

Patent, Intellectual Property & Technology Licensing Policy

Though the primary purpose of the Foundation for Food & Agriculture Research (“FFAR”) in funding pioneering, collaborative science and facilitating its application is to advance its mission, FFAR recognizes that inventions having public health, scientific, business or commercial application or value may be made through research supported by FFAR.

It is the desire of FFAR that inventions generated by its funding recipients and commercialization partners be administered in such a manner that they are brought into public use at the earliest possible time and for the greatest possible impact. FFAR recognizes that this may be best accomplished through patenting, copyrighting and/or licensing such inventions.

When such inventions are brought to market by a commercial entity and revenue is generated and shared with FFAR, at even a modest level, this revenue can enable FFAR to support future research efforts and continue advancing its mission and generating more impact. However, as explained in FFAR’s 2019 Sustainability Strategy, FFAR cannot rely on intellectual property returns as a source of continuing funding due to the unpredictability of their extent and timing.

Definitions

For the purposes of this Patent, Intellectual Property & Technology Licensing Policy (the “Policy”), these definitions are provided:

“Award” is the FFAR funding mechanism and accompanying financial support given to a specific Grantee to support the work and/or training of a specific Principal Investigator and any Co-Investigators.

“Collaborating Investigator” is an individual who contributes in a substantive way to the scientific development or execution of the research supported by an Award.

“Commercial Entity” is a business that is involved in buying and/or selling goods and/or services in order to make a profit.

“Grantee” is the entity (university, research institute, for profit company or any other organization) in which the research, work and/or training supported by an Award will be conducted.

“Gross Revenue” is the total amount generated without deducting any expenses or losses.

“Invention” is any discovery, composition of matter, method, process, product, program, software or know-how, whether or not patented or patentable or copyrighted or copyrightable, that is conceived or reduced to practice in the performance of an Award and has an application of value such that its use, licensing, lease or sale can generate revenue. Inventions are subject to this Patent, Intellectual Property and Technology Licensing Policy.

“Inventor(s)” is the Principal Investigator, Co-Investigator(s) and/or Collaborating Investigator(s) (if applicable) who made an Invention.

“Net Revenue” is Gross Revenue attributable to the Invention, less documented and agreed to deductions from this list: direct costs of development, production, distribution and sales promotion that are attributable to the Invention.

“Principal Investigator” (and “Co-Investigator(s)” if applicable) is the individual(s) receiving the Award and responsible for the conduct of the research supported by an Award.

“Revenue Sharing Terms” are specific terms and conditions concerning Gross Revenue attributable to an Invention, which specific terms and conditions may include royalty rates, licensing structures, capped returns, or equity options.

“Revenue Threshold” is negotiated gross revenue reached from intellectual property attributable to FFAR funding that triggers implementation of the negotiated revenue sharing terms.

“Startup Company” is a business that (1) is independently or privately owned; (2) is newly emerging and has been formed for less than 5 years; (3) is intended to provide new goods and/or services; and (4) uses investments from venture capital companies, private equity firms, family or friends, angel investors, crowd-sourcing, or Small Business

Innovation Research or other grants, rather than generating revenue from sales of goods or services.

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1. All Inventions shall be reported in writing to FFAR within 60 days of the date when the Invention is disclosed to the Grantee, and prior to any public disclosure. The report to FFAR must include a copy of the Grantee's invention disclosure form on which the Invention was reported, together with any subsequent versions that have substantive changes or additional information.
2. If the Grantee has an established and applicable patent, intellectual property or technology transfer policy and procedure for administering inventions, FFAR will defer to that policy with the following exceptions and requirements which shall control in the event of a conflict:
 - a. Title to any Invention shall reside in the Grantee. To the extent that the Grantee's own policies permit individual Investigators to own any right, title or interest in any Inventions or the research results, the Grantee shall ensure that each Investigator complies with the provisions of this Policy with respect to such research results and Inventions.
 - b. Grantee and Inventor(s), if appropriate, shall promptly determine whether they desire to seek patent or other statutory protection for an Invention and shall notify FFAR in writing within 60 days of the decision to seek (or not seek) such protection. In cases where Grantee decides not to file a patent application for an Invention, FFAR may require in addition to the written notification, that (1) Grantee provide a copy of the intellectual property freedom to operate assessment conducted by Grantee concerning the Invention that discloses whether the Invention can be sold, made, or otherwise used without incurring liability for infringing one or more third party's rights; and (2) Grantee assign to FFAR all right, title and interest to the Invention to the extent permitted by law. Grantee also must notify FFAR in writing within 60 days of a patent application being filed on any Invention, and any patent subsequently being issued, and/or of a license, lease, sale or revenue generating agreement concerning the

Invention after their execution. No patent or patent application covering an Invention shall be abandoned by the Grantee without prior notification by the Grantee to FFAR and offering to assign to FFAR all right, title and interest to the Invention to the extent permitted by law.

