



# Warner Legal Corner

LEGAL TOPICS FOR THE AUTOMOTIVE INDUSTRY

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## Ford's New PPGTC Muddies the Water for Suppliers That Manufacture Software-Related Parts and Products

Ford's new Production Purchasing Global Terms and Conditions (Ford's new PPGTC), effective July 1, 2021, includes significant changes to how Ford treats software incorporated into any related goods, services and tech products supplied to Ford. If your supply to Ford includes software, it's important to know whether that software is classified as "commercial software," "developed software" or "commercial off-the-shelf" software. However, don't expect Ford's new PPGTC to make this classification, as these terms are not defined.

Historically, including in Ford's prior PPGTC, Ford has only been concerned with broad-use rights in supplier IP, which maintained a supplier's ability to provide the same or similar products to other OEMs. In fact, Ford was even obligated to negotiate commercially reasonable licensing terms to suppliers' background IP. Ford's new PPGTC has changed the game.

Now, under Section 14.03, all works of authorship or copyrights created under a Purchase Order (PO) are owned by Ford. There is no requirement that the PO be for engineering software design and development. Similarly, under Section 19.01, a supplier only owns "commercial off-the-shelf software," as well as any registered IP, which was not developed specifically for Ford. In practice, it's not uncommon to recycle or reuse portions of source code, which only adds to these ambiguities. Importantly, not only does Ford want to own everything outside of "commercial off-the-shelf" software; there is no grant-back license to suppliers. This means that any software developed under a PO for Ford cannot be commercialized with any other customers.

It's critical that all suppliers carefully consider these implications and have an IP strategy in place before accepting any PO from Ford involving software.

For more information from Warner's Automotive Industry Group, visit their [webpage](#) or log onto [www.wnj.com](http://www.wnj.com).

## ATTORNEY SPOTLIGHT

### Randy Peck



Warner Partner Randy Peck is a patent and transactional attorney who helps automotive suppliers and other businesses fully protect and exploit their intellectual property in the chemical, mechanical and electro-mechanical arts. Having worked with automotive suppliers for over 11 years, he oversees all aspects of patent procurement globally. Randy also advises clients on a wide range of transactional licensing and supply chain work, particularly automotive supply chain agreements, terms and conditions and conducting the IP portion of the due diligence before a merger or acquisition.

Randy has worked with several clients for so many years that his work goes beyond a single product's full life cycle—continuing through numerous product "generations." His international experience spans Japan, China, South Korea and Europe, in addition to the U.S.

Randy is very niche-focused in his legal practice as are many of his Warner colleagues. Law firms often deploy corporate attorneys to advise on intellectual property components of contracts, terms and conditions and other agreements. At Warner, clients are assigned a technical team of intellectual property attorneys who have negotiated the same or similar issues with a supplier-OEM agreement. Randy shares: "We're very focused in our work and know exactly what to look for. It makes us good at protecting our clients' interests, especially when dealing with supplier contract negotiations involving OEMs."

Randy was named a Top Lawyer in Intellectual Property and Patent Law by Dbusiness from 2019-2021, was selected among the Oakland County Executive 2018 Elite 40 Under 40 class and won the Client Choice Awards 2017 for Intellectual Property: Patents for Michigan. Check out Randy's [full bio](#) here.



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