

SAAFE Limited Intellectual Property (IP) Management Principles

Background and Document Purpose

This document sets out the principles that SAAFE Limited (SAAFE) will apply to managing and commercialising Activity Material created or developed through CRC SAAFE.

The CRC SAAFE partners agreements and CRC SAAFE Project Agreement template place obligations on SAAFE to commercialise Activity Material arising under any of those agreements in a manner consistent with these principles.

These IP Management Principles do not override express terms set out in any binding contractual agreement relating to CRC SAAFE but rather provide information on how commercialisation and utilisation decisions will be reached.

These IP Management Principles may be updated from time to time in consultation with CRC SAAFE partners and as approved by CRC SAAFE Board.

Capitalised terms in this document take the meaning given to them in the CRC SAAFE partners agreement or Project Agreement under which the relevant Activity Material arises or Existing Material is contributed, as applicable, noting that the definitions of Activity Material and Existing Material including the Intellectual Property Rights therein.

Project IP Management Principles

1 CRC does not lead commercialisation

SAAFE intends that CRC SAAFE will wind up at the end of the 10-year funding period.

The existence of the entity beyond this period would need to be justified by compelling commercial reasons (such as an extension of federal funding).

As CRC SAAFE is commencing with the intent that its default position will be to cease operations at the end of the 10-year grant period, SAAFE's goal is to put Activity Material in the hands of the companies and research institutions that are best placed to further develop and commercialise it and ultimately achieve CRC SAAFE's long-term objectives of addressing AMR.

Assignment or licencing of Project Activity Material to the organisation(s) leading commercialisation is anticipated to generally occur during the life of the Project that is developing Activity Material, or shortly after its conclusion.

As a result, SAAFE will generally only consider covering initial provisional Intellectual Property Right (IPR) protection costs as part of the Projects under which the IPR is being developed. The inclusion of IPR protection costs as part of a Project's budget will be assessed on a case-by-case basis and require agreement of all Project Parties. Ongoing IPR protection costs, such as the filing of PCT and National Phase Application or the defence of patents are anticipated to be covered by the entity leading its commercialisation.

Further, as SAAFE is intending on registering with the ACNC and achieving not for profit status, the process by which parties are selected for commercialisation and the terms under which Activity Material is commercialised will need to comply with any restrictions imposed by the ACNC or other requirements to maintain that registration or status.

2 Streamlined commercialisation

Situations where consensus is required to reach commercialisation decisions, such as joint IPR ownership, will slow down and hinder commercialisation and are to be avoided.

The preference is to have a single entity responsible for commercialisation in a specific field. SAAFE's role is to ensure they are accountable for the successful commercialisation of Activity Material.

3 Existing Material

Existing Material ownership remains with the contributing party

Any Existing Material that a party contributes to CRC SAAFE activities will continue to be owned by the contributing party.

Any Existing Material contributed to a Project must be captured in that Project's Material Register, where any restrictions on its use (both in the Project and beyond) can also be captured.

Contributors of Existing Material will have access to 'Improvements' to that Existing Material

For the purposes of this document, an Improvement is:

- an incremental change, development, modification, adaptation, or improvement to Existing Material; and
- where the only application of the Improvement is in conjunction with that party's Existing Material (i.e., it has no 'stand-alone' value nor any value in conjunction with other technologies or pieces of IPR).

Where a party that has contributed Existing Material can establish that particular Activity Material constitutes an Improvement to that Existing Material (and the other Project Parties agree), SAAFE will assign or licence that party the Improvements to the Existing Material on terms to be agreed.

Any royalty payments for Improvements will consider:

- the resources invested in the development of the Improvement; and
- the contributions of the Existing Material owner to the project and the CRC.

In most instances, it is expected that the Improvements will be provided royalty free on account of the low stand-alone value (which is zero by definition), the fact that Improvements (as defined) are unlikely to be the subject of significant investment, and that the Existing Material owner will generally be making substantial contributions to the project.

Material Registers will seek to identify Activity Material that constitutes an Improvement to Existing Material where practicable.

Projects require clarity on the availability of Existing Material for commercialisation of Activity Material

SAAFE's general expectation is that each Project's Activity Material will be utilised or commercialised in industry.

It is important for all Project Parties to know in advance of any restrictions that the use of Existing Material being contributed to a Project may place on the commercialisation or utilisation of Activity Material.

For this reason, there is an expectation that either:

- Any Existing Material contributed to a Project will be made available in good faith where it is required for commercialisation of Activity Material on reasonable commercial terms; or
- If this is not the case for particular Existing Material or there are conditions that restrict such availability, this must be flagged, approved and disclosed in the Material Register prior to the Existing Material being contributed.

Where any restrictions on the use of Existing Material change throughout the life of a project, the Material Register is to be updated as part of the regular project reporting process to reflect this change. Where this change is substantive and could impact the commercialisation or utilisation of Activity Material, the Project Parties will work together in good faith to agree on the best path forward.

