

Software Development Agreement with IP Provisions (India)

Governs commissioned software development with mandatory IP assignment and open-source compliance

HOW TO USE THIS TEMPLATE

1. For commissioning a third party to develop software on your behalf.
2. IP ownership must be explicitly assigned — payment alone does NOT transfer copyright.
3. Include open-source bill of materials requirement — GPL/AGPL exposure kills fundraising.
4. Specify deliverables, acceptance criteria, and warranty period precisely.
5. Retain source code escrow or ensure direct access to all code repositories.

PARTIES

Client — Full Legal Name	[Your company full legal name and CIN]
Client — Address	[Registered address]
Developer — Full Legal Name	[Developer / Agency full legal name]
Developer — Type	[Individual / Private Limited Company / LLP / Partnership]
Developer — Address	[Address]
Project Name	[Name of software project]
Technology Stack	[Languages, frameworks, databases, platforms]
Agreement Date	[DD Month YYYY]

1. DEFINITIONS

"Acceptance Criteria" means the functional, performance, and quality requirements that each Deliverable must satisfy to be accepted by the Client, as specified in Schedule 2.

"Background Technology" means all pre-existing software, libraries, frameworks, tools, and other technology owned or licensed by the Developer that existed before the commencement of this Agreement and that is used in developing the Deliverables.

"Deliverables" means the software, source code, object code, documentation, technical specifications, test suites, design files, and any other outputs to be developed and delivered by the Developer under this Agreement, as specified in Schedule 1.

"Defect" means any failure of the Deliverables to conform to the Specifications or Acceptance Criteria.

"Documentation" means all user manuals, technical documentation, API documentation, installation guides, and other written materials relating to the Deliverables.

"Intellectual Property Rights" means all patents, copyrights, trade secrets, trademarks, design rights, and all other intellectual property rights in the Deliverables.

"**Open-Source Bill of Materials (OSBOM)**" means the complete list of all open-source components used in the Deliverables, including component name, version, licence, and usage.

"**Specifications**" means the technical specifications, requirements, and functional descriptions for the Deliverables as set out in Schedule 1.

"**Warranty Period**" means the period of [90 / 180] days following acceptance of the final Deliverable, during which the Developer is obligated to remedy Defects at no additional charge.

2. DEVELOPMENT SERVICES

2.1 Scope of Work. The Developer shall design, develop, test, and deliver the Deliverables described in Schedule 1 in accordance with the Specifications, using professional skill and industry best practices.

2.2 Timeline and Milestones. The Developer shall deliver the Deliverables in accordance with the timeline and milestones in Schedule 3. Time is of the essence. Delays exceeding [30] days without Client approval shall entitle the Client to terminate for cause.

2.3 Version Control. All source code and digital assets shall be committed to the Client's designated version control repository (e.g., GitHub, GitLab) with regular, well-documented commits throughout development. The Client shall have continuous read access to the repository from the commencement date.

2.4 Progress Reporting. The Developer shall provide [weekly / bi-weekly] written progress reports to the Client covering: work completed, work planned, issues encountered, and milestone status.

3. INTELLECTUAL PROPERTY — OWNERSHIP AND ASSIGNMENT

3.1 Full Assignment of Deliverables. In consideration of the fees paid, the Developer hereby irrevocably assigns to the Client all right, title, and interest in and to all Intellectual Property Rights in the Deliverables, including all: source code and object code; software architecture and designs; databases and data structures; APIs and interfaces; test suites and test data; technical documentation; and all modifications, improvements, and derivative works. This assignment takes effect upon creation of each item of work product, automatically and without the need for any further act.

3.2 Moral Rights Waiver. The Developer irrevocably waives all moral rights in the Deliverables to the maximum extent permitted by the Copyright Act 1957.

3.3 Background Technology Licence. Background Technology incorporated in the Deliverables remains the Developer's property. The Developer grants the Client a perpetual, worldwide, royalty-free, non-exclusive, sublicensable licence to use the Background Technology as incorporated in the Deliverables. The Developer shall identify all Background Technology in the OSBOM.

3.4 Developer Cooperation. The Developer shall execute all copyright assignment deeds, declarations, and other documents reasonably requested by the Client to perfect the Client's IP ownership. This obligation survives termination of this Agreement.

