

UNIVERSITY OF ILLINOIS  
URBANA-CHAMPAIGN SENATE

Committee on University Statutes and Senate Procedures  
(Final; Action)

SP.18.13 Proposed Revision to the *General Rules*, Article III – Intellectual Property

**BACKGROUND**

University of Illinois *Statutes* provide for senate review of proposed changes to the intellectual property portions of the *General Rules* (Article III), unlike other revisions to the *General Rules*, which are handled by the Board of Trustees, in consultation, via the President, with the University Senates Conference (*Statutes*, Article I, Section 6 and Article XII, Section 5). University Senates Conference (USC) has sent the following proposed changes to Article III of the *General Rules*, along with this introduction from its letter of April 4:

These revisions concern primarily two changes: (1) changing the role of the vice chancellor for research to the new vice president for economic development and innovation (shifting the responsibilities from the university level to the system level); and (2) incorporating the new system/university language being adopted across all the governing documents.

As explanatory context, here are the closing sections of a draft preamble or preface being written to accompany these changes:

*Although there has been no formal legal name change to the institution, as of May 20, 2016, the University of Illinois has adopted the organizational structure and nomenclature of a system. The term "system" recognizes that there are separate universities that share an overarching strategic framework, are supported by certain shared administrative functions, and are overseen by a single governing board. The three universities include the University of Illinois at Urbana-Champaign; the University of Illinois at Chicago and its affiliated regional campuses in Peoria, Rockford, and the Quad Cities; and the University of Illinois at Springfield.*

*Accordingly, when describing the institution as a whole, including the three universities, the collective shall be referred to in this document (and other governance and administrative documents) as either the "University of Illinois," the "University of Illinois System," the "U of I System," or the "system." The adjectival form for such references is "system-wide." The University of Illinois offices that provide central administrative services are referred to as "system offices" and staff within these offices are referred to as "system administration" or "system leaders." The adjectival form for references to such services or staff is "system-level." To avoid confusion, these offices are not referred to as the "system."*

*The individual campuses referenced above will be referred to independently as "university" and collectively as "universities."*

This change reflects the broader move away from the idea of a unitary University of Illinois, directed by a president and vice presidents, with three campus locations, to a system

comprising three universities, each with its own chancellor (who is also a vice president). The emphasis may seem subtle, but is significant. Over the totality of the governing documents this reflects devolution of certain responsibilities from the system to the respective universities; and reserving the role of the system to those cases where there is a clear benefit to implementing policies across the three universities (i.e., system-wide). Similar system/university language is also being developed for the *Statutes*, and those changes will be coming to the senates soon.

USC requests that senates consider these revisions before USC meets on May 3. USC has determined that unlike amending the University *Statutes*, revisions to the *General Rules* only require a single reading.

## RECOMMENDATION

The Senate Committee on University Statutes and Senate Procedures recommends deferring approval of the following revisions to the *General Rules*, Article III, pending further committee discussion and possible modification. Text to be added is underscored and text to be deleted is ~~struck through~~.

## PROPOSED REVISIONS TO THE GENERAL RULES, ARTICLE III

### 1 ARTICLE III. INTELLECTUAL PROPERTY

2

#### 3 SECTION 1. OBJECTIVES

4

5 Technical information, inventions, discoveries, copyrightable works and other creative works  
6 that have the potential to be brought into practical use may result from the activities of  
7 University of Illinois System employees in the course of their duties or through the use, by any  
8 person, of ~~University~~ system resources such as facilities, equipment, or funds.

