DEFENSE

Research and Development

Memorandum of Agreement Between
the UNITED STATES OF AMERICA
and ISRAEL

Signed at Washington and Tel Aviv
February 7 and March 24, 2005

with

Annex

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

". . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

ISRAEL

Defense: Research and Development

Memorandum of agreement signed at
Washington and Tel Aviv
February 7 and March 24, 2005;
Entered into force March 24, 2005.
With annex.

MEMORANDUM OF AGREEMENT

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE MINISTRY OF DEFENSE

OF THE STATE OF ISRAEL

CONCERNING

COMBATING TERRORISM RESEARCH AND DEVELOPMENT

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PREAMBLE

The Department of Defense of the United States of America (U.S. DoD) and the Ministry of Defense of the State of Israel (Israeli MOD), hereinafter referred to as the "Parties":

Having a common interest in combating terrorism research and development to satisfy common operational requirements;

Seeking to make the best use of their respective research and development capacities, eliminate unnecessary duplication of work and obtain the most efficient and cost-effective results through cooperation in combating terrorism research and development;

Aiming to share both the costs and benefits resulting from the program efforts; and

Desiring to improve combating terrorism capabilities through the application of state-of-the-art and emerging technology;

Have agreed as follows:

ARTICLE I

DEFINITIONS

The Parties have agreed upon the following definitions for terms used in this Memorandum of Agreement (hereinafter the Agreement):

Classified Information	Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking. This information may be in oral, visual, magnetic or documentary form or in the form of equipment or technology.
Contract	Any mutually binding legal relationship under national laws which obligates a Contractor to furnish supplies or services, and obligates one or both of the Parties to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Parties. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Party, which has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Party who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Party's Contracting Agency.
Contractor Support Personnel	Persons specifically identified in support Contracts who provide administrative, managerial, scientific, or technical support

	services to a Party under a Contract with that Party that prohibits using information received under the Contract for any other purpose.
Controlled Unclassified Information	Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. Whether the information is provided or generated under this Agreement, the information shall be marked to identify its "in confidence" nature. U.S. export controlled technical data shall be marked as "International Traffic in Arms Regulations (ITAR) - Controlled". Israeli export controlled technical data shall be marked as "Israeli Controlled Unclassified Information". It could include information, which has been declassified, but remains controlled.
Cost Ceiling	The maximum amount of financial and non-financial contributions which will be dedicated to the Program.
Defense Purposes	Manufacture or other use by or for the armed forces of the Parties. "Other use" shall include the Parties' authorization of other agencies of their respective federal governments to access and use Program Foreground Information for the purpose of combating terrorism.
Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this Agreement.
Financial Costs	Program costs met with monetary contributions.
Non-financial Costs	Program costs met with non-monetary contributions.
Party	A signatory to this Agreement represented by its military and civilian personnel. Contractors and Contractor Support Personnel shall not be representatives of a Party

	under this Agreement.
Patent	Legal protection of the right to exclude others from making, using, or selling an invention. The term refers to any and all Patents including, but not limited to, Patents of implementation, improvement or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Program	The cooperative efforts of the Parties under this Agreement, consisting of all of the individual combating terrorism implementing arrangements consisting of Tasks performed under this Agreement.
Program Background Information	Information not generated in the performance of the Program.
Program Equipment	Any materiel, equipment, end item, subsystem, component, Special Tooling or test equipment jointly acquired or provided for use in the Program.
Program Foreground Information	Information generated in the performance of the Program.
Program Information	Any information provided to, generated in, or used in the Program regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, computer software, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, Patent, or other legal protection.

Program Invention	Any invention or discovery formulated or made (conceived or first actually reduced to practice) in the course of work performed under the Program. The term, "first actually reduced to practice", means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.
Special Tooling	Jigs, dies, fixtures, molds, patterns, tapes, gauges, other equipment and manufacturing aids, and all components of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services and excluding materiel, special test equipment, facilities (except foundations and similar improvements necessary for installing Special Tooling) general or special machine tools or similar capital items.
Task	A cooperative research and development effort under this Agreement that complies with the objectives in Article II (Objectives) and the scope of work in Article III (Scope of Work) of this Agreement, and which is executed in accordance with a Task Plan.
Task Plan	An implementing arrangement that contains a detailed description of a Task to be accomplished under this Agreement, including a statement of work and provisions regarding the sharing of work, work schedule, costs, and management.
Then Year (TY) Dollars	U.S. Dollars which reflect purchasing power at the time expenditures are actually made. Then Year U.S. Dollars are projected actual amounts to be paid.
Third Party	A government other than the government of a

Party and any person or other entity whose government is not the government of a Party.

ARTICLE II

OBJECTIVES

2.1. The objectives of the Program are:

2.1.1. To develop combating terrorism technology and prototype capabilities, equipment, and systems that will help deter, detect, surveil, and identify terrorists, neutralize them and their weapons, and reduce the probability of terrorist incidents by enabling better preparation for and response to them.

2.1.2. To evaluate and test existing and newly developed prototype capabilities, equipment and systems.

2.1.3. To integrate or adapt existing and newly developed prototype capabilities, equipment and systems to reduce overall developmental costs.

ARTICLE III

SCOPE OF WORK

3.1. The overall work to be undertaken under this Agreement involves the research and development, test and evaluation of prototype combating terrorism technology in the following areas:

3.1.1. Developing countermeasures to surveil, detect, prevent, deter, and respond effectively to terrorist acts;

3.1.2. Developing capabilities that reduce the vulnerability and enable better preparation and response to terrorist attacks; and

3.1.3. For selective Tasks, planning to transition these efforts identified in paragraphs 3.1.1 and 3.1.2 to formal defense acquisition programs.

