SOFTWARE LICENCE AGREEMENT

[Note: This agreement is for a business customer that installs and runs your software on its own systems. If you host the software and the customer uses it online, use the software subscription terms instead. Do not use it with consumers, who have rights under the Consumer Rights Act 2015 that it does not deal with.]

This agreement is dated [Effective date]. Agreement number: [Agreement number].

Parties

(1) [Your company name], a company registered in England and Wales with company number [Your company number], whose registered office is at [Your company address] (the "Licensor"); and

(2) [Client name] of [Client address], company number [Client company number] (the "Licensee").

Background

(A) The Licensor owns, or has the right to license, the software described in this agreement.

(B) The Licensee wishes to use that software in its business, and the Licensor agrees to license it on the terms of this agreement.

Agreed terms

1. Definitions

1.1 In this agreement:

(a) "Software" means [Software], in object code form, and any updates and new versions the Licensor provides under clause 6;

(b) "Documentation" means the user guides and technical specifications for the Software that the Licensor makes available;

(c) "Authorised Users" means the Licensee's employees and contractors whom it allows to use the Software for its business;

(d) "Start Date" means [Start date]; and

(e) "Licence Period" means [Licence period], unless this agreement ends earlier under clause 13.

2. The licence

2.1 The Licensor grants the Licensee a non-exclusive, non-transferable licence, for the Licence Period, to install and use the Software and the Documentation for the Licensee's own internal business purposes, by no more than [Number of authorised users] Authorised Users at any time.

2.2 The Licensee may make the copies of the Software it reasonably needs for back-up, security and disaster recovery, and must include the Licensor's copyright notices on each copy.

2.3 If the Licensee wants more Authorised Users, it will tell the Licensor, and will pay for them at the Licensor's then current prices, in proportion to the rest of the period concerned.

3. Restrictions

3.1 Except as this agreement or the law expressly allows, the Licensee will not:

(a) copy, modify, adapt, translate or create derivative works of the Software;

(b) sell, sublicense, rent, lend, transfer or otherwise make the Software available to anyone other than Authorised Users, or use it to provide services to third parties;

(c) reverse engineer, decompile or disassemble the Software;

(d) remove or change any proprietary notice in the Software or the Documentation; or

(e) allow more Authorised Users than this agreement permits.

3.2 Nothing in this agreement restricts the Licensee's rights under sections 50A to 50C and 296A of the Copyright, Designs and Patents Act 1988, which cannot be excluded by contract. Before decompiling the Software for interoperability, the Licensee will first ask the Licensor for the information it needs.

3.3 The Licensee is responsible for the acts and omissions of its Authorised Users as if they were its own.

4. Delivery

4.1 The Licensor will make the Software and the Documentation available to the Licensee by secure download on or before [Delivery date].

4.2 Installation, configuration, training and data migration are not included in the licence fee, unless the parties agree otherwise in writing.

5. Fees and payment

5.1 The Licensee will pay the licence fee of [Licence fee], which the Licensor will invoice on delivery.

5.2 The Licensee will pay the support and maintenance fee of [Support and maintenance fee a year] a year, which the Licensor will invoice yearly in advance from the Start Date. The Licensor may increase the support fee from any anniversary of the Start Date by giving at least 60 days' written notice.

5.3 The Licensee will pay each correct invoice within [Payment terms (days)] days of receiving it. All fees exclude VAT, which the Licensee will pay at the rate in force.

5.4 If the Licensee pays late, the Licensor may charge interest under the Late Payment of Commercial Debts (Interest) Act 1998 and, after giving 14 days' written notice, may suspend support until payment is made.

6. Support and maintenance

6.1 While the Licensee pays the support fee, the Licensor will:

(a) provide a help desk by email and telephone during normal business hours in England;

(b) use reasonable endeavours to correct reported errors in the Software, in line with these service levels: [Service levels]; and

(c) provide updates and new versions of the Software when it makes them generally available to its customers.

6.2 The Licensor will support the current version of the Software and the version before it. Support does not cover errors caused by modification of the Software by anyone other than the Licensor, use other than in line with the Documentation, or the Licensee's own systems.

6.3 The Licensee may end support from any anniversary of the Start Date by giving at least 60 days' written notice. Its licence continues.

7. Records and audit

7.1 The Licensee will keep accurate records of its use of the Software and its Authorised Users.

7.2 The Licensor may, no more than once a year and on at least 30 days' written notice, audit those records to check the Licensee's compliance with this agreement. If the audit shows that the Licensee has underpaid, it will pay the difference and, if the underpayment is more than 5%, the reasonable costs of the audit.

8. Intellectual property

8.1 The Software, the Documentation and all intellectual property rights in them belong to the Licensor or its licensors. The Licensee has only the rights this agreement expressly grants.

8.2 If the Software includes open source components, they are licensed under their own licence terms, which the Licensor will identify on request.

