

PENNSTATE



SPONSORED RESEARCH AGREEMENT

Agreement Number 70069

THIS AGREEMENT, effective this 7th day of October, 20 03, by and between The Pennsylvania State University (hereinafter referred to as "University") and City of Redlands, having a principal place of business at: Redlands, California (hereinafter referred to as "Sponsor").

RECITALS:

1. The research program contemplated by this Agreement is of mutual interest and benefit to University and Sponsor, will further the multiple missions of University (Instruction, Research, and Public Service) in a manner consistent with its status as a non-profit, tax-exempt, educational institution, and may derive benefits for Sponsor, University, and society by the advancement of science and engineering through discovery;
2. Sponsor has expressed a desire to engage University to create or enhance technologies that will assist in Sponsor's development and commercialization of new products and/or processes;
3. University's research capabilities reflect a substantial public investment which University, as a part of its mission as a Land Grant University, wishes to utilize in a cooperative and collaborative research effort with Sponsor in order to meet the above stated needs;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth below, the parties hereto agree to the following:

Article 1 - Definitions

As used herein, the following terms shall have the following meanings:

- 1.1 "Project" shall mean the research described in Appendix A hereof, under the direction of Fred S. Cannon (hereinafter referred to as "Principal Investigator").
- 1.2 "Intellectual Property" shall mean certain inventions and/or discoveries conceived and/or reduced to practice in performance of this Project and resulting patents, divisions, continuations, or substitutions of such applications and all reissues thereof, upon which a University employee or agent is a named inventor.
- 1.3 "Proprietary Information" shall mean any written information and data marked proprietary or non-written information and data disclosed which is identified at the time of disclosure as proprietary and is reduced to writing and transmitted to the other party within sixty (60) days of such non-written disclosure.

Article 2 - Period of Performance

Period of performance shall be from August 15, 2003 to December 31, 2004 (hereinafter referred to as "Period of Performance").

Article 3 - Research Work

University shall commence the performance of Project on the first day of Period of Performance and shall use reasonable best efforts to perform Project substantially in accordance with the terms and conditions of this Agreement.

Article 4 - Reports

The Principal Investigator shall furnish Sponsor with reports regarding Project as specified in Appendix A.

Article 5 - Fiscal Considerations

5.1 This is a cost reimbursable agreement. Total cost to Sponsor shall not exceed Eighty thousand dollars (\$ 80,000). Payments shall be made by Sponsor within thirty (30) days of receipt of monthly invoices.

5.2 University shall retain title to any equipment purchased with funds provided by Sponsor under this Agreement.

5.3 In the event of early termination of this Agreement pursuant to Article 10 hereof, Sponsor shall pay all reasonable costs and non-cancelable obligations incurred by University as of the date of termination.

Article 6 - Publicity

Neither party to this Agreement will use the name of the other party, nor of any member of the other party's employees, in any publicity, advertising, or news release without the prior written approval of an authorized representative of that party.

Article 7 - Publication

7.1 It is the purpose of this clause, in conjunction with Article 8 - Confidentiality, to balance Sponsor's need to protect commercially feasible technologies, products, or processes with University's public responsibility to freely disseminate scientific findings for the advancement of knowledge. University recognizes that the public dissemination of information based upon Research performed under this Agreement cannot contain Proprietary Information nor should it jeopardize Sponsor's ability to commercialize Intellectual Property developed hereunder. Further, University acknowledges that commercially sensitive information related to the design or composition of specified products or processes is not of general interest, while its confidentiality may be critical to the commercialization of said products or processes. Similarly, Sponsor recognizes that the scientific results of Project must be publishable and, subject to the confidentiality provisions of the Agreement, may be presented in forums such as symposia or international, national or regional professional meetings, or published in vehicles such as books, journals, websites, theses, or dissertations.

7.2 University agrees not to publish or otherwise disclose Proprietary Information. Sponsor agrees that University, subject to review by Sponsor, shall have the right to publish results of Project which are not proprietary

to the design or composition of specified products or processes derived from Project. Sponsor shall be furnished copies of any proposed publication or presentation at least 60 days before submission of such proposed publication or presentation. During that time, Sponsor shall have the right to review the material for Proprietary Information provided by Sponsor and to assess the patentability of any invention described in the material. If Sponsor decides that a patent application should be filed, the publication or presentation shall be delayed an additional seventy-five (75) days or until a patent application is filed, whichever is sooner. At Sponsor's request, Proprietary Information provided by Sponsor shall be deleted.