3.2. Both Parties shall test and evaluate existing and newly developed prototype technology in laboratory, field and operationally relevant settings. Final detailed test reports, to include test data, shall be provided to both Parties.

3.3. Simulated operational exercises and user evaluations may be performed to evaluate and/or define the state of existing and prototype technology.

3.4. Tasks shall be accomplished under implementing arrangements known as Task Plans and shall generally conform to the model in Annex A (Sample Task Plan). Each Task Plan shall include specific provisions concerning the objectives, classification, statement of work, sharing of work, breakdown and schedule of work, financial provisions, management, and principle organizations involved for the applicable Task Plan. The provisions of this Agreement shall govern all activities conducted pursuant to the applicable Task Plans.

ARTICLE IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. The Program shall be directed and administered on behalf of the Parties by an organization consisting of a Steering Committee (SC) and Program Managers (PMs) appointed by the Parties. The SC shall provide policy oversight for the Program. The PMs shall be responsible for the technical execution of the overall Program. The Parties shall maintain and fund their own organizations for managing the Program.

4.2. The SC shall consist of a representative appointed by each Party. The SC shall meet semi-annually, unless otherwise decided by the SC. Each meeting of the SC shall be chaired by the representative of the Party hosting the meeting. Decisions of the SC shall be made unanimously. In the event that the SC is unable to reach a timely decision on an issue, each SC representative shall refer the issue to a higher authority for resolution. In the meantime, the approved Task Plan shall continue to be implemented without interruption under the direction of the PMs while the issue is being resolved by higher authority.

4.3. The SC shall be responsible for:

4.3.1. Exercising executive-level policy oversight of the overall Program.

4.3.2. Approving the Task Plans and amendments thereto developed by the PMs.

4.3.3. Reviewing the technical progress of the Program against the Task Plans.

4.3.4. Reviewing the financial status of the Program to ensure compliance with the provisions of Article V (Financial Provisions).

4.3.5. Approving the Financial Management Procedures Document (FMPD) required in paragraph 5.8 of Article V (Financial Provisions).

4.3.6. Approving plans developed by the PMs to manage and control the transfer of Program Equipment provided by either Party to support the execution of the Program in accordance with Article VII (Program Equipment).

4.3.7. Approving plans developed by the PMs for the disposal of property jointly acquired under this Agreement in accordance with Article VII (Program Equipment).

4.3.8. Monitoring Third Party sales and transfers authorized in accordance with Article XII (Third Party Sales and Transfers).

4.3.9. Resolving Program issues brought forth by the PMs.

4.3.10. Providing oversight of the security aspects of the Program, including reviewing and obtaining approval from the appropriate Designated Security Authority of a Program Security Instruction and a Classification Guide prior to the transfer of Classified Information or Controlled Unclassified Information.

4.3.11. Reviewing and forwarding to the Parties for approval recommended amendments to this Agreement in accordance with Article XVIII (Amendment, Termination, Entry Into Force, and Duration).

4.4. A Program office shall be established in the Combating Terrorism Technology Support Office in the United States, and in the DDR&D-MAFAT in Israel. The Assistant Secretary of Defense for Special Operations/Low Intensity Conflict shall appoint the U.S. PM, and the DDR&D-MAFAT of the Israeli MOD shall appoint the Israeli PM. The PMs shall be responsible for implementing this Agreement and for carrying out the overall Program.

4.5. For matters under their cognizance the PMs shall be responsible for:

4.5.1. Managing the cost, schedule, performance requirements, and the technical, security, and financial aspects of the overall Program.

4.5.2. Developing Task Plans and any amendments thereto for the SC's approval.

4.5.3. Executing the financial aspects of the Program in accordance with Article V (Financial Provisions).

4.5.4. Preparing and submitting the FMPD for SC approval.

4.5.5. Developing and forwarding to the SC a Program Security Instruction and a Classification Guide for the Program within three months after Agreement signature, and implementing them upon final approval.

4.5.6. Developing and implementing SC-approved plans to manage and control the transfer of Program Equipment provided by either Party in accordance with Article VII (Program Equipment).

4.5.7. Developing and implementing SC-approved plans for the disposal of property jointly acquired under this Agreement in accordance with Article VII (Program Equipment).

4.5.8. Referring Program issues to the SC that cannot be resolved by the PMs.

4.6. For each Task, each Party shall appoint a Task Manager, who shall be identified in the Task Plan. The Task Managers shall be responsible for the day-to-day execution of the Task Plan and shall submit quarterly status reports to each PM.

ARTICLE V

FINANCIAL PROVISIONS

5.1. The Parties estimate that the performance of the obligations under this Agreementshall not cost more than a Cost Ceiling of 250 million Then Year (TY) U.S. dollars. The Cost Ceiling may be changed only upon the written agreement of the Parties. The U.S. dollar shall be the reference currency for the Program, and the Program fiscal year shall be the U.S. fiscal year (which commences 1 October and terminates 30 September).

5.2. Each Party shall contribute its equitable share of the full Financial Costs and Non-financial Costs of the Program, including overhead costs, administrative costs, and costs of claims, and shall receive an equitable share of the results of the Program.

5.3. The full Financial Costs and Non-financial Costs of the Program, as identified in this Article of this Agreement, shall be shared according to the following percentages:

Party	Percentage Share
U.S. DoD	50%
Israeli MOD	50%

The Parties recognize that each Task may not reflect the overall 50/50 cost share for the Program. However, over the duration of the Program, the Program shall reflect the 50/50 cost share.

5.4. Military assistance and financing received from the United States Government may not be used by the Israeli MOD to provide its share of the cost of the Program.