9. Warranty

9.1 The Licensor warrants that, for [Warranty period (days)] days from delivery, the Software will perform materially in line with the Documentation when used as the Documentation describes.

9.2 If the Software does not do so and the Licensee tells the Licensor within that period, the Licensor will, at its choice, correct or replace the Software or, if it cannot do so within a reasonable time, end this agreement and refund the licence fee.

9.3 The Licensor warrants that it has the right to grant the licence in this agreement, and that it will provide support with reasonable care and skill.

9.4 The Licensor does not warrant that the Software will be free from errors or run without interruption. Except as this agreement expressly states, all warranties, conditions and other terms implied by statute or common law are excluded, so far as the law allows.

10. Infringement claims

10.1 The Licensor will defend the Licensee against any claim that the Licensee's use of the Software in line with this agreement infringes a third party's intellectual property rights in the United Kingdom, and will pay any damages and costs awarded against the Licensee, or agreed in a settlement the Licensor approves, as a result.

10.2 This clause applies only if the Licensee tells the Licensor promptly of the claim, makes no admission about it, lets the Licensor control its defence and settlement, and gives reasonable help at the Licensor's cost.

10.3 If such a claim is made or is likely, the Licensor may change the Software so that it does not infringe, get the right for the Licensee to continue using it or, if neither is reasonably possible, end this agreement and refund the fees paid for the unexpired part of the Licence Period.

10.4 This clause does not apply to a claim arising from a modification not made by the Licensor, or from use of the Software with anything the Licensor did not supply. This clause states the Licensee's only remedy for infringement claims.

11. Liability

11.1 Nothing in this agreement limits or excludes liability for death or personal injury caused by negligence, for fraud or fraudulent misrepresentation, or for anything else that the law does not allow to be limited or excluded.

11.2 Subject to clause 11.1, neither party is liable for any loss of profits, revenue, business, goodwill or anticipated savings, or for any indirect or consequential loss.

11.3 Subject to clause 11.1, each party's total liability under or in connection with this agreement in each year from the Start Date is limited to [Limit of liability]. This limit does not apply to the Licensee's obligation to pay the fees, or to the Licensor's obligations under clause 10.

[Note: A limit of liability on standard terms must be reasonable under the Unfair Contract Terms Act 1977 to be enforceable. Set the cap with the value and the risk of the contract in mind, and take advice on a large contract.]

12. Confidentiality and data protection

12.1 Each party will keep confidential the other's confidential information that it receives under this agreement, including the Software and its source code, and use it only for this agreement. This does not apply to information that is public, already known to the recipient, or that the law requires it to disclose.

12.2 If the Licensor processes personal data on the Licensee's behalf, for example when giving support, the parties will put in place a data processing agreement that meets Article 28 of the UK GDPR before that processing begins.

13. Ending the agreement

13.1 Either party may end this agreement at once by written notice if the other:

(a) commits a material breach of it and, if the breach can be put right, does not put it right within 30 days of being asked to; or

(b) becomes insolvent, enters into an arrangement with its creditors, or stops trading.

13.2 When this agreement ends, the licence ends. The Licensee will stop using the Software, delete all copies of it, and confirm in writing that it has done so. Fees already paid are not refundable unless this agreement says otherwise.

13.3 Clauses 7, 8, 10, 11, 12 and 13.2, and any other terms meant to continue, survive the end of this agreement.

14. General

14.1 Neither party is liable for delay or failure caused by events beyond its reasonable control. If such an event lasts more than 60 days, either party may end this agreement by written notice.

14.2 The Licensee may not assign or transfer this agreement without the Licensor's prior written consent.

14.3 This agreement is the whole agreement between the parties about its subject matter. Each party confirms that it has not relied on any statement not set out in it, but this does not limit liability for fraud.

14.4 A change to this agreement is valid only if it is in writing and signed by both parties. If a party delays in enforcing a right, it does not give it up. If any term is found to be invalid, the rest of the agreement continues.

14.5 Notices must be in writing and sent to the other party's address above or to an email address it has given for notices.

14.6 Only the parties may enforce this agreement. The Contracts (Rights of Third Parties) Act 1999 does not apply.

14.7 This agreement may be signed electronically and in counterparts.

14.8 This agreement and any dispute arising from it, including non-contractual disputes, are governed by the law of England and Wales, and the courts of England and Wales have exclusive jurisdiction.

Signed by an authorised signatory for and on behalf of [Client name]

Signature _____

Name _____

Position _____

Date _____

Signed by an authorised signatory for and on behalf of [Your company name]

Signature _____

Name _____

Position _____

Date _____

About this template

A starting point to adapt, not legal advice. The law differs between England and Wales, Scotland and Northern Ireland, and it changes: check this fits your situation, and take legal advice for anything significant. Replace each [placeholder] in violet, follow or delete each [Note], then delete this box. Last reviewed October 2026. Send it for signature with Sign2Approve: sign2approve.com/templates/software-licence-agreement