9

10 The first purpose of this intellectual property policy is to provide the necessary  
11 protections and incentives to encourage both the discovery and development of new  
12 knowledge, its transfer for the public benefit and its use for development of the economy; a  
13 second purpose is to enhance the generation of revenue for the ~~University~~ system and to  
14 provide financial and reputational benefits for the creator(s); and a third purpose is to  
15 preserve the ~~University's~~ freedom to conduct research and to use the intellectual property  
16 created by that research or pursuant to an institutional initiative. The system ~~University~~ is  
17 guided by the following general objectives:

18

19 (i) To optimize the environment and incentives for research and for the creation of  
20 new knowledge ~~at~~ within the system ~~University~~;

21

22 (ii) To ensure that the educational mission of the system ~~University~~ is not  
23 compromised;

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25 (iii) To bring technology into practical use for the public benefit as quickly and  
26 effectively as possible;

27

28 (iv) To protect the interest of the people of Illinois through a reasonable  
29 consideration for the system's ~~University's~~ investment in its intellectual  
30 property.  
31

32 SECTION 2. DEFINITIONS  
33

34 (a) Intellectual Property. The term "intellectual property" is broadly defined to  
35 include inventions, discoveries, know-how, show-how, processes, unique materials,  
36 copyrightable works, original data and other creative or artistic works which have value.  
37 Intellectual property includes that which is protectable by statute or legislation, such as  
38 patents, registered or unregistered copyrights, registered or unregistered trademarks, service  
39 marks, trade secrets, mask works, and plant variety protection certificates. It also includes the  
40 physical embodiments of intellectual effort, for example, models, machines, devices, designs,  
41 apparatus, instrumentation, circuits, computer programs and visualizations, biological  
42 materials, chemicals, other compositions of matter, plants, and records of research and  
43 experimental results.  
44

45 (b) Traditional Academic Copyrightable Works. "Traditional academic  
46 copyrightable works" are a subset of copyrightable works created independently and at the  
47 creator's initiative for academic purposes. Examples may include class notes, books, theses  
48 and dissertations, educational instructional materials and software (~~also known as courseware~~  
49 ~~or lessonware~~) that the creators may design for courses they teach, articles, non-fiction, fiction,  
50 poems, musical works, dramatic works including any accompanying music, pantomimes and  
51 choreographic works, pictorial, graphic and sculptural works, or other works of artistic  
52 imagination that are not created as an institutional initiative (as specified in Section 4(a)(2)  
53 below).  
54

55 (c) Creator. "Creator" refers to an individual or group of individuals who make,  
56 conceive, reduce to practice, author, or otherwise make a substantive intellectual contribution  
57 to the creation of intellectual property. "Creator" includes the definition of "inventor" used in  
58 U.S. patent law for patentable inventions and the definition of "author" used in the U.S.  
59 Copyright Act for copy written works of authorship.  
60

61 (d) System University Resources Usually and Customarily Provided. When  
62 determining ownership and license rights in copyrightable works, "system University  
63 resources usually and customarily provided" includes office space, library facilities, ordinary  
64 access to computers and networks, or salary. In general, it does not include the use of  
65 students or employees as support staff to develop the work, or substantial use of specialized  
66 or unique facilities and equipment, or other special subventions provided by the system  
67 University unless approved as an exception.  
68

69 Exceptions are expected in units where the tradition is to provide subvention to  
70 some faculty in the form of graduate assistants to help prepare traditional academic  
71 copyrightable works. Exceptions are also expected in situations where creators use system  
72 University -provided facilities and resources in the creation of works of artistic imagination,  
73 for example, use of studios, pottery wheels, or kilns for the creation of paintings, sculpture or  
74 ceramics; use of high end computer hardware and software in the creation of artistic graphical  
75 images; and so on. Other individual exceptions may be approved on a case-by-case basis [see  
76 section 7(k)].  
77

78 SECTION 3. APPLICATION  
79

80 This policy is considered a part of the conditions of employment for every employee of  
81 the University of Illinois System, University and a part of the conditions of enrollment and

82 attendance at the University by students. It is also the policy of the system University that  
83 individuals (including visitors) by participating in a sponsored research project and/or  
84 making significant use of system University -administered resources thereby accept the  
85 principles of ownership of intellectual property as stated in this policy unless an exception is  
86 approved in writing by the system University. All University creators of intellectual property  
87 shall execute appropriate assignment and/or other documents required to perfect, confirm, or  
88 determine ownership and rights as specified in this policy.<sup>1</sup>

89  
90 This policy applies only to intellectual property disclosed after the effective date of the  
91 policy (September 3, 1998).

