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**RESEARCH GRANT AGREEMENT
BETWEEN
The UNITED STATES - ISRAEL BINATIONAL SCIENCE FOUNDATION**

(Hereinafter - the FOUNDATION)

AND
The Regents of the University of California

(Hereinafter - the GRANTEE)

Pursuant to an Agreement between the Governments of the United States of America and Israel to promote and support cooperation in science and technology for peaceful purposes on subjects of mutual interest, the FOUNDATION is awarding to the GRANTEE, research grants for the projects described in the Annexes hereto appended.

Each Annex is to constitute a separate agreement between the FOUNDATION and the GRANTEE comprising the terms hereinafter.

1. PRINCIPAL OBLIGATIONS AND RIGHTS OF THE GRANTEE

- (a) To carry out the RESEARCH PROJECT as specified in the research program attached to this Agreement.
- (b) The Research Director is to be responsible for the implementation of the RESEARCH PROJECT during the period of this Agreement and in accordance with the research program. The Research Director(s) may be replaced only with the prior written consent of the FOUNDATION. Should the Research Director(s) be absent from the GRANTEE institution for a period exceeding three months, a replacement(s) approved in advance by the FOUNDATION must be appointed during the absence.
- (c) To supply all reasonable means of support and assistance necessary for the implementation of the RESEARCH PROJECT, including manpower, raw materials, equipment, technical and administrative services and other services.
- (d) To be responsible for all monies granted by the FOUNDATION pursuant to this Agreement, to draw such monies for the RESEARCH PROJECT only, to return any money remaining at the termination of the Agreement, to maintain complete records of expenses relating to the RESEARCH PROJECT in a special and separate account and to submit a semi-annual fiscal report within 7 months of the commencement of the Agreement and an annual report within 14 months thereof.
- (e) To permit the FOUNDATION to examine all books, documents, records and accounts relating to the RESEARCH PROJECT during the period of this Agreement and for two years thereafter, and to make inspections at the places where the research is conducted and receive from the research operators full information with regard to their activities.
- (f) To submit to the FOUNDATION science reports in accordance with BSF Guidelines.
- (g) To inform the FOUNDATION of any other financial support received for the RESEARCH PROJECT or related research and of any obligations of the GRANTEE which may in any way affect the rights of the FOUNDATION or of the GOVERNMENTS of the UNITED STATES or ISRAEL under this Agreement.
- (h) To acknowledge the support of the FOUNDATION for the RESEARCH PROJECT in all publications and reports summarizing the results of the research, as follows:
"This research was supported by a grant from the United States-Israel Binational Science Foundation (BSF), Jerusalem, Israel".
- (i) The Foundation cannot assume any liability for accidents, illness or claims arising out of any work

supported by the grant or for any unauthorized use of patented, copyrighted materials or intellectual property rights. The GRANTEE agrees to bear full responsibility for all personal injury, damage to property and breaches of intellectual property rights which may result from the grantee's implementation of the Research Project..

2. The GRANTEE agrees that persons employed by it in connection with the RESEARCH PROJECT shall be deemed to be solely its own employees and that no relationship of master and servant shall be created between such employees and the FOUNDATION, either for the purposes of tort liability, social benefits or for any other matter. The GRANTEE shall be responsible for any payments which it may be obligated under the law to make on a cause of action based on employer-employee relationship as aforesaid.

3. PRINCIPAL OBLIGATIONS AND RIGHTS OF THE FOUNDATION

(a) To reimburse the GRANTEE for the costs and obligations incurred in implementing the RESEARCH PROJECT to a sum not exceeding the Budget. The reimbursements in the U.S. will be in U.S. Dollars. Payment shall be transferred to the GRANTEE in installments as provided hereunder:

(1) Upon signing this Agreement, an advance payment of 75% of the Budget.

(2) Upon receipt of a semi-annual fiscal report or an annual report, a payment of 25% will be made.

(b) The FOUNDATION will not transfer to the GRANTEE any amount which the latter may expend in excess of that specified in paragraph (a) above, unless such paragraph has been amended by the parties in writing. Payment in accordance with paragraph (a) above shall be made only after most of the amount from the previous payment has been expended. Unexpended balances in possession of the GRANTEE at the termination of the Agreement shall be refunded to the FOUNDATION without delay, the amount of such balance to be linked to the Representative Rate of the U.S. dollar from the date of receipt from the FOUNDATION until returned.

4. The FOUNDATION shall be entitled, after consultations with the GRANTEE, to terminate this Agreement and cease making payments under paragraph 3 above, provided that it fulfills its undertakings as to expenditures and obligations incurred prior to the notice of termination, and which cannot be cancelled at the time of notification. The GRANTEE shall not be entitled to cancel this Agreement or to abandon the research project, without prior written consent of the FOUNDATION.

5. EQUIPMENT AND MATERIALS

All permanent equipment purchased with grant funds shall be the property of the FOUNDATION. At the termination of the Agreement, title to equipment purchased under this agreement shall transfer to the GRANTEE.

6. RIGHTS CONCERNING RESEARCH FINDINGS

(a) Subject to sections 7 and 8 below, governing patent, copyright and proprietary rights, results of research sponsored by the FOUNDATION shall be made available by the FOUNDATION or the GRANTEE, to the world scientific community through customary channels, and in accordance with the applicable procedures and policies of the institutions involved.