Article 8 - Confidentiality

- 8.1 Prior to disclosure of Proprietary Information to University by Sponsor, Sponsor shall notify Principal Investigator of its intent to disclose Proprietary Information; and Principal Investigator shall have the right to decline receipt of said information. Said Proprietary Information shall be sent only to Principal Investigator.
- 8.2 Each party to this Agreement agrees to treat Proprietary Information received from the other with the same degree of care with which it treats its own Proprietary Information and further agrees not to disclose such Proprietary Information to a third party without prior written consent from the party disclosing Proprietary Information.
- 8.3 The foregoing obligations of non-disclosure do not apply to Proprietary Information which:
- (a) was known to the recipient prior to the disclosure hereunder;
 - (b) was received from a third party not under an obligation of confidence to recipient;
 - (c) is in the public domain at the time of disclosure hereunder or subsequently entered the public domain without the fault of the recipient;
 - (d) has been independently developed by an employee of recipient that has not had access directly or indirectly to Proprietary Information, and recipient can substantiate any claim of independent development by written evidence; or
 - (e) is required to be disclosed by law.
- 8.4 Unless otherwise agreed to in writing, neither party hereto shall have any obligation of confidentiality under this Agreement after the earliest of either the fifth anniversary of the conclusion of Period of Performance or termination in accordance with Article 10.

Article 9 - Intellectual Property

- 9.1 The purpose of this clause is to balance Sponsor's ability to reasonably exploit, with due competitive advantage, the commercial viability of technologies, products, or processes with University's responsibility to ensure the broadest public benefit from the results of University research. University recognizes that one of the prime reasons Sponsor has entered this Agreement is an effort to secure, through the creation or enhancement of technologies, a market position with regard to its products or processes. At the same time, Sponsor recognizes that University has an obligation to utilize the knowledge and technology generated by University research in a manner which maximizes societal benefit and economic development and which provides for the education of graduate and undergraduate students.
- 9.2 University will promptly disclose to Sponsor in writing any Intellectual Property made during the Project performed hereunder. Such disclosure shall be sufficiently detailed for Sponsor to assess the commercial viability of the technology and shall be provided and maintained by Sponsor in confidence pursuant to the terms of Article 8. Sponsor shall have up to ninety (90) days from the receipt of the disclosure to inform University whether it elects to have University file a patent application thereon pursuant to the procedures set forth below.

9.3 All rights and title to Intellectual Property shall be subject to Sponsor's licensing terms below and belong to University. University, through its technology transfer organization, shall grant Sponsor an option to negotiate a license to Intellectual Property. Such license shall be non-exclusive or upon Sponsor's election (and to the extent University may be free to do so) exclusive within Sponsor's field of commercial interest. Terms and conditions of such license, including specification of sublicensing rights and royalties, are to be negotiated in good faith and agreed upon between University and Sponsor. This option shall extend until termination of the Agreement or upon filing of a patent application. Sponsor shall have upon election ninety (90) days to negotiate a license, which period can be extended by mutual agreement. In the event the parties fail to reach a mutually acceptable license agreement within the above specified time period, University shall be entitled to negotiate in good faith with one or more third parties a license under any Intellectual Property.

9.4 University shall promptly file and prosecute patent applications, using counsel of University's choice after due consultation with Sponsor. University shall keep Sponsor advised as to all developments with respect to application(s) and shall promptly supply copies of all papers received and filed in connection with the prosecution in sufficient time for Sponsor to comment. Sponsor's comments shall be taken into consideration. Sponsor shall reimburse University for all reasonable out-of-pocket costs incurred in connection with such preparation, filing, and prosecution of patent(s).

9.5 Within nine (9) months of the filing date of a U.S. patent application, the Sponsor shall provide to University a written list of foreign countries in which applications should be filed. If Sponsor elects to discontinue financial support of any patent prosecution, in any country, University shall be free to continue prosecution at University's expense. In such event, University shall have no further obligation to Sponsor in regard to such patent applications or patents.

9.6 Copyright to copyrightable materials, including computer software, resulting from Project shall vest in University with a royalty-free license to Sponsor for its non-commercial use. University shall grant Sponsor an option to license any such material(s) it wishes to develop for commercial purposes on reasonable terms and conditions, including a reasonable royalty, as the parties hereto agree in a subsequent writing.

9.7 Sponsor understands that University must comply with the provisions of the Bayh-Dole Act. To the extent that U. S. Government's approval may be deemed necessary to transfer license rights hereunder to Sponsor, Sponsor shall provide whatever reasonable assistance is required, and will reimburse University for all external costs associated therewith.

Article 10 - Termination

10.1 Either party may terminate this Agreement upon ninety (90) days prior written notice to the other.

10.2 In the event that either party hereto shall commit any material breach of or default in any terms or conditions of this Agreement, and also shall fail to reasonably remedy such default or breach within sixty (60) days after receipt of written notice thereof, the non-breaching party may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other party to such effect. Termination shall be effective as of the day of the receipt of such notice.

10.3 Termination of this Agreement by either party for any reason shall not affect the rights and obligations of the parties accrued prior to the effective date of termination of this Agreement, except insofar as Sponsor's breach of contract for failure to make payments under Article 5 shall cause Sponsor to forfeit its rights under Article 9. The rights and obligations of Article 8 of this Agreement shall survive termination.

Article 11 - Independent Contractor

11.1 In the performance of project, University shall be deemed to be and shall be an independent contractor.

11.2 Neither party hereto is authorized or empowered to act as agent for the other for any purpose and shall not on behalf of the other enter into any contract, warranty, or representation as to any matter. Neither party shall be bound by the acts or conduct of the other.