5.5. Participation in the Program shall include both financial and non-financial contributions to directly support Program efforts. The financial contributions and non-financial contributions for each Task shall be specified in the Task Plan for that Task.

5.6. Each Party shall bear the costs it incurs for performing, managing, and administering its activities under this Agreement

and all such costs shall be included as part of each Party's contribution to the Program. These costs include salaries, travel and per diem for each Party's Program personnel, as approved by the SC, as well as any Contract costs.

5.7. The following costs are not Program costs and shall be borne entirely by the Party incurring the costs or on whose behalf the costs are incurred:

5.7.1. Costs associated with any unique national requirements identified by a Party.

5.7.2. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this Agreement.

5.8. The PMs shall be responsible for establishing the detailed financial management procedures under which the Program shall operate. These procedures, which must accord with the national accounting and audit requirements of the Parties, shall be detailed in a Financial Management Procedures Document (FMPD) prepared by the PMs and subject to the approval of the SC. Each Party shall fund the Task Plans in accordance with the estimated schedule of financial contributions contained in the FMPD which shall be consistent with paragraph 5.10.

5.9. A Party shall promptly notify the other Party if available funds are not adequate to fulfill its obligations under the Program. If a Party notifies the other Party that it is terminating or reducing its funding for the Program, both Parties shall immediately consult with a view toward continuation on a modified basis.

5.10. The Parties recognize that it may become necessary for one Party to incur contractual or other obligations for the benefit of the other Party prior to the receipt of the other Party's funds. In the event that one Party incurs such obligations, the other Party shall make such funds available in such amounts and at such times as may be required by the Contract or other obligation, and shall pay any damages and costs that may accrue from the performance of, or cancellation of, the Contract or other obligation in advance of the time such payments, damages, or costs are due.

ARTICLE VI

CONTRACTING PROVISIONS

6.1. If either Party determines that Contracting is necessary to fulfill that Party's obligations under Article III (Scope of Work) of this Agreement, that Party shall contract in accordance with its respective national laws, regulations and procedures. Sources from both Parties' industries shall be allowed to compete on an equal basis for such Contracts.

6.2. When one Party individually contracts to perform a task under this Agreement in accordance with paragraph 6.1. of this Article, it shall be solely responsible for its own Contracting and the other Party shall not be subject to any liability arising from such Contracts without its written consent.

6.3. Each Party may, upon request, make use of the other Party's Contracting Agency in the event that Contracting on behalf of the requesting Party or both Parties is required to implement this Agreement. The Contracting Agency so used shall place Contracts in accordance with its respective national laws, regulations, and procedures, with such waivers and deviations as its procedures permit and as deemed necessary to implement this Agreement. Sources from both Parties' industries shall be allowed to compete on an equal basis for such Contracts. The Contracting Party's Contracting Officer shall be the exclusive source for providing contractual directions and instructions to the Contractors.

6.4. For all Contracting activities performed by either Party, the PMs shall develop statements of work prior to the development of solicitations that are consistent with the provisions of this Agreement.

6.5. For Contracting activities performed by either Party, a PM shall be provided, upon request, a copy of Contracts issued by the other Party.

6.6. Each Party's Contracting Agency shall negotiate to obtain the rights to use and disclose Program Information required by Article VIII (Disclosure and Use of Program Information). Each Party's Contracting Agency shall insert into its prospective Contracts (and require its subcontractors to insert in subcontracts) suitable provisions to satisfy the requirements of this Agreement, including Article VIII (Disclosure and Use of

Program Information), Article IX (Controlled Unclassified Information), Article XI (Security), Article XII (Third Party Sales and Transfers), and Article XVII (General Provisions) concerning compliance with the Parties' export control laws and export control regulations. During the Contracting process, each Party's Contracting Officer shall advise prospective Contractors of their obligation to immediately notify the Contracting Agency, before Contract award, if they are subject to any license or agreement that shall restrict that Party's freedom to disclose information or permit its use. The Contracting Officer shall also advise prospective Contractors to employ their best efforts not to enter into any new agreement or arrangement that will result in restrictions.

6.7. In the event a Party's Contracting Agency is unable to secure adequate rights to use and disclose Program Information as required by Article VIII (Disclosure and Use of Program Information), or is notified by Contractors or potential Contractors of any restrictions on the disclosure and use of information, that Party's PM shall notify the other Party's PM of the restriction(s), and the PMs shall submit the matter to the SC for resolution.

6.8. The transfer of export-controlled information furnished by one Party shall be authorized by the Government of the furnishing Party only to those Contractors of the other Party who shall limit the end use of the information received for the sole purpose of furthering the purposes authorized under this Agreement. The Parties shall establish legal arrangements with their Contractors to ensure that their Contractors do not retransfer or otherwise use export controlled information for any purpose other than the purposes authorized under this Agreement. Such legal arrangements shall also provide that the Contractor shall not retransfer the export-controlled information to another Contractor without the Government of the furnishing Party's consent.

6.9. Each Party's PM shall promptly advise the other Party's PM of any cost growth, schedule delay, or performance problems of any Contractor for which its Contracting Agency is responsible.

ARTICLE VII

PROGRAM EQUIPMENT

7.1. Each Party may provide Program Equipment identified as being necessary for executing the Agreement to the other Party. Program Equipment shall remain the property of the providing Party. A list of all Program Equipment provided by one Party to another Party shall be developed and maintained by the PM, approved by the SC, and incorporated into the Task Plans in accordance with Annex A (Sample Task Plan).