(b) There shall be no restrictions on the publication of information, subject to paragraph 6 (c) below and the provisions governing copyrights set forth in section 8 below.

(c) The FOUNDATION shall ensure that proprietary information is respected and shall not disclose any such information without the consent of the originating party. Information may be identified as 'proprietary' if a person having the information may derive an economic benefit from it or may obtain a competitive advantage over those who do not have it, the information is not generally known or publicly available from other sources, and the originating party has not previously made the information available without imposing in a timely manner an obligation to keep it confidential.

7. COMMUNICATION OF INFORMATION

(a) Each FOUNDATION GRANTEE shall communicate to the FOUNDATION full information on any invention or discovery resulting from FOUNDATION sponsored or supported research within two months of becoming aware of the invention or discovery.

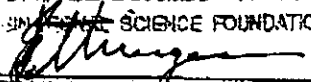
- (b) Within two years of the communication to the FOUNDATION pursuant to paragraph (a) above, the GRANTEE shall inform the FOUNDATION whether it intends to elect to file for patent protection and the countries in which it intends to file.
- (c) Subject to paragraph 7 (d) (2) below, the FOUNDATION shall not disclose information acquired pursuant to paragraph 6 (a).
- (d) (1) The GRANTEE shall be entitled to all rights, title and interest to the invention in all countries provided that the GRANTEE files: (i) its initial patent application within one year of informing the FOUNDATION of its intent in accordance with paragraph (7) (b) above, and with respect to any applications in additional countries within ten months of initial filing; or (ii) prior to any statutory bar date under the applicable laws of the countries in which patent protection is sought, whichever is earlier.
- (2) Once the time period specified in paragraph (d) (1) above has elapsed, the FOUNDATION shall be entitled to all rights, title and interest to the invention in all remaining countries, and the non-disclosure provision of paragraph 6 (b) will no longer apply.
- (3) Patent rights of the GRANTEE and the FOUNDATION are subject to the applicable laws of the countries in which patent protection is sought.
- (e) For any FOUNDATION sponsored or supported research for which the GRANTEE holds a patent in a particular country, the FOUNDATION shall be entitled to 5% of the royalties (computed after payment of costs related to the patent application and its maintenance) from the manufacture, use or sale of the invention in that country. Royalties received by the FOUNDATION shall be used to further the purposes of the FOUNDATION.
- (f) The Governments of the United States and Israel shall be entitled to irrevocable, non-exclusive, royalty-free licenses to use for non-commercial and government purposes any invention referred to in paragraph 6 (a) above within their respective countries or within any third countries.
- (g) The FOUNDATION shall have the right to require the GRANTEE, its assignee or exclusive licensee to grant a non-exclusive, partially exclusive or exclusive license to a responsible applicant(s) within the United States or Israel and upon terms that are reasonable, if the GRANTEE, its assignee or exclusive licensee has not taken or is not expected to take effective steps to achieve practical application of the invention in the United States or Israel. For the purposes of these Guidelines, the term "practical application" shall mean: the manufacture in the case of a composition or product, the practice in the case of a product or method, the operation in the case of a machine or system, under such conditions as to establish that the invention is being utilized and that its benefits are available to the public on reasonable terms.
- (h) Any licensing agreement entered into by the Grantee or its assignee shall describe the FOUNDATION support for the research leading to the invention.
- (i) GRANTEES shall execute or have executed and promptly deliver to the FOUNDATION all instruments necessary to: (1) enable the Government of the United States and Israel to establish or confirm rights conferred under these Guidelines; and (2) convey title to the FOUNDATION and enable the FOUNDATION to obtain patent protection pursuant to paragraph 7 (d) (1) above.

8. COPYRIGHTS

- (a) Copyrights of FOUNDATION GRANTEES and other persons shall be accorded terms consistent with applicable international agreements and internationally recognized standards of protection.
- (b) Except as otherwise specified in the grant letter, the GRANTEE may own or permit others to own copyright in all writings produced in the performance of work under this grant. The GRANTEE agrees that if it or anyone else owns copyright in a writing, the FOUNDATION and the Governments of the United States and Israel shall have non-exclusive, non transferable, irrevocable, royalty-free licenses to exercise or have exercised for or on their behalf throughout the world all exclusive rights provided by any copyright. Such licenses will not include the right to sell copies of phonorecords of the copyrighted work to the public.

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- 9. The research shall be conducted in accordance with the highest ethical standards and all laws and regulations applicable and in such a manner as to minimize detrimental effects on humans, animals, plants and the environment.
- 10. Rights against the FOUNDATION under this Agreement may not be transferred or assigned to a third party without the written consent of the Executive Director of the FOUNDATION.
- 11. Notices sent by one party to the other by registered mail shall be deemed to have reached their destination at the end of 48 hours from the posting thereof.

הקדן חזן-לאומית למדע
 IN WITNESS WHEREOF THE PARTIES HAVE SET THEIR HANDS
 AND SIGNED THESE - ISRAEL
 SENIOR SCIENCE FOUNDATION


 THE FOUNDATION

 THE GRANTEE 11/7/02
 Senior Contract and Grant Analyst