- c. Except with respect to a Waiver in the Public Good, and notwithstanding any other provision of this Policy, in consideration of the Award to the Grantee, when revenue in excess of the Revenue Threshold is generated from licensing an Invention developed through FFAR's funding, all Grantees are expected to enter into negotiations with FFAR regarding sharing a portion of revenue generated from licensing an Invention to a Commercial Entity or from commercialization of an Invention. FFAR shall receive a portion of the revenue. **All Revenue Sharing Terms must be formalized in a separate agreement between FFAR and Grantee that is consistent with this Policy.** The amount of FFAR's revenue shall be in proportion to FFAR's portion of support of the work or research, giving rise to the Invention. All Grantees are expected to enter into negotiations with FFAR regarding sharing a portion of revenue generated from licensing an Invention. When the Grantee is a commercial entity and the project will generate IP that the Grantee will directly commercialize or license to another entity during or after the life of the project, these negotiations shall take place prior to the award. If the Grantee is not a commercial entity and the project is expected to generate IP, but that IP will be licensed by Grantee to another Entity before commercialization, such licensing agreement shall be consistent with FFAR's IP revenue sharing policy.

Grantee's revenue sharing obligations will be triggered once **Gross Revenue** attributable to an Invention reaches an agreed upon amount between \$750,000 to \$2,000,000 based on grantee's growth stage and maturity ("Revenue Threshold").

Revenue sharing will be based on **Net Revenue**, defined as Gross Revenue attributable to the Invention, less documented and agreed to deductions from this list: attributable direct costs of development, production, distribution and sales promotion.

Royalty rates and terms will vary based on company maturity, and FFAR's assessment of the risk profile of the FFAR-funded work or research:

- **Startup Companies** will generally be offered **back-loaded royalty structures** that contemplate royalty payments later in the term of the agreement between FFAR and the Startup Company, with initial grace periods during which the Startup Company need not yet make royalty payments, and royalty rates typically ranging from **3% to 5% of annual net revenue**.
- **Organizations other than Startup Companies** will typically be offered **front-loaded royalty structures** that contemplate royalty payments earlier in the term of the agreement between FFAR and the company, with royalty rates generally ranging from **1% to 3% of annual net revenue**. A Grantee's revenue sharing obligations will be binding on Grantee's successors and assigns.

In all cases, the total financial return to FFAR on an Award will be **capped**, typically ranging from **2x to 4x** the original Award, depending on risk, company size and the anticipated public benefit.

As an alternative to revenue-based royalties, FFAR may negotiate a **fixed license fee** model. Under this approach, a Grantee agrees to make fixed payments to FFAR based on Gross Revenue attributable to an Invention that cumulatively fulfill the agreed capped return. Fixed license fees may be structured as:

- A **single lump-sum payment** at the time of commercialization
- **Installments** tied to product milestones (e.g., launch, or sales volume tiers reached)
- **Deferred payments** that begin after the applicable Gross Revenue attributable to an Invention trigger is met

This approach may be used where tracking net revenue is impractical or where cost predictability is mutually preferred. Fixed license fee structures will be calibrated to meet the **same capped return (2x to 4x of the Award)** that would apply under a royalty model.

For Startup Companies only, FFAR may also consider accepting **equity in lieu of royalties** — typically a small, non-voting ownership interest — in cases where future commercialization value is high but near-term cash flow is limited.

To preserve the time value of public investment, if royalty or license fee payments to FFAR commence more than **five years after the completion of the FFAR-funded work or research**, FFAR reserves the right to apply an annual increase of **3% per year**, beginning in **year six after the completion of the FFAR-funded work or research**, to the agreed capped return amount. This adjustment ensures that delayed payments reflect the future value of FFAR's original Award. Specific timing and calculations will be defined in a separate agreement between FFAR and Grantee.

FFAR may choose to waive this revenue sharing requirement when it determines, in its sole discretion, that waiving this requirement would be in service to the public good ("Waiver in the Public Good").

- d. The Grantee or other titleholder, when it exclusively licenses an Invention to another party for commercialization, shall include provisions in the license obligating the licensee to commercialize the Invention in a diligent manner and meet appropriate diligence requirements and concrete development milestones to avoid the license terminating, and the Grantee or other titleholder shall monitor performance of the licensee relative to these requirements and milestones. The Grantee or other titleholder, or its designee or licensee shall take commercially reasonable steps to bring the Invention to practical or commercial application in a reasonable timeframe (based on type of invention) after issuance of a patent or other clear determination of commercial value.
3. If the Grantee has no established and applicable patent, intellectual property or technology transfer policy or procedure for administering inventions, title to any Invention shall reside with the Grantee or Inventor(s) as agreed by them and the Grantee and Inventor(s) shall comply with all requirements in Sections 2b and 2d and FFAR shall have all rights set out in Sections 2c and 2d.
4. Situations with multiple funders in addition to FFAR. The right of FFAR to participate in revenue derived from an Invention pursuant to section 2c is not waived in these situations.
 - a. Multiple funders. If any Invention results from funding by another funding organization, other than an agency or department of the United States Government, the Inventors and the Grantee will work with FFAR to negotiate with the other organization in good faith for a mutually satisfactory determination of

rights to administer the Invention and determination of the fair share of the royalty or other income to be paid to the Grantee, Inventor(s), FFAR and other independent funding organization.

- b. Federal funders. Notwithstanding any other provisions of this Policy, if an Invention results from funding by an agency or department of the United States Government, Grantee agrees that for any such Invention, Grantee will elect to maintain title in such Invention, unless FFAR agrees in writing. Grantee and Inventors shall comply with all applicable laws and regulations of the United States Government covering the Invention.
- 5. FFAR recognizes there may be circumstances where limited or delayed dissemination of Inventions, including, without limitation, limited or delayed access to data generated under an Award, may be appropriate to protect legitimate interests of the Grantee, the Inventors, other funders, or participants in research studies. Such circumstances will be evaluated by FFAR and Grantee on a case-by-case basis.