7.2. The receiving Party shall maintain any such Program Equipment in good order, repair, and operable condition. Unless the providing Party has authorized the Program Equipment to be expended or otherwise consumed without reimbursement to the providing Party, the receiving Party shall return the Program Equipment to the providing Party in as good condition as received, normal wear and tear excepted, or return the Program Equipment and pay the cost to restore it. If the Program Equipment is damaged beyond economical repair, the receiving Party shall return the Program Equipment to the providing Party (unless otherwise specified in writing by the providing Party) and pay the replacement value, which shall be computed pursuant to the providing Party's national laws and regulations. If the Program Equipment is lost while in the custody of the receiving Party, the receiving Party shall issue a certificate of loss to the providing Party and pay the replacement value.

7.3. The providing Party shall deliver Program Equipment to the receiving Party at a mutually agreed location. Possession of the Program Equipment shall pass from the providing Party to the receiving Party at the time of receipt of the Program Equipment. Any further transportation is the responsibility of the receiving Party.

7.4. All Program Equipment that is transferred shall be used by the receiving Party only for the purposes of carrying out this Agreement, unless otherwise consented to in writing by the Government of the providing Party. In addition, in accordance with Article XII (Third Party Sales and Transfers), Program Equipment shall not be re-transferred to a Third Party without the prior written consent of the Government of the providing Party.

7.5. Program Equipment transferred to one Party under this Agreement shall be returned to the providing Party prior to the termination or expiration of this Agreement.

7.6. Any Program Equipment which is jointly acquired on behalf of both Parties for use under this Agreement shall be disposed of during the Program or when the Program ceases, as agreed by the SC.

7.7. Disposal of jointly acquired equipment may include a transfer of the interest of one Party in such Program Equipment to the other Party, or the sale of such equipment to a Third Party in accordance with Article XII (Third Party Sales and Transfers) of this Agreement. The Parties shall share the consideration from jointly acquired Program Equipment transferred or sold to a Third Party in the same ratio as costs are shared under this Agreement.

ARTICLE VIII

DISCLOSURE AND USE OF PROGRAM INFORMATION

8.1. General

8.1.1. Both Parties recognize that successful collaboration depends on full and prompt exchange of information necessary for carrying out the Program. The Parties intend to acquire sufficient Program Information and rights to use such information to enable the development of technology and prototype equipment. The nature and amount of Program Information to be acquired shall be consistent with the objectives stated in Article II (Objectives) and Article III (Scope of Work). Transfer of such information to Contractors shall be in accordance with each Party's applicable export control laws and export control regulations.

8.2. Government Program Foreground Information

8.2.1. Disclosure: All Program Foreground Information generated by a Party's military personnel or civilian employees shall be disclosed without charge to both Parties.

8.2.2. Use: Each Party may use or have used all Government Program Foreground Information without charge for Defense Purposes. The Party generating Government Program Foreground Information shall also retain its rights of use thereto. Any sale or other transfer to a Third Party, shall be subject to the provisions of Article XII (Third Party Sales and Transfers) of this Agreement.

8.3. Government Program Background Information

8.3.1. Disclosure: Each Party, upon request, shall disclose without charge to the other Party any relevant Government Program Background Information generated by its military personnel or civilian employees, provided that:

8.3.1.1. Such Program Background Information is necessary to or useful in the Program, with the Party in possession of the information determining, after consulting with the requesting Party, whether it is "necessary to" or "useful in" the Program;

8.3.1.2. Such Program Background Information may be made available without incurring liability to holders of proprietary rights;

8.3.1.3. Disclosure is in accordance with national disclosure policies and regulations of the furnishing Party; and

8.3.1.4. Any disclosure or transfer of such Government Program Background Information to Contractors is in accordance with the furnishing Party's export control laws and export control regulations.

8.3.2. Use: Government Program Background Information furnished by one Party to the other may be used without charge by or for the other Party for Program Purposes only; however, the furnishing Party shall retain all its rights with respect to such Program Background Information.

8.4. Contractor Program Foreground Information

8.4.1. Disclosure: Program Foreground Information generated and delivered by Contractors shall be disclosed without charge to both Parties. Program Foreground Information generated by a Contractor, but not delivered, shall be made available upon the request of a Party at the cost of the Information's conversion into the prescribed form and the cost of reproduction and delivery as permitted in accordance with the terms of the applicable Contract. Such costs shall be borne by the requesting Party in accordance with Article V (Financial Provisions) paragraph 5.7. and shall not be considered a Program cost.

8.4.2. Use: Each Party may use or have used without charge for its Defense Purposes all Contractor

Program Foreground Information generated and delivered by Contractors of the other Party, including without limitation the results of any testing or evaluation resulting from Project Equipment or materiel loaned under this Agreement. The Party whose Contractors generate and deliver Contractor Program Foreground Information shall also retain its rights of use thereto in accordance with the applicable Contract(s). Any sale or other transfer to a Third Party of Contractor Program Foreground Information shall be subject to the provisions of Article XII (Third Party Sales and Transfers) of this Agreement.

8.5. Contractor Program Background Information

8.5.1. Disclosure: A Contracting Party shall make available to the other Party without charge all Program Background Information generated and delivered by Contractors which is delivered under Contracts awarded in accordance with this Agreement. Any other Program Background Information which is generated by Contractors under Contracts awarded outside of this Agreement and which is in the possession of one Party shall be made available without charge to the other Party upon its request, provided the following conditions are met:

8.5.1.1. Such Program Background Information is necessary to or useful in the Program, with the Party in possession of the information determining, after consultation with the other Party, whether it is "necessary to" or "useful in" the Program;

8.5.1.2. Such Program Background Information may be made available without incurring liability to holders of proprietary rights;

8.5.1.3. Disclosure is in accordance with national disclosure policies and regulations of the furnishing Party; and

8.5.1.4. Any disclosure or transfer of such Contractor Program Background Information to

Contractors is in accordance with the furnishing Party's export control laws and export control regulations.