92  
93 SECTION 4. COPYRIGHTS

94  
95 (a) Ownership. Unless subject to any of the exceptions specified below or in  
96 Sections 4(b) and 4(c), creators retain copyright rights to traditional academic copyrightable  
97 works as defined in Section 2(b) above. (See, in particular ~~however~~, Section 4(b)(2) below.)

98  
99 The University of Illinois System shall own copyrightable works as follows, and by  
100 operation of this Article, such works are hereby assigned to and the property of the University  
101 system:

102  
103 (1) Works created pursuant to the terms of a system University agreement  
104 with a third party, or

105  
106 (2) Works created as a specific requirement of employment or as an  
107 assigned University duty that may be specified, for example, in a written job description or an  
108 employment agreement. Such specification may define the full scope or content of the  
109 employee's University employment duties comprehensively or may be limited to terms  
110 applicable to a single copyrightable work.<sup>2</sup>

111  
112 (3) Works specifically commissioned by the system University. The term  
113 "commissioned work" refers to a copyrightable work prepared under an agreement between the  
114 system University and the creator when (1) the creator is not a system University employee, or (2)  
115 the creator is a system University employee but the work to be performed falls outside the normal  
116 scope of the creator's system University employment. Contracts covering commissioned works shall  
117 specify that the author convey by assignment, if necessary, such rights as are required by the system  
118 University.

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<sup>1</sup>The creator's obligation to assign rights to the system University is subject to the provisions of the Illinois Employee Patent Act, which provides in part (see 765 ILCS 1060/2(1)):

*A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of the state and is to that extent void and unenforceable. The employee shall bear the burden of proof in establishing that his invention qualifies under this subsection.*

<sup>2</sup>Provisions (1) and (2) above define those works that fall within the scope of University employment as that term is used in the definition of "work made for hire" in the U.S. Copyright Statute (see Title 17, USC, Section 101).

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(4) Works that are also patentable. The system University reserves the right to pursue multiple forms of legal protection concomitantly if available. Computer software, for example, can be protected by copyright, patent, trade secret and trademark.

(b) University System Rights in Creator-Owned Works

(1) Traditional academic copyrightable works created using system University resources usually and customarily provided are owned by the creators. Such works need not be licensed to the system University.

(2) Traditional academic copyrightable works created with use of system University resources over and above those usually and customarily provided shall be owned by the creators but licensed to the system University. The minimum terms of such license shall grant the system University the right to use the original work and to make and use derivative works in its internally administered programs of teaching, research, and public service on a perpetual, royalty-free, non-exclusive basis. The system University may retain more than the minimum license rights when justified by the circumstances of development.

(c) Student Works. Unless subject to the provisions of paragraph (a) or provided otherwise by written agreement, copyrightable works prepared by students as part of the requirements for a University degree program are deemed to be the property of the student but are subject to the following provisions:

(1) The original records (including software) of an investigation for a graduate thesis or dissertation are the property of the system University but may be retained by the student at the discretion of the student's major department.

(2) The University of Illinois System shall have, as a condition of awarding the degree, the royalty-free right to retain, use and distribute a limited number of copies of the thesis, together with the right to require its publication for archival use.

(d) Copyright Registration and Notice. University System-owned works shall be protected by copyright notice in the name of the Board of Trustees of the University of Illinois. Such copyright notice shall be composed and affixed in accordance with the United States Copyright Law. Registration of the copyright for University system-owned works shall be in accordance with the operational guidelines and procedures established by the vice ~~chancellor~~ president for economic development and innovation in consultation with the chancellors or the chancellors' designees for research on each campus. The system University may also decide to release a work to the public domain and if so, should so indicate.

