

Licensing HyRed Cranberry

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HyRed, developed at the UW-Madison and patented by WARF, is the first cranberry variety that requires a royalty-bearing license. While licenses and royalties are becoming more common in other areas of agriculture, it has been an interesting challenge to come up with a commercialization plan for HyRed that is fair to all interested parties and that will contribute to the success of HyRed in the marketplace rather than detract from it.

Wisconsin Alumni Research Foundation

WARF has served as the intellectual property organization for UW-Madison for almost 80 years and has been a pioneer in technology transfer worldwide. Today it has over 1800 active cases and generates more than \$50 million a year for the University through its licensing and investment activities. These funds support a broad range of research programs at the Madison campus, including start-up expenses for new faculty and numerous competitive grants. Under the current UW-Madison royalty distribution policy 70% of the first \$100,000 of income from a license agreement is directed to the research program of faculty inventors. In turn, this WARF funding generates new research results which can lead to new inventions, and the cycle continues.

Opportunity

Licensing and planting HyRed will provide cranberry growers with a new opportunity for generating income. Earlier, higher and more consistent color development in fruit should generate premiums for many cranberry producers. Harvest dates for HyRed could well be a few weeks before other varieties, allowing better utilization of resources for both growers and processors. If color premiums warrant it, harvest could be delayed to take advantage of significantly higher anthocyanin levels compared to other varieties. HyRed appears likely to earn a place in most Wisconsin bogs in the coming years.

Grower's License

In the summer of 2004 WARF began granting commercial licenses to a number of cranberry growers who were already testing HyRed under a Materials Transfer Agreement with the UW. Others will have an opportunity to acquire HyRed plants as the researchers generate cuttings or when Licensed Propagators are authorized to scale up their beds and provide materials for sale. Plant materials can not be transferred by Licensed Growers to other locations or even other Licensed Growers, but may freely propagate HyRed for use on their own marsh while following the license guidelines for maintaining variety integrity.

Twelve licenses have been executed to date, generating about \$15,000 through the license fees that are paid after signing the agreement. This fee is creditable towards future royalty obligations, which are \$60/acre for Wisconsin growers and \$90/acre for others. Another four licenses are under discussion at this time and we expect that licensing will continue

at a rate of 5-10 agreements each year until larger quantities of HyRed plants become available in a few years.

Licensed Propagators

Several Licensed Growers have expressed an interest in becoming authorized to sell HyRed vines to others in the future and negotiations are underway to accomplish this. A limited number of qualified growers will be licensed to provide this important service and encouraged to scale up HyRed quickly to fulfill the anticipated demand for vines. A key part of this will be establishing and monitoring specific protocols and quality standards so that anyone purchasing vines in the future will be assured that they are receiving the genuine HyRed variety. WARF will work closely with the inventors and the Licensed Propagators to establish and maintain a fair and productive supply system for the industry which, once established, should generate additional income for WARF and the University.

Looking Forward

HyRed is being protected in Canada as well as the United States and eventually HyRed is likely to spread beyond Wisconsin. However, all of the royalty income will return to Wisconsin where it will support further research. The inventors are working on additional, improved varieties and it is anticipated that Wisconsin cranberry producers will literally see the fruits of these research and licensing efforts for many years to come.

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