4 Material Registers identify preferred commercialisation leads

During Project development, Material Registers can be used for the Project Parties to identify the companies or organisations that will lead commercialisation, utilisation, and industry adoption.

Further, as Projects are underway, Material Registers can be updated (as part of the quarterly project reporting process) to identify entities (either Project Parties, other CRC SAAFE partners or third parties) which are likely to be the best fit for commercialisation of particular Activity Material.

The Material Register's identification of a commercialisation lead for Activity Material will be a tool used by SAAFE to assess the Project's ability to contribute to achieving CRC SAAFE's objectives of addressing AMR.

Where all Project Parties agree with the intended lead commercialisation entity nominated in the Material Register at the commencement of the Project and any subsequent updates, SAAFE will work together in good faith with the relevant party to agree the nature and terms of such rights at an appropriate time either during or following the completion of the Project.

If no preferred commercialisation leads are identified in a Material Register, SAAFE will consider potential commercialisation leads as contemplated by section 5, below.

5 Preferred commercialisation pathways

In determining commercialisation and utilisation pathways for Activity Material, SAAFE will first preference (in priority order from highest to lowest as set out below):

1. Entities identified as preferred commercialisation leads as contemplated by section 4 above;
2. Project Parties that are part of the Project from which the Activity Material arose, that have contributed to the development of the Activity Material, and whose core business relates to marketing products that could incorporate the Activity Material;
3. Any entity on whose Existing Material the Activity Material relies, particularly where the Existing Material may have applications in areas beyond the scope of CRC SAAFE;
4. Other entities engaging with CRC SAAFE that are not part of the specific Project from which the Activity material arose but whose core business relates to marketing products that could incorporate the Activity Material;
5. Other entities engaging with CRC SAAFE;
6. Entities that have not yet engaged with CRC SAAFE.

Assignment or licensing for commercialisation in other fields of use will follow a similar preferencing system. Activity Material that is an 'Improvement' will be dealt with as outlined under section 3.2 above prior to pursuing the pathways outlined above.

6 Assignment will be prioritised over licensing on request

SAAFE recognises that, for start-ups and other companies relying on investor funding, legal ownership of intellectual property rights can be very important.

An entity that has been identified by SAAFE (in accordance with Principle 5 above) as the preferred commercialisation lead in respect of certain Activity Material may request assignment of that Activity Material. Where appropriate (e.g., the field of potential applications of the Activity Material aligns

with the entity's core business), SAAFE will undertake to negotiate such an assignment in good faith subject to the considerations set out in section 7, below.

To ensure that assigned Activity Material is being commercialised appropriately, this will generally include an initial period where a licence is offered that contains specific performance criteria which then leads to assignment once the performance criteria are fulfilled (with assignment of Improvements to Existing Material a likely exception to this).

7 Investment in impact is more important than income

Overall, SAAFE will prioritise market adoption and industry impact over a potential income stream from commercialisation of Activity Material.

Subject to the above, any royalty or income streams payable by an entity for the assignment or licence of Activity Material will consider:

- The entity's contributions to the relevant Project;
- Any contributions made by other CRC SAAFE partners to:
 - the Project and the CRC more broadly;
 - securing the Commonwealth grant funding;
 - developing any Existing Material on which the Activity Material may rely or have relied;
- Any additional investment the commercialising entity is expected to make in the ongoing development, commercialisation, market adoption and industry impact (and thus the achievement of CRC SAAFE's charitable objectives); and
- The re-investment of any commercialisation income or royalty revenue into further research and development activities that contribute to achieving CRC SAAFE's broad objectives (either with CRC SAAFE during its life or with other research institutes beyond the life of CRC SAAFE).

In line with CRC SAAFE's objectives and intentions regarding ACNC registration and not for profit status, any income streams must be retained for reinvestment into R&D in-line with CRC SAAFE's objectives, rather than made available for distribution to members.

8 Assignment or licensing of Activity Material to members of SAAFE

Where the commercialisation of Activity Material through licensing or assignment to an entity as contemplated by section 5 above involves a member of SAAFE, the following principles will be applied:

- The agreement will be subject to consideration on arms' length commercial terms, applying the principles outlined under sections 6 and 7, above.
 - For Improvements with no standalone commercial value, this may include royalty free assignment or licence as outlined at point 3.2 above.

- The member's overall involvement in CRC SAAFE must contribute to SAAFE's charitable objectives. This may be achieved through:
 - Other deliverables and activities that are part of the Project under which the relevant Activity Material was developed, or
 - The member's involvement in and contribution to other Projects and activities of CRC SAAFE.

9 Commercialisation through spin outs

SAAFE recognises that spin outs are resource intensive, but that in some circumstances may be a valid option for commercialisation.

As such, commercialisation of Activity Material through a spin out company established by SAAFE would only be considered where there is:

- Demonstrated market need (e.g., the industry partners represent the potential customers for an innovation, rather than the company that would product or market it);
- Additional resources are available (such as external angel or grant funding); and

No existing Project Parties in respect of the Project from which the Activity Material arose or other CRC SAAFE partners are well placed to capitalise on the national or international market opportunity.