8.5.2. Use: All Program Background Information delivered by Contractors under Contracts awarded in accordance with this Agreement may be used by or for a receiving Party without charge for Defense Purposes, subject to any restrictions by holders of proprietary rights other than the Parties. Any other Program Background Information furnished by one Party's Contractors and disclosed to the other Party may be used without charge by or for the other Party for Program Purposes, and may be subject to further restrictions by holders of proprietary rights; however, the furnishing Party shall retain all its rights with respect to such Program Background Information.

8.6. Alternative Uses of Program Information

8.6.1. The prior written consent of the Government of each Party shall be required for the use of Program Foreground Information for purposes other than those provided for in this Agreement.

8.6.2. Any Program Background Information provided by one Party shall be used by the other Party only for the purposes set forth in this Agreement, unless otherwise consented to in writing by the Government of the providing Party.

8.7. Proprietary Program Information

8.7.1. All Program Information subject to proprietary interests shall be identified and marked, and it shall be handled as Controlled Unclassified Information.

8.7.2. The provisions of the March 3, 1983 Industrial Security Annex to the General Security of Information Agreement between the Government of the United States and the Government of Israel, signed on March 19, 1979, General Security of Information Agreement effected by exchange of notes at Tel Aviv and Jerusalem of July 30 and

shall apply to proprietary Program Information related to this Agreement.

8.8. Patents

8.8.1. Each Party shall include in all its Contracts for the Program a provision governing the disposition of rights in regard to Program Inventions and Patent rights relating thereto, which either:

8.8.1.1. Provides that the Party shall hold title to all such Program Inventions together with the right to make Patent applications for the same, free of encumbrance from the Contractor concerned; or

8.8.1.2. Provides that the Contractor shall hold title (or may elect to retain title) for such Program Inventions together with the right to make Patent applications for the same, while securing for the Parties a license for the Program Inventions, and any Patents thereto, on terms in compliance with the provisions of paragraph 8.8.2 below.

8.8.2. In the event that a Contractor holds title (or elects to retain title) for any Program Invention, the Contracting Party shall secure for the other Party non-exclusive, irrevocable, royalty-free licenses under all Patents secured for that invention, to practice or have practiced the patented Program Invention for Defense Purposes.

8.8.3. The provisions of subparagraphs 8.8.4 through 8.8.8 below shall apply in regard to Patent rights for all Program Inventions made by the Party's military personnel or civilian employees, and for all Program Inventions made by Contractors for which the Contracting Party holds title or is entitled to acquire title.

8.8.4. Where a Party has or can secure the right to file a Patent application with regard to a Program Invention, that Party shall consult with the other Party regarding the filing of a Patent application for such Program Invention. The

Party which has or receives title to such Program Invention shall, in other countries, file, cause to be filed, or provide the other Party with the opportunity to file on behalf of the Party holding title, Patent applications covering that Program Invention. If a Party, having filed or caused to be filed a Patent application, decides to stop prosecution of the application or ceases to maintain a Patent which has been granted or issued on that application, that Party shall notify the other Party of that decision and permit the other Party to continue the prosecution, or maintain the Patent as the case may be.

8.8.5. Each Party shall be furnished with copies of the Patent applications filed and Patents granted with regard to Program Inventions.

8.8.6. Each Party shall grant to the other Party a non-exclusive, irrevocable, royalty-free license under its Patents for Program Inventions, to practice or have practiced the Program Inventions throughout the world for Defense Purposes.

8.8.7. Patent applications to be filed under this Agreement which contain Classified Information, shall be protected and safeguarded in accordance with the requirements contained in the Agreement Approving the Procedures for Reciprocal Filing of Classified Patent Applications in the U.S. and Israel, of July 10, 1959 and its Implementing Procedures.

8.8.8. Each Party shall notify the other Party of any Patent infringement claims made in its territory arising in the course of work performed under the Program. Insofar as possible, the other Party shall provide information available to it that may assist in defending the claim. Each Party shall be responsible for handling all Patent infringement claims made in its territory, and shall consult with the other Party during the handling, and prior to any settlement, of such claims. The Parties shall share the costs of resolving Patent infringement claims in the same percentage as they share the costs of the Program. The Parties shall, in accordance with their national laws and practices, give their authorization and consent for all use and manufacture in the course of work performed under the

Program of any invention covered by a Patent issued by their respective countries.

ARTICLE IX

CONTROLLED UNCLASSIFIED INFORMATION

9.1. Except as otherwise provided in this Agreement or as authorized in writing by the Government of the originating Party, Controlled Unclassified Information provided or generated pursuant to this Agreement shall be controlled as follows:

9.1.1. Such information shall be used only for the purposes authorized for use of Program Information as specified in Article VIII (Disclosure and Use of Program Information).

9.1.2. Access to such information shall be limited to personnel whose access is necessary for the permitted use under subparagraph 9.1.1., and shall be subject to the provisions of Article XII (Third Party Sales and Transfers).

9.1.3. Each Party shall take all lawful steps, which may include national classification, available to it to keep such information free from further disclosure (including requests under any legislative provisions), except as provided in subparagraph 9.1.2., unless the Government of the originating Party consents to such disclosure. In the event of unauthorized disclosure, or if it becomes probable that the information may have to be further disclosed under any legislative provision, immediate notification shall be given to the originating Party.