Article 12 - Indemnity

Each party assumes all risks of personal injury, bodily injury including death, and property damage caused by the negligent acts or omissions of that party. Except as provided above, Sponsor shall fully indemnify and hold harmless University against all claims arising out of Sponsor's use, commercialization, or distribution of information, materials or products which result in whole or in part from the research performed pursuant to this Agreement. Sponsor will hold University harmless from any claims arising from third party claims that the work performed hereunder infringes third party intellectual property rights. University has no knowledge of any such claims.

Article 13 - Notices

Notices, invoices, communications, and payments hereunder shall be deemed made if given by overnight courier or by registered or certified envelope, post prepaid, and addressed to the party to receive such notice, invoice or communication at the address given below or such other address as may hereafter be designated by notice in writing:

If to Sponsor:

Name/Title _____
Address _____
Address _____
City/State/Zip _____

Phone: _____
Fax: _____
Email: _____

If to University:

Robert Killoren
Assistant Vice President for Research
Office of Sponsored Programs
The Pennsylvania State University
110 Technology Center
University Park, PA 16802

Phone: 814-865-3396
Fax: 814-865-3377
Email: osp@psu.edu

If Payment Matters:

Research Accounting
The Pennsylvania State University
313 Rider Building
120 South Burrowes Street
University Park, PA 16801

Phone: 814-865-7525
Fax: 814-865-3910
Email: res-acct@psu.edu

If Technical Issue:

PI **Fred S. Cannon**
Title **Associated Professor**
Campus Address **212 Sackett**
The Pennsylvania State University
City/State/Zip **University Park, PA 16802**

Phone: **814-863-8754**
Fax: **814-863-7304**
Email: **fsc1@psu.edu**

Notice given pursuant to this Article shall be effective as of the day of receipt of notice.

Article 14 - Governing Law

This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Article 15 - Dispute Resolution

Any and all claims, disputes or controversies arising under, out of, or in connection with this Agreement, which the parties hereto shall be unable to resolve within sixty (60) days, shall be mediated in good faith. The party raising such dispute shall promptly advise the other party of such claim, dispute or controversy in writing which describes in reasonable detail the nature of such dispute. By not later than five (5) business days after the recipient has received such notice of dispute, each party shall have selected for itself a representative who shall have the authority to bind such party, and shall additionally have advised the other party in writing of the name and title of such representative. By not later than ten (10) business days after the date of such notice of dispute, the party against whom the dispute shall be raised shall select a mediation firm in Pennsylvania and such representatives shall schedule a date with such firm for a mediation hearing not to exceed one (1) day in length, and less where applicable. The parties shall enter into good faith mediation and shall share the costs equally. If the representatives of the parties have not been able to resolve the dispute within fifteen (15) business days after such mediation hearing, the parties shall have the right to pursue any other remedies legally available to resolve such dispute in either the Courts of the Common Pleas of Centre County of Pennsylvania or in the United States District Court for the Middle District of Pennsylvania, to whose jurisdiction for such purposes the University and Sponsor each hereby irrevocably consents and submits.

Notwithstanding the foregoing, nothing in this clause shall be construed to waive any rights or timely performance of any obligations existing under this Agreement.

Article 16 - General Provisions

16.1 *Non-assignability* -- The rights and obligations of the parties under this Agreement shall not be assignable without written permission of the other party.

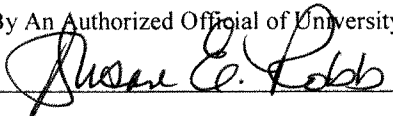
16.2 *Severability* -- If any provision hereof is held unenforceable or void, the remaining provisions shall be enforced in accordance with their terms.

16.3 *Entire Agreement* -- This Agreement contains the entire and only agreement between the parties respecting the subject matter hereof and supersedes or cancels all previous negotiations, agreements, commitments and writings between the parties on the subject of this Agreement. Should processing of this Agreement require issuance of a purchase order or other contractual document, all terms and conditions of said document are hereby deleted in entirety. This Agreement may not be amended in any manner except by an instrument in writing signed by the duly authorized representatives of each of the parties hereto.

16.4 *Export Control Regulations* -- Sponsor agrees that it shall comply with all applicable export control regulations of the United States of America. Sponsor shall be responsible for obtaining all information regarding such regulations that is necessary for Sponsor to comply with such regulations.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in duplicate as of the day and year first above written.

By An Authorized Official of University



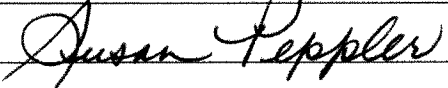
Name: Susan E. Robb
Title: Senior Associate Director
of Sponsored Programs

Date: October 1, 2003

Approved by ACOR Executive Committee - 11/01/00

By An Authorized Official of Sponsor

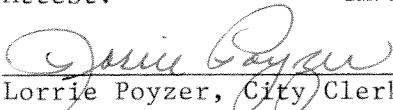
CITY OF REDLANDS

Name: 
Title: Susan Peppler, Mayor Pro Tem

Date: October 7, 2003

Attest:

Last Updated 11/01/2000


Lorrie Poyzer, City Clerk