4. OPEN-SOURCE COMPLIANCE — MANDATORY REQUIREMENTS

4.1 OSBOM Obligation. The Developer shall maintain and deliver to the Client an updated Open-Source Bill of Materials (OSBOM) listing every open-source component used in the Deliverables, including: component name and version; licence type; URL of licence text; and specific usage in the Deliverables.

4.2 Prohibited Licences. The Developer shall NOT incorporate any open-source component licensed under any of the following licences without the Client's prior written approval: (a) GNU General Public Licence (GPL) v2 or v3; (b) GNU Affero General Public Licence (AGPL) v3; (c) Server Side Public Licence (SSPL); (d) Elastic Licence; or (e)

any other copyleft licence that would require the Client to open-source the Deliverables or any part thereof. Violation of this clause constitutes a material breach.

4.3 OSBOM Warranty. The Developer warrants that the OSBOM delivered with the final Deliverables is complete, accurate, and up-to-date. Any undisclosed open-source component discovered after delivery shall be remediable at the Developer's cost.

5. ACCEPTANCE AND PAYMENT

5.1 Acceptance Process. On delivery of each Deliverable, the Client shall have [15] business days to test and evaluate against the Acceptance Criteria. The Client shall either: (a) accept the Deliverable in writing; (b) reject it with a written list of Defects to be remedied; or (c) request a [7]-day extension. Failure to respond within [15] business days shall constitute acceptance.

5.2 Payment Schedule. Payments are milestone-based as follows:

Upfront Payment (on signing)	[X]% of total fee = Rs.[Amount]
Milestone 1 Delivery	[Y]% = Rs.[Amount] — payable within [15] days of acceptance
Milestone 2 Delivery	[Z]% = Rs.[Amount] — payable within [15] days of acceptance
Final Delivery and Acceptance	Remaining [W]% = Rs.[Amount] — payable within [15] days of final acceptance
Total Fee	Rs.[Total Amount] inclusive / exclusive of GST

5.3 Late Payment. Late payments bear interest at [2]% per month compounding monthly. The Developer may suspend work after [15] days of non-payment following written notice.

6. WARRANTIES AND DEFECT REMEDIATION

6.1 Developer Warranties. The Developer warrants that: (a) the Deliverables are original and do not infringe any third-party rights; (b) the OSBOM is complete and accurate; (c) the Deliverables are free from known security vulnerabilities as of the delivery date; (d) the Developer has full authority to make the IP assignment; (e) no employee, contractor, or subcontractor of the Developer has any unsatisfied claim to the Deliverables; and (f) the Deliverables conform to the Specifications.

6.2 Warranty Period. During the Warranty Period, the Developer shall remedy all Defects reported by the Client at no additional charge, within the response times specified in Schedule 4.

7. CONFIDENTIALITY AND DATA SECURITY

7.1 The Developer shall treat all Client business information, technical requirements, data, and commercial plans as strictly confidential during and for three (3) years after this Agreement. The Developer shall implement appropriate security measures to protect Client data, including encryption, access controls, and secure disposal. The Developer shall not store Client data outside India without written consent.

8. GENERAL PROVISIONS

8.1 Governing Law. Governed by the Copyright Act 1957, IT Act 2000, and Indian Contract Act 1872. Disputes by arbitration in [City].

8.2 Independent Contractor. The Developer is an independent contractor. This Agreement does not create an employment relationship.

8.3 Entire Agreement. This Agreement and Schedules constitute the complete agreement on the subject matter.

8.4 Stamp Duty. Execute on non-judicial stamp paper.

8.5 Counterparts. May be executed in counterparts. PDF and electronic signatures valid.

EXECUTION

CLIENT	DEVELOPER / AGENCY
[Client Full Legal Name]	[Developer Full Legal Name]
Signature: _____	Signature: _____
Name: _____	Name: _____
Designation: _____	Designation: _____
Date: _____	Date: _____
Place: _____	Place: _____

IMPORTANT NOTE

Payment alone does NOT transfer copyright under Indian law. The written IP assignment in Clause 3 is legally mandatory. Never commission software without this Agreement or equivalent written IP assignment. AGPL/GPL components in a SaaS product can require open-sourcing your entire codebase — enforce the OSBOM requirement strictly. Template only — not legal advice.