(e) University Press Publications. The University Press shall be responsible for copyright registration of works owned by the system University and published by the Press and for administering contracts with its authors. Such contracts shall define the rights and obligations of the author and the system University and shall be processed as other system University contracts.

(f) Compliance with the Copyright Act. University System units that administer activities involving any usage regulated by the Copyright Act are responsible for knowing applicable regulations, monitoring their continuing evolution, and conducting their programs in full compliance with the applicable laws and regulations.

172 SECTION 5. OTHER INTELLECTUAL PROPERTY

173

174 Ownership. Except as otherwise specified in this Article or by the University of Illinois  
175 System in writing, intellectual property shall belong to the system University, and by  
176 operation of this Article is hereby assigned to and the property of the system University, if  
177 made: (1) by a system University employee as a result of the employee's duties or (2) through  
178 the use by any person, including a system University employee, of University system  
179 resources such as facilities, equipment, funds, or funds under the control of or administered  
180 by the system University. (See also Section 4(a)(4) above.)

181

182 SECTION 6. TRADEMARKS

183

184 Trademarks and service marks are distinctive words or graphic symbols  
185 identifying the source, product, producer, or distributor of goods or services. Registration of  
186 trademarks or service marks, at the state or federal level, shall be approved by the appropriate  
187 campus university or system University level officer. Proceeds received from  
188 commercialization of a registered or unregistered mark that is related to an intellectual  
189 property license for associated intellectual property will be shared with all creator(s) of the  
190 associated property as specified in Sections 8(b) and 8(c) below. For proceeds received from  
191 commercialization of a mark that is licensed independently and is not directly related to an  
192 intellectual property license, the share that would normally be distributed to the creator(s) will  
193 be assigned to the unit(s) from which the trademark or service mark originated. Except as  
194 provided herein or subject to prior written agreement between the creator(s) and the system  
195 University, the system University will not share the proceeds from commercialization of a  
196 mark with the individual(s) who created the mark.

197

198 SECTION 7. INTELLECTUAL PROPERTY ADMINISTRATION

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200 (a) Disclosure. All intellectual property in which the University of Illinois System  
201 University has an ownership interest under the provisions of this policy and that has the  
202 potential to be brought into practical use for public benefit or for which disclosure is required  
203 by law shall be reported promptly in writing by the creator(s) to the designated campus  
204 university officer through the appropriate unit employee using the disclosure form provided  
205 by that unit. The disclosure shall consist of a full and complete description of the subject  
206 matter of the discovery or development and identify all persons participating therein. The  
207 creator(s) shall furnish such additional information and execute such documents from time to  
208 time as may be reasonably requested.

209

210 (b) Evaluation and Exploitation Decisions. After evaluation of the intellectual  
211 property and review of applicable contractual commitments, the system University may  
212 develop the property through licensing, to an established business or a start-up company, may  
213 release it to the sponsor of the research under which it was made (if contractually obligated to  
214 do so), may release it to the creator(s) if permitted by law and current system University  
215 policy, or may take such other actions considered to be in the public interest. Exploitation by  
216 the system University may ~~not~~ involve statutory protection of the intellectual property rights,  
217 such as filing for patent protection, registering the copyright, or securing plant variety  
218 certification. All agreements regarding intellectual property must be executed by the vice  
219 president/ chief financial officer and comptroller ~~and attested to by the Secretary of the Board~~  
220 ~~of Trustees~~ or ~~their~~ his or her designees.

221

222 (c) Questions Related to University System Ownership. In the event there is a  
223 question as to whether the system University has a valid ownership claim in intellectual  
224 property, such intellectual property should be disclosed in writing to the University of Illinois  
225 System University by the creator(s) in accordance with Section 7(a). Such disclosure is

226 without prejudice to the creator's ownership claim. The system University will provide the  
227 creator with a written statement as to the system's University's ownership interest.

228

229 (d) Informing Creators of Decisions. The system University will inform principal  
230 creators of its substantive decisions regarding protection, commercialization and/or  
231 disposition of intellectual property which they have disclosed. However, specific terms of  
232 agreements with external parties may be proprietary business information and subject to  
233 confidentiality restrictions.

