Contractor's Background IPR.

#### 6. LICENCE TERMS

6.1 Each licence granted under the Standard Licence Terms pursuant to clause 35 (Licences Granted by the Contractor) shall be [perpetual][for a period of [ ]], royalty free and non-exclusive and shall allow the [Authority]/[Licensee] to Use the Contractor Software, Third Party Software and/or Contractor's Background IPR (as relevant).

6.2 The [Authority]/[Licensee] may sub-license the rights granted to it pursuant to paragraph 6.1 to a third party (including for the avoidance of doubt any Replacement Contractor) provided that:

6.2.1 the sub-licence only authorises the third party to Use the Licensor's Software for the benefit of the Authority; and

6.2.2 the third party has entered into a confidentiality undertaking with the [Authority]/[Licensee].

6.3 The [Authority]/[Licensee] may copy the Contractor Software, Third Party Software and/or Contractor's Background IPR (as relevant) in order to create an archival copy and a back-up copy of it. When copying the Licensor's Software, the [Authority]/[Licensee] shall include the original machine readable copyright notice, and a label affixed to the media identifying the software and stating: "This medium contains an authorised copy of copyrighted software which is the property of [*name of owner*]."



6.4 The Authority may:

6.4.1 [assign, ]novate [or otherwise dispose of] its rights and obligations under the Standard Licence Terms to any other body (including any private sector body) which substantially performs any of the functions that previously had been performed by the Authority; or

6.4.2 [transfer the Licences to other machines or users within the Authority.]

6.5 Any change in the legal status of the Authority which means that it ceases to be a Contracting Authority shall not affect the validity of any licence granted under the Standard Licence Terms. If the Authority ceases to be a Contracting Authority, the Standard Licence Terms shall be binding on any successor body to the Authority.

6.6 If a licence under the Standard Licence Terms is novated pursuant to paragraph 6.4.1 above or there is a change of the Authority's status pursuant to paragraph 6.5 above, (in the remainder of this paragraph both such bodies are referred to as the "**Transferee**");

6.6.1 [the Transferee may only assign, novate or otherwise dispose of its rights and obligations under the Standard Licence Terms (or any part of it) with the prior written consent (not to be unreasonably withheld or delayed) of the Licensor; and]

6.6.2 the rights acquired by the Transferee relating to the Use of the Licensed Materials shall not extend beyond those previously enjoyed by the Authority.

## 7. [FIXES

If the Contractor maintains a database containing information on known program defects, defect corrections, restrictions and bypasses in respect of the [Contractor Software], it shall provide the [Authority]/[Licensee] with access to such database at no additional charge.]

## 8. TERMINATION

8.1 A licence granted under the Standard Licence Terms shall survive the termination or expiry of the Agreement.

- 8.2 At any time during the Term or following termination or expiry of the Agreement, the Licensor may terminate a licence granted under the Standard Licence Terms with 30 days notice in writing (or such other period as agreed by the parties) if:
- 8.2.1 the [Authority]/[Licensee] uses the Licensed Materials for any purpose not expressly permitted by the Standard Licence Terms or the Agreement; or
  - 8.2.2 the [Authority]/[Licensee] commits any material breach of the Standard Licence Terms which, if the breach is capable of remedy, is not remedied within 20 Working Days after the Licensor giving the Authority and the Replacement Contractor (if applicable) written notice specifying the breach and requiring its remedy.
- 8.3 When a licence under the Standard Licence Terms ends for whatever reason, the [Authority]/[Licensee] shall:
- 8.3.1 immediately cease all use of the Licensed Materials;
  - 8.3.2 at the discretion of the Licensor, return or destroy the Licensed Materials, provided that if the Licensor has not made an election within six months of the termination of the licence, the [Authority]/[Licensee] may destroy the Licensed Materials; and
  - 8.3.3 [provide the Licensor with a written notice, signed and otherwise completed by an authorised signatory, to certify compliance with the provisions of paragraph 8.3.1 above.]

## Part B

### Enhanced Licence Terms

#### 9. SCOPE OF THE ENHANCED LICENCE TERMS

This part of the schedule sets out the Enhanced Licence Terms granted by the Contractor to the Authority in respect of the Project Specific IPR and the Specially Written Software.

*[Guidance: consider whether the Authority is taking a licence of the Project Specific IPR and/or Specially Written Software. If it is taking an assignment of IPR pursuant to clause 38 of the Agreement, the Enhanced Licence Terms will not be required.]*

#### 10. LICENCE TERMS

10.1 Each licence granted under the Enhanced Licence Terms pursuant to clause 35 (Licences Granted by the Contractor) shall be perpetual, royalty free, irrevocable and non-exclusive and shall allow the [Authority]/[Licensee] to Use the Project Specific IPR and/or Specially Written Software (as relevant).

10.2 The [Authority]/[Licensee] may sub-licence its rights to a third party (including, for the avoidance of doubt, any Replacement Contractor) provided that:

10.2.1 the sub-licence only authorises the third party to Use Project Specific IPR, and the Specially Written Software the Contractor IPR for the benefit of the Authority; and

10.2.2 the third party has entered into a confidentiality undertaking with the [Authority]/[Licensee].

10.3 [A licence granted under the Enhanced Licence Terms shall not include a right for the Authority, or any person on behalf of the Authority, to:

10.3.1 provide a copy of the Project Specific IPR and/or Specially Written Software to any person for money or for other valuable consideration;

10.3.2 Use the Project Specific IPR and the Specially Written Software as an integral part of any product which is supplied to any person for money or for other valuable consideration; or

- 10.3.3 Use the Project Specific IPR and the Specially Written Software in the development of any product that competes with those of the Contractor; or
- 10.3.4 to exploit commercially the Project Specific IPR and the Specially Written Software.]
- 10.4 The Authority may [assign,] novate [or otherwise dispose of] its rights and obligations under the Enhanced Licence Terms to any other body (including any Contracting Authority or private sector body) which substantially performs any of the functions that previously had been performed by the Authority.
- 10.5 Any change in the legal status of the Authority which means that it ceases to be a Contracting Authority shall not affect the validity of any licence granted under the Enhanced Licence Terms. If the Authority ceases to be a Contracting Authority, the Enhanced Licence Terms shall be binding on any successor body to the Authority.
- 10.6 If a licence under the Enhanced Licence Terms is novated pursuant to paragraph 6.4 above or there is a change of the Authority's status pursuant to paragraph 6.5 above, (in the remainder of this paragraph both such bodies are referred to as the "**Transferee**"):
- 10.6.1 [the Transferee may only assign, novate or otherwise dispose of its rights and obligations under the Enhanced Licence Terms (or any part of it) with the prior written consent (not to be unreasonably withheld or delayed) of the Licensor; and]
- 10.6.2 the rights acquired by the Transferee relating to the Use of the Project Specific IPR and the Specially Written Software shall not extend beyond those previously enjoyed by the Authority.