9.2. To assist in providing the appropriate controls, the originating Party shall ensure that Controlled Unclassified Information is appropriately marked. The Parties shall decide, in advance and in writing, on the markings to be placed on the Controlled Unclassified Information. The appropriate markings shall be defined in the Program Security Instruction.

9.3. Controlled Unclassified Information provided or generated pursuant to this Agreement shall be handled in a manner that ensures control as provided for in paragraph 9.1.

9.4. Prior to authorizing the release of Controlled Unclassified Information to Contractors, the Parties shall

ensure the Contractors are legally bound to control such information in accordance with the provisions of this Article.

ARTICLE X

VISITS TO ESTABLISHMENTS

10.1. Each Party shall permit visits to its government establishments, agencies and laboratories, and Contractor industrial facilities by employees of the other Party or by employees of the other Party's Contractor(s), provided that the visit is authorized by both Parties and the employees have any necessary and appropriate security clearances and a need-to-know.

10.2. All visiting personnel shall be required to comply with security regulations of the hosting Party. Any information disclosed or made available to visitors shall be treated as if supplied to the Party sponsoring the visiting personnel, and shall be subject to the provisions of this Agreement.

10.3. Requests for visits by personnel of one Party to a facility of the other Party shall be coordinated through official channels, and shall conform with the established visit procedures of the host country. Requests for visits shall bear the name of the Program.

10.4. Lists of personnel of each Party required to visit, on a continuing basis, facilities of the other Party shall be submitted through official channels in accordance with recurring international visit procedures.

ARTICLE XI

SECURITY

11.1. All Classified Information and materiel provided or generated pursuant to this Agreement shall be stored, handled, transmitted, and safeguarded in accordance with the General Security of Information Agreement between the Government of the United States and the Government of Israel, dated 10 December 1982, and including the Industrial Security Annex thereto, of 3 March 1983.

11.2. Classified Information shall be transferred only through official government-to-government channels or through channels approved by the Designated Security Authorities (DSAs) of the Parties. Such Classified Information shall bear the level of classification, denote the country of origin, the conditions of release, and the fact that the information relates to this Agreement.

11.3. Each Party shall take all lawful steps available to it to ensure that Classified Information provided or generated pursuant to this Agreement is protected from further disclosure, except as permitted by paragraph 11.8., unless the other Party consents to such disclosure. Accordingly, each Party shall ensure that:

11.3.1. The recipient shall not release the Classified Information to any government, national, organization, or other entity of a Third Party except as permitted under the procedures set forth in Article XII (Third Party Sales and Transfers).

11.3.2. The recipient shall not use the Classified Information for other than the purposes provided for in this A.

11.3.3. The recipient shall comply with any distribution and access restrictions on information that is provided under this Agreement.

11.4. The Parties shall investigate all cases in which it is known or where there are grounds for suspecting that Classified Information provided or generated pursuant to this Agreement has been lost or disclosed to unauthorized persons. Each Party also

shall promptly and fully inform the other Party of the details of any such occurrences, and of the final results of the investigation and of the corrective action taken to preclude recurrences.

11.5. The PMs shall prepare a Program Security Instruction (PSI) and a Classification Guide (CG) for the Program. The PSI and the CG shall describe the methods by which Program Information and shall be classified, marked, used, transmitted, and safeguarded. The PSI and CG shall be developed by the PMs within three months after this Agreement enters into force. They shall be reviewed and forwarded to the Parties' DSAs for approval and shall be applicable to all government and Contractor personnel participating in the Program. The CG shall be subject to regular review and revision with the aim of downgrading the classification whenever this is appropriate. The PSI and the CG shall be approved by the appropriate DSA prior to the transfer of any Classified Information or Controlled Unclassified Information.

11.6. The DSA of the Party in which a classified Contract is awarded will assume responsibility for administering within its territory security measures for the protection of the Classified Information, in accordance with its laws and regulations. Prior to the release to a Contractor, prospective Contractor, or Subcontractor of any Classified Information received under this Agreement, the DSAs will:

11.6.1. Ensure that such Contractor, prospective Contractor or Subcontractor and their facility(ies) have the capability to protect the Classified Information adequately.

11.6.2. Grant a security clearance to the facility(ies), if appropriate.

11.6.3. Grant a security clearance for all personnel whose duties require access to Classified Information, if appropriate.

11.6.4. Ensure that all persons having access to the Classified Information are informed of their responsibilities to protect the Classified Information in accordance with national security laws and regulations, and provisions of this Agreement.

11.6.5. Carry out periodic security inspections of cleared facilities to ensure that the Classified Information is properly protected.

11.6.6. Ensure that access to the Classified Information is limited to those persons who have a need-to-know for purposes of the Agreement.

11.7. Contractors, prospective Contractors, or subcontractors which are determined by DSAs to be under financial, administrative, policy or management control of nationals or entities of a Third Party, may participate in a Contract or subcontract requiring access to Classified Information provided or generated pursuant to this Agreement only when enforceable measures are in effect to ensure that nationals or other entities of a Third Party shall not have access to Classified Information or controlled Unclassified Information. If enforceable measures are not in effect to preclude access by nationals or other entities of a Third Party, the Government of the other Party shall be consulted for approval prior to permitting such access.

11.8. For any facility wherein Classified Information is to be used, the responsible Party or Contractor shall approve the appointment of a person or persons to exercise effectively the responsibilities for safeguarding at such facility the information pertaining to this Agreement. These officials shall be responsible for limiting access to Classified Information involved in this Agreement to those persons who have been properly approved for access and have a need-to-know.

11.9. Each Party shall ensure that access to the Classified Information is limited to those persons who possess requisite security clearances and have a specific need for access to the Classified Information in order to participate in the Program.