234

235 (e) University System Abandons Intellectual Property. Should the system  
236 University decide to abandon development or protection of system University -owned  
237 intellectual property, ownership may be assigned to the creator(s) as allowed by law and  
238 current University system practice, subject to the rights of sponsors and to the retention of a  
239 license to practice for system University purposes. The minimum terms of the license shall  
240 grant the system University the right to use the intellectual property in its internally  
241 administered programs of teaching, research, and public service on a perpetual, royalty-free,  
242 non-exclusive basis. The system University may retain more than the minimum license rights,  
243 and the assignment or license may be subject to additional terms and conditions, such as  
244 revenue sharing with the system University or reimbursement of the costs of statutory  
245 protection, when justified by the circumstances of development.

246

247 (f) Commercialization. The system University may, at its discretion and consistent  
248 with the public interest, license intellectual property on an exclusive or non-exclusive basis.  
249 The licensee must demonstrate technical and business capability to commercialize the  
250 intellectual property. The licensee may include clear performance milestones with a provision  
251 for recapture of intellectual property if milestones are not achieved. The licensee may be  
252 required to assume the cost of statutory protection of the intellectual property.

253

254 (g) Conflict of Interest and Commitment. Commercialization activities involving  
255 University of Illinois System employees will be subject to review of potential conflict of  
256 interest and commitment issues and approval of a conflict management plan in accordance  
257 with applicable system University policy.

258

259 (h) University's System's Acceptance of Independently Owned Intellectual  
260 Property. The system University may accept assignment of intellectual property from other  
261 parties provided that such action is determined to be consistent with the public interest.  
262 Intellectual property so accepted shall be administered in a manner consistent with the  
263 administration of other system University -owned intellectual property.

264

265 (i) Consulting Agreements. University System employees engaged in external  
266 consulting work or business are responsible for ensuring that agreements emanating from  
267 such work are not in conflict with system University policy, with the system's University's  
268 contractual commitments or with system University policies regarding system- University  
269 owned intellectual property. Such employees should make their non-system University  
270 obligations known to the appropriate campus officer and should provide other parties to such  
271 agreements with a statement of applicable system University policies regarding ownership of  
272 intellectual property and related rights.

273

274 (j) Statement by Creators. The creators of system- University owned intellectual  
275 property may be required to state that to the best of their knowledge the intellectual property  
276 does not infringe on any existing patent, copyright or other legal rights of third parties; that if  
277 the work is not the original expression or creation of the creators, the necessary permission for  
278 use has been obtained from the owner; and that the work contains no libelous material nor  
279 material that invades the privacy of others.

280

281 (k) Administrative Responsibility. The president has ultimate authority for the  
282 stewardship of intellectual property developed ~~at~~ within the University of Illinois System.  
283 Pursuant to Article I, Section 2, Paragraph (d) the vice president for ~~research~~ economic  
284 development and innovation has direct line authority for system ~~University~~ offices and  
285 entities involved in technology commercialization and related economic development. With  
286 the advice of the chancellors/vice presidents, and in consultation with the executive vice  
287 president and vice president for academic affairs and the campus vice chancellors for research,  
288 the vice president for ~~research~~ economic development and innovation shall establish  
289 operational guidelines and procedures for the administration of intellectual property,  
290 including but not limited to determination of ownership, assignment, protection, licensing,  
291 marketing, maintenance of records, oversight of revenue or equity collection and distribution,  
292 approval of individual exceptions, and resolution of disputes among creators and/or unit  
293 executive officers.

294

295 (l) ~~Campus~~ University Responsibility. Each ~~campus~~ university may establish an  
296 office which has responsibility for administering system ~~University~~ policies regarding  
297 intellectual property as defined in this Article.

298

299 (m) Contractual Authority. Licenses, options for licenses and other agreements  
300 related to commercialization or exploitation of intellectual property shall be granted in the  
301 name of the Board of Trustees of the University of Illinois. All such contracts shall be executed  
302 in accordance with the policies described in this Article.

