

## **Guidelines for Material Testing Agreements**

**Function:** Office of Industry and External Affairs

**Procedure:** Related Policies: SUNY Patents and Inventions Policy; SUNY Policy on the Unrestricted; Dissemination of Research Activities; RF Guidelines for the Administration of Industrial Relationships; RF Procedures for NACUBO Classification

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## **Background**

As SUNY's exclusive agent for the management of sponsored programs conducted at its state-operated campuses, The Research Foundation for the State University of New York ("RF") is responsible for the execution and management of myriad contracts with external entities. These Guidelines for Materials Testing Agreements and its component Materials Testing Agreement Model are intended to support high-quality, focused and efficient service to the SUNY research community and are made available by the RF to assist administrators to document the conduct of materials testing at SUNY campuses in a manner that is clear and legally compliant.

Materials Testing Agreements should be used to document a university investigator's performance of work using the material of a third party to generate data or results that will be provided to the project's sponsor. The Materials Testing Agreement Model should be used exclusively for the scenario in which a member of our community accepts material of a third party to conduct tests that require minimal creativity or inventive step. Administrators should examine the proposed scope of work and probe the likelihood that inventions or other intellectual property beyond our own methods will result from the project to determine whether the proposed activity is limited to testing. If the project team will assist the company in improving or seeking new applications for the materials, or if any project deliverables other than data are proposed, the project is probably research and not testing. For the conduct of research, in which a member of the SUNY research community is conducting systematic investigation or study of materials and sources to establish facts and reach new conclusions, refer to the RF Guidelines for Industry Sponsored Research and their component RF Industry Sponsored Research Agreement Models, for guidance.

## **Guideline Recommendations**

### **Section 1: Scope of Work**

### **Section 2: Compensation**

### **Section 3: Proprietary and Confidential Information**

The importance of this section, beyond its typical application to ensure that we do not disclose the sponsor's confidential information, is its applicability to Section 5: Publication. Note that the final page of

each agreement model includes a page for internal use only to document the principal investigator's understanding and acceptance of the terms embodied in the final agreement. It is important for the project team to understand the application of Section 3 to proposed publications, and the process for notifying the sponsor if any related publication is proposed.

#### **Section 4: Use of Name**

#### **Section 5: Publications**

Research and innovation professionals should examine the proposed scope of work and consult with the project team regarding the necessity of this clause. Where the work performed is exclusively testing and not research, SUNY's policy on the Unrestricted Dissemination of Research Activities may not apply. In that case, Section 5 may be amended or removed at the sponsor's request, however, this will require the conduct of an export controls review. If any member of the project team is a foreign national, then the project may be subject to export controls regulations and a compliance review is warranted to examine:

1. the sponsor;
2. the equipment being used to perform the work;
3. the specific material that is the subject of the work. If the sponsor requires further amendments to Section 5, research and innovation professionals should always be mindful of retaining the right to publish any new methods, techniques and/or approaches that are developed and/or utilized by the project team in completing the scope of work.

#### **Section 6: Intellectual Property**

The essential approach in this section is for neither party to assert any claim to the other's IP, and if, in the unlikely event we develop a new use or improvement to the sponsor's material that is directly related to the sponsor's material and not related to our method of testing it, we will disclose it to the sponsor and the sponsor will own it. However, if we improve our methods, techniques, and process used to test, evaluate or investigate the sponsor's material, we own those improvements, but provide a 90-day option to the sponsor to license them. The likelihood and impact of this scenario should be discussed with the project team during the negotiation of the agreement.

#### **Section 7: Material**

In some cases, the campus and the sponsor may elect to execute a separate materials transfer agreement, in which case that agreement may be merged into Exhibit C. In this scenario, look out for any sections that may conflict between the materials transfer and the materials testing provisions, especially regarding export controls and ownership of improvements, derivatives and progeny.

#### **Section 8: Export Controls**

The sponsor must identify any export controlled material and information. If Section 5 or other substantive language enabling us to publish is removed, a thorough export controls review is warranted to examine:

1. the sponsor;
2. the equipment being used to perform the work;
3. the specific material that is the subject of the work;

4. the project staff we may assign to perform the work.

### **Section 9: Disclaimer of Warranties**

RF expressly disclaims all warranties in connection with the Agreement. The RF General Counsel's Office may be consulted for guidance if a Sponsor is requesting that RF provide any warranties in connection with the Agreement. If requested by the Sponsor, it is generally acceptable to warrant that RF is authorized to enter into the Agreement; however other forms of warranties should be carefully reviewed with legal counsel. To the extent any additional warranties are approved and written into the Agreement, it is advisable to add a "Limitation of Liability" provision that would contractually limit RF's liability in the event of the breach of warranty or representation to an amount not exceeding, for example, the amount of the contract. The RF General Counsel's Office can assist with providing language in these instances.

### **Section 10: Notices**

### **Section 11: Independent Contractor**

### **Section 12: Waivers**

### **Section 13: Integration**

### **Section 14: Modifications and Changes**

### **Section 15: Indemnification**

The indemnification section is essentially describing under what circumstances Sponsor will pay our legal fees if a third party claim arises. RF's preferred indemnification clause requires that Sponsor pays if we are subject to a third party claim arising from Sponsors use of any deliverable, technology, or IP provided by RF to the Sponsor, except if the claim is due to RF's gross negligence or willful misconduct. In this preferred clause, RF provides no indemnification to the Sponsor.

There are several options such as including a separate paragraph under which RF provides indemnification to the Sponsor for our gross negligence or willful misconduct or a mutual indemnification for liability arising out of a particular type of conduct. Consideration must be given to the scope of work when crafting an alternative clause and we may agree to remain silent after all factors are reviewed. To the extent RF provides any indemnification under the Agreement, it is advisable to add a "Limitation of Liability" provision that would contractually limit RF's liability to an amount not exceeding, for example, the amount of the contract. The RF General Counsel's Office can assist with providing language in these instances.

A sponsor may also offer an alternative indemnification clause containing procedural language that is onerous or puts the RF at a possible disadvantage when indemnification is sought. This may include:

- 1) "Foundation shall notify Sponsor immediately of any such claim or action" where "immediately" should be changed to some reasonable time frame;
- 2) "Sponsor shall have sole discretion over settlement of any action or claim" and this should be changed to include approval of RF prior to settlement.

The RF General Counsel's Office may be consulted if a Sponsor is requesting that RF deviate from the standard clause for Indemnification under the Agreement.

### **Section 16: Term**

**Section 17: Termination**

**Section 18: Situs**

**Section 19: Counterparts and Electronic Signatures**

**Section 20: Order of Precedence**

## **Forms**

Materials Testing Agreement Model

## **Change History**

<b>Date</b>	<b>Summary of Change</b>
May 23, 2024	Updated Function and Contact
October 1, 2015	New Document

### **Feedback**

Was this document clear and easy to follow? Please send your feedback to [webfeedback@rfsuny.org](mailto:webfeedback@rfsuny.org).