11.10. Information provided or generated pursuant to this Agreement may be classified as high as secret. The existence of this Agreement is unclassified and the contents are unclassified.

ARTICLE XII

THIRD PARTY SALES AND TRANSFERS

12.1. The Parties shall not sell, transfer title to, disclose, or transfer possession of Program Foreground Information, jointly acquired Program Equipment, or any item produced either wholly or in part from Program Foreground Information to any Third Party without the prior written consent of the other Party's government. Furthermore, neither Party shall permit any such sale, disclosure, or transfer, including by the owner of the item, without the prior written consent of the other Party's government. Such consent shall not be given unless the government of the intended recipient confirms in writing that it shall:

12.1.1. not retransfer, or permit the further retransfer of, any equipment or information provided; and

12.1.2. use, or permit the use of, the equipment or information provided only for the purposes specified by the Parties.

12.2. A Party shall not sell, transfer title to, disclose, or transfer possession of Program Equipment or Program Background Information provided by the other Party to any Third Party without the prior written consent of the government of the Party which provided such equipment or information. The providing Party's government shall be solely responsible for authorizing such transfers and, as applicable, specifying the method and conditions for implementing such transfers.

12.3. Consent for Third Party sales and transfers of Project Foreground Information, jointly acquired Program Equipment, or any item produced either wholly or in part from Program Foreground Information shall be subject to foreign policy, national security considerations, and national laws, regulations, and policies. Approval by a Party's government of the proposed sale or transfer by the other Party's government to a Third Party will take into account its willingness to sell or transfer such equipment or information to the same Third Party.

ARTICLE XIII

LIABILITY AND CLAIMS

13.1. For liability arising out of, or in connection with, activities undertaken in the performance of official duty in the execution and for the benefit of the Program, the following provisions shall apply.

13.2. With the exception of claims for loss of, or damage to, Program Equipment under Article VII (Program Equipment), each Party waives all claims against the other Party for injury to, or death of, its military or civilian personnel, and for damage to, or loss of, its property (including jointly acquired property) caused by such personnel (which do not include Program Contractors) of that other Party. If, however, such injury, death, damage, or loss results from reckless acts or reckless omissions, willful misconduct or gross negligence of a Party's personnel, the costs of any liability shall be borne by that Party alone.

13.3. Claims from any other persons for injury, death, damage, or loss of any kind caused by one Party's personnel shall be processed by the appropriate Party, as determined by the Parties. Any costs determined to be owed the claimant shall be borne by the Parties in the same percentages as they share the costs of the Program. If, however, such injury, death, damage, or loss results from reckless acts or reckless omissions, willful misconduct or gross negligence of a Party's personnel, the costs of any liability shall be borne by that Party alone.

13.4. If a person or other entity, other than the Parties (including their personnel), damages jointly acquired property of the Parties, and the cost of making good such damage is not recoverable from such person or entity, such cost shall be borne by the Parties in the same percentages as they share the costs of the Program.

13.5. Claims arising under any Contract awarded pursuant to Article VI (Contracting Provisions) shall be resolved in accordance with the provisions of the Contract.

ARTICLE XIV

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

14.1. Customs duties, import and export taxes, and similar charges shall be administered in accordance with each Party's respective laws and regulations. Insofar as existing national laws and regulations permit, the Parties shall endeavor to ensure that such readily identifiable duties, taxes and similar charges, as well as quantitative or other restrictions on imports and exports, are not imposed in connection with work carried out under this Agreement.

14.2. Each Party shall use its best efforts to ensure that customs duties, import and export taxes, and similar charges are administered in a manner favorable to the efficient and economical conduct of the work. If any such duties, taxes, or similar charges are levied, the Party in whose country they are levied shall bear such costs.

ARTICLE XV

SETTLEMENT OF DISPUTES

15.1. Disputes between the Parties arising under or relating to this Agreement shall be resolved only by consultation between the Parties and shall not be referred to a national court, an international tribunal, or to any other person or entity for settlement.

ARTICLE XVI

LANGUAGE

16.1. The working language for the Program shall be the English language.

16.2. All data and information generated under this Agreement and its implementing Contracts and provided by one Party to the other Party shall be furnished in the English language.

ARTICLE XVII

GENERAL PROVISIONS

17.1. All activities of the Parties under this Agreement shall be carried out in accordance with their national laws including their export control laws and export control regulations. The obligations of the Parties shall be subject to the availability of funds for such purposes.

17.2. No requirement shall be imposed by either Party for work sharing or other industrial or commercial compensation in connection with this Agreement that is not in accordance with this Agreement.

ARTICLE XVIII

AMENDMENT, TERMINATION, ENTRY INTO FORCE, AND DURATION

18.1. Except as otherwise provided, this Agreement may be amended by the mutual written agreement of the Parties. Annex A (Sample Task Plan) of this Agreement may be amended by the written approval of the SC.

18.2. This Agreement may be terminated at any time upon the written agreement of the Parties. In the event both Parties agree to terminate this Agreement, the Parties shall consult prior to the date of termination to ensure termination on the most economical and equitable terms.

18.3. Either Party may terminate this Agreement upon 90 days written notification of its intent to terminate to the other Party. Such notice shall be the subject of immediate consultation by the SC to decide upon the appropriate course of action to conclude the activities under this Agreement. In the event of such termination, the following rules shall apply:

18.3.1. The terminating Party shall continue participation, financial or otherwise, up to the effective date of termination.