303

304 (n) Administrative Guidelines and Procedures. General guidelines and procedures  
305 for the administration of intellectual property shall be established by the president in  
306 consultation with the University System Intellectual Property Committee (as specified in  
307 Section 7(o) below) ~~and the campuses. Detailed operational guidelines and procedures for the~~  
308 ~~administration of campus based responsibilities shall be established by the vice chancellor for~~  
309 ~~research.~~

310

311 (o) University System Intellectual Property Committee. The University System  
312 Intellectual Property Committee shall be appointed annually by the president to make  
313 recommendations to the president regarding procedures, guidelines, and responsibilities for  
314 the administration and development of intellectual property and such other matters as the  
315 president shall determine.

316

317 (p) Appeals. After following the administrative guidelines and procedures  
318 ~~established by each campus~~, the University creator or unit executive officer may appeal to the  
319 University System Intellectual Property Committee to seek resolution of complaints or  
320 questions regarding the matters addressed in this Article.

321

322 (q) Preferential Treatment of Sponsors. Sponsored research agreements shall  
323 provide that all intellectual property developed as a result of the sponsored research project  
324 shall belong to the University system unless otherwise specified in writing. The sponsor may  
325 receive an option to license the resulting intellectual property on terms to be negotiated, with  
326 the option to be exercised within a specified period following the disclosure of the intellectual  
327 property. When the nature of the proposed research allows identification of a specific area of  
328 intellectual property or application which is of interest to the sponsor, the system ~~University~~  
329 may accept research agreements with terms which entitle the sponsor to reasonable specific  
330 commercial rights within the defined field of interest. Otherwise, the specific terms of licenses  
331 and rights to commercial development shall be based on negotiation between the sponsor and  
332 the system ~~University~~ at the time the option is executed by the sponsor and shall depend on  
333 the nature of the intellectual property and its application, the relative contributions of the



334 system University and the sponsor to the work, and the conditions deemed most likely to  
335 advance the commercial development and acceptance of the intellectual property. In all cases  
336 where exclusive licensing is appropriate, such license agreements shall be executed apart from  
337 the sponsored research agreement and shall require diligent commercial development of the  
338 intellectual property by the licensee. The system University may also determine, on a case-by-  
339 case basis and only if allowed by law, that it is in the system's University's interest to assign  
340 ownership of resulting intellectual property to the sponsor as an exception to this policy when  
341 circumstances warrant such action, in accordance with guidelines established by the  
342 University System Intellectual Property Committee.

343

344 (r) Exceptions to Policy. Recommendations for exceptions to the provisions of the  
345 policy in this Article shall be made by the University System Intellectual Property Committee  
346 to the president for presentation to the Board of Trustees. [For individual exceptions, see  
347 Section 7(k).]

348

#### 349 SECTION 8 PROCEEDS DISTRIBUTION<sup>3</sup>

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351 (a) Proceeds. For purposes of this policy, "proceeds" shall refer to all revenue  
352 and/or equity, as defined below, received by the University of Illinois System from transfer,  
353 commercialization, or other exploitation of system- University owned intellectual property.

354

355 (1) Revenue. "Revenue" shall mean cash from payments including, but not  
356 limited to, royalties, option fees, license fees, and/or fees from the sale of the system's  
357 University's equity interest.

358

359 (2) Equity. "Equity" shall include, but not be limited to, stock, securities,  
360 stock options, warrants, buildings, real or personal property, or other non-cash consideration.

361

362 (b) Revenue Distribution. When revenue is received by the system University, all  
363 out-of-pocket payments or obligations (and in some cases, a reasonable reserve for anticipated  
364 future expenses) attributable to protecting (including defense against infringement or  
365 enforcement actions), marketing, licensing or administering the property may be deducted  
366 from such income. The income remaining after such deductions is defined as net revenue. In  
367 the case of multiple intellectual properties licensed under a single licensing agreement, the  
368 system University shall determine and designate the share of net income to be assigned to  
369 each intellectual property.