18.3.2. Except as to Contracts awarded on behalf of both Parties, each Party shall be responsible for its own Program-related costs associated with termination of the Program. For Contracts awarded on behalf of both Parties, the terminating Party shall pay all Contract modification or termination costs that would not otherwise have been incurred but for the decision to terminate; in no event, however, shall a terminating Party's total financial contribution, including Contract termination costs, exceed that the sum of that Party's financial contributions as set forth in each of the Task Plans.

18.3.3. All Program Information and rights therein received under the provisions of this Agreement prior to the termination shall be retained by the Parties, subject to the provisions of this Agreement.

18.4. The respective rights and obligations of the Parties regarding Article VII (Program Equipment), Article VIII (Disclosure and Use of Program Information), Article IX (Controlled Unclassified Information), Article XI (Security), Article XII (Third Party Sales and Transfers), Article XIII (Liability and Claims), and this Article XVIII (Amendment, Termination, Entry into Force, and Duration) shall continue to apply, notwithstanding termination or expiration of this Agreement.

18.5. This Agreement, which consists of eighteen (18) Articles and one (1) Annex, shall enter into force upon signature by both Parties and shall remain in force for ten years. It may be extended by written agreement of the Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their governments, have signed this Agreement.

DONE, in duplicate, in the English language.

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA	FOR THE MINISTRY OF DEFENSE OF THE STATE OF ISRAEL
Signature	Signature
Thomas W. O'Connell Name	Name MINISTRY OF DEFENCE DEPARTMENT OF FINANCE DAVID ALCHULI DEPUTY COMPTROLLER
Assistant Secretary Title	Title
07 FEB 2005 Date	Date
Washington, D.C. Location	Location

FOR THE MINISTRY OF DEFENSE
OF THE STATE OF ISRAEL

S. Keren

Signature

(Ret.) Shmuel Keren

Name

Director of DDRD
I.M.O.D

Title

Date

Location

A. Yaron

Signature

MG (ret.) Amos Yaron

Name

IMOD Director General

Title

24/3/05

Date

Location

ANNEX A

SAMPLE TASK PLAN

TASK PLAN ###

UNDER

THE UNITED STATES/ISRAEL MEMORANDUM OF AGREEMENT

ON COMBATING TERRORISM RESEARCH AND DEVELOPMENT

SIGNED _____

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE MINISTRY OF DEFENCE OF THE STATE

OF ISRAEL

CONCERNING

(FULL DESIGNATION OF THE TASK)

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MANAGEMENT	X
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INTRODUCTION

This Task Plan ### governs the Task entitled _____ in accordance with the Memorandum of Agreement between the Department of Defense of the United States of America and the Ministry of Defense of the State of Israel Concerning Combating Terrorism Research and Development (CTRD) (hereinafter the Agreement).. The provisions of that Agreement are specifically incorporated by reference into this Task Plan. If there is any inconsistency between the Task Plan and the Agreement, the Agreement takes precedence.

(Describe the project requirements.)

DEFINITION OF TERMS AND ABBREVIATIONS

(Define only those terms used in this Task Plan that are not defined in the CTRD Agreement.)

TERM DEFINITION/ABBREVIATION

OBJECTIVES

The objectives of the project entitled _____ are:

1.

2.

STATEMENT OF WORK

(Describe how the Parties will[or "intend to" if non-binding] attain their objectives.)

SHARING OF WORK

The allocation of the work is as follows:

The U.S. Party [will] [if non-binding change to "intends to"]:

The Israeli Party [will] [if non-binding change to "intends to"]:

BREAKDOWN AND SCHEDULE OF WORK

Milestone	Due Date (Months ARO)	Budget ($K) US

The Task Managers will("should" if non-binding) transmit quarterly status reports to the PMs.

FINANCIAL PROVISIONS

The Parties estimate the cost to perform the STATEMENT OF WORK under this Task Plan to be $_____. The following estimates apply:

	FYxx	FYxx	Total
U.S. Party Financial Contributions			
U.S. Party Non-Financial Contributions			
Israeli Party Financial Contributions			
Israeli Party Non-Financial Contributions			
Total Financial and Non-Financial Contributions:			

Any cooperative efforts of the parties over and above the jointly agreed work set forth in the Statement of Work and Sharing of Work sections, or which exceed the Parties' total financial and non-financial contributions established in this Task Plan, will be subject to amendment of this Task Plan or require approval of a new Task Plan.

MANAGEMENT

Article IV (MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)) of the CTRD Agreement applies. The Task Managers are:

United States: Name _____

Organization _____

Address _____

	Telephone	_____
	Facsimile	_____
	E-mail	_____
Israel:	Name	_____
	Organization	_____
	Address	_____
	Telephone	_____
	Facsimile	_____
	E-mail	_____

PRINCIPLE ORGANIZATIONS INVOLVED

United States:

Israel:

LOAN OF MATERIELS, SUPPLIES AND EQUIPMENT

(Identify any Project Equipment to be transferred under this Task Plan.)

DISPOSITION OF DELIVERIES

(Identify the disposition of the prototype or any other product developed under this Task.)

CLASSIFICATION

The highest level of Classified Information that may be exchanged under this Task Plan is:

Proposed by:

Task Manager for the United States:

_____
Signature

_____
Name

_____
Title

_____
Date

_____
Location

Task Manager for Israel:

_____
Signature

_____
Name

_____
Title

_____
Date

_____
Location

Endorsed by:

The Program Manager for the United States:

_____
Signature

_____
Name

_____
Title

_____
Date

_____
Location

The Program Manager for Israel:

_____
Signature

_____
Name

_____
Title

_____
Date

_____
Location

Approved by:

The SC Representative for the U.S. DoD:

The SC Representative for the Israeli MOD:

Signature	Signature
Name	Name
Title	Title
Date	Date
Location	Location