370

371 (1) Creator's Share. The creator (or creator's heirs, successors, and assigns)  
372 normally shall receive forty percent (40%) of net revenue. If there are joint creators, the net  
373 income shall be divided among them as they shall mutually agree. Should the creators fail to  
374 agree mutually on a decision, the system University shall determine the division.

375

376 (2) Originating Unit's Share. The originating unit normally shall receive  
377 twenty percent (20%) of net revenue. If a creator is affiliated with more than one originating  
378 unit or if there are joint creators from different units, the originating unit(s) share shall be  
379 divided among such units as agreed in writing by the responsible unit executive officers.

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<sup>3</sup>These proceeds distribution provisions shall apply only to revenue and equity received from agreements for commercialization that are executed subsequent to the effective date of this policy (September 3, 1998). Unless otherwise agreed in writing between the system University and the creator(s), distribution of income for commercialization prior to the effective date of this policy shall be in accordance with the policy in effect at the time the agreement was approved. Where no policy exists (e.g., for equity), this policy shall prevail.

381 (3) System and University's Shares. The University system normally shall  
382 receive forty percent (40%) of net revenue. Distribution of the University's system's share  
383 shall be allocated to the relevant university in support of its technology transfer activities and  
384 academic and research programs as determined by the vice ~~chancellor~~ president for economic  
385 development and innovation, in consultation with the appropriate vice chancellor(s) for  
386 research of the relevant university or universities.

387

388 (c) Equity Distribution. In any instance wherein the system University executes an  
389 agreement with a corporation or other business entity for purposes of exploiting intellectual  
390 property owned by the system University and the system University receives or is entitled to  
391 receive equity, revenue from the equity shall be shared among the creator(s), the originating  
392 unit(s), and the system University in the same proportions as revenue distributions (except as  
393 specified in Section 8(d) below).

394

395 (d) Exceptions When the Creator(s) Have No Entitlement. If the system University  
396 accepts research support in the form of a sponsored research agreement or unrestricted grant  
397 as part of the consideration in an intellectual property license in lieu of an option fee, license  
398 fee or royalty, the creator(s) shall have no entitlement to receive a share as personal income.  
399 For the subset of equity that is buildings, real or personal property, or other non-cash  
400 consideration, the creator(s) shall have no entitlement to receive a share as personal income.

401

402 (e) Special Distributions. Special facts or circumstances may warrant a different  
403 distribution of proceeds than specified above and such distributions will be determined on a  
404 case-by-case basis under the authority of the vice ~~chancellor~~ president for economic  
405 development and innovation, in consultation with the appropriate vice chancellor(s) for  
406 research of the relevant university or universities.

407

408 (f) Revenue from Actions for Defense or Enforcement of Intellectual Property  
409 Rights. When the system University receives revenue from third parties that results from  
410 successful actions for the purpose of defending or enforcing the system's University's rights in  
411 its intellectual property, such revenue may first be used to reimburse the system University  
412 (or the sponsor or licensee, if appropriate) for expenses incurred in such actions. The  
413 creator(s) and their originating unit(s) shall be entitled to recovery of lost royalties from the  
414 remaining net revenue, in the same proportions as specified in Section 8(b) above. The  
415 remaining net revenue shall be allocated in support of the system's University's technology  
416 transfer activities and academic and research programs as determined by the vice president  
417 for economic development and innovation, in consultation with the appropriate vice  
418 chancellor(s) for research of the relevant university or universities.

419

UNIVERSITY STATUTES AND SENATE PROCEDURES

Shawn Gilmore, Chair

Balaji Baskaran

H. George Friedman

Donald Hackmann

Wendy Harris

William Maher

Dorothee Schneider

William Stevan

Jessica Mette, *Ex officio (designee)*

Jenny Roether, *Ex officio*

Sarah Zehr, *Observer*