

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). In 2018, University Senates Conference (USC) sent a set of proposed changes to Article III of the *General Rules* to the Senates. On April 30, 2018, the Senate Committee on University Statutes and Senate Procedures (SP) recommended that the Senate defer action to a later date so that those changes could be refined. The Senate then approved the changes at its October 15, 2018 meeting, as SP.18.13.

In March 2019, USC returned another round of revisions to the *General Rules*, Article III, noting that:

The USC Statutes and Governance Committee has been working with University Counsel, Executive Vice President Wilson, Vice President Seidel, and the Vice Chancellors for Research to propose additional revisions that relate to Intellectual Property, including the re-establishment of a University Intellectual Property Committee, which would consider policies such as appeals to system IP decisions. In the course of this second round of discussions, some proposed revisions that were endorsed by the senates have now been modified – *though the basic principle of protecting the rights of the creators of IP has not changed.*

The new revisions are highlighted in yellow. For record-keeping reasons, we have retained the tracks of the earlier proposed revisions using the track changes function, but these revisions are not the intended focus of this round of senate review, since each senate has already approved them. Only the sections highlighted in yellow are to be considered in the current review.

Note that, under the revisions proposed in this round, section 7(k) is now referenced more consistently throughout the document. This section outlines the full involvement of the university vice-chancellors for research in the formulation of system-wide policies, while also protecting the rights and interests of the three universities, where faculty reside and where Intellectual Property is created. One example of this new cross-reference is found in section 8 (b) (3) (lines 423-429).

It is important that you know that the university vice-chancellors for research were involved in drafting most of these changes and had a chance to review all of them. No objections have been raised by them.

Importantly, beyond these references to section 7(k) and a few clarifications throughout Article III, this proposed set of changes also allows for the vice-chancellors for research to specify designees (line 311) and specifies that the Intellectual Property Committee plays a role in resolving conflicts (lines 345-347).

Beyond these revisions proposed by USC, SP recommends the additional changes: clarifying the uses of “their” in line 179 and correcting a possessive in line 418. Finally, SP has identified an errant comma at line 215, which, if retained, would unintentionally establish a serial list; SP recommends striking this comma and has alerted USC leadership of this change.

## RECOMMENDATION

The Senate Committee on University Statutes and Senate Procedures recommends approval of the following revisions to the *General Rules*, Article III. Text that is underscored or ~~struck through~~ without highlight was approved by the Senate on October 15, 2018. Text that is **highlighted** represents changes since October 15, 2018. Text that is both ~~underscored and struck through~~ represents additions that were struck since October 15, 2018; if this set of changes is adopted, ~~underscored and struck text~~ will not appear in the *General Rules*.

## 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 preserve  
15 the University's freedom to conduct research and to use the intellectual property created by that  
16 research or pursuant to an institutional initiative. The University **University of Illinois System**  
17 is 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 University system;

21

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

24

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 University's system'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 patents,  
38 registered or unregistered copyrights, registered or unregistered trademarks, service marks,  
39 trade secrets, mask works, and plant variety protection certificates. It also includes the physical  
40 embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus,  
41 instrumentation, circuits, computer programs and visualizations, biological materials,  
42 chemicals, other compositions of matter, plants, and records of research and experimental  
43 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) University University of Illinois System Resources Usually and Customarily  
62 Provided. When determining ownership and license rights in copyrightable works, “University  
63 University of Illinois System resources usually and customarily provided” includes office  
64 space, library facilities, ordinary access to computers and networks, or salary. In general, it  
65 does not include the use of students or employees as support staff to develop the work, or  
66 substantial use of specialized or unique facilities and equipment, or other special subventions  
67 provided by the University system 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 University  
72 system-provided facilities and resources in the creation of works of artistic imagination, for  
73 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, and a part of the conditions of enrollment and attendance at  
82 the University by its students. It is also the policy of the University of Illinois  
83 System that individuals (including visitors) by participating in a sponsored research project  
84 and/or making significant use of University system-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 University appropriate university or system-level officer (or  
87 designee). All University such creators of intellectual property shall execute appropriate  
88 assignment and/or other documents required to perfect, confirm, or determine ownership and  
89 rights as specified in this policy.<sup>1</sup>

90

91 This policy applies only to intellectual property ~~diselosed~~ developed after the effective  
92 date of the policy (September 3, 1998).

93

94 SECTION 4. COPYRIGHTS

95

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

99

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

103

104 (1) Works created pursuant to the terms of a University of Illinois  
105 System agreement with a third party, or

106

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

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<sup>1</sup>The creator's obligation to assign rights to the University system 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).

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

120  
121 (4) Works that are also patentable. The University University of Illinois  
122 System reserves the right to pursue multiple forms of legal protection concomitantly if  
123 available. Computer software, for example, can be protected by copyright, patent, trade secret  
124 and trademark.

125  
126 (b) University University of Illinois System Rights in Creator-Owned Works

127  
128 (1) Traditional academic copyrightable works created using University  
129 system resources usually and customarily provided are owned by the creators. Such works  
130 need not be licensed to the University system.

131  
132 (2) Traditional academic copyrightable works created with use of University  
133 system resources over and above those usually and customarily provided shall be owned by the  
134 creators but licensed to the University system. The minimum terms of such license shall grant  
135 the University system the right to use the original work and to make and use derivative works  
136 in its internally administered programs of teaching, research, and public service on a perpetual,  
137 royalty-free, non-exclusive basis. The University system may retain more than the minimum  
138 license rights when justified by the circumstances of development.

139  
140 (c) Student Works. Unless subject to the provisions of paragraph (a) or provided  
141 otherwise by written agreement, copyrightable works prepared by students as part of the  
142 requirements for a University degree program are deemed to be the property of the student but  
143 are subject to the following provisions:

144  
145 (1) The original records (including software) of an investigation for a  
146 graduate thesis or dissertation are the property of the University University of Illinois System  
147 but may be retained by the student at the discretion of the student’s major department.

148  
149 (2) The University of Illinois System shall have, as a condition of awarding  
150 the degree, the royalty-free right to retain, use and distribute a limited number of copies of the  
151 thesis, together with the right to require its publication for archival use.

152  
153 (d) Copyright Registration and Notice. University System-owned works shall be  
154 protected by copyright notice in the name of the Board of Trustees of the University of Illinois.  
155 Such copyright notice shall be composed and affixed in accordance with the United States  
156 Copyright Law. Registration of the copyright for University system-owned works shall be in  
157 accordance with the operational guidelines and procedures established by the vice ~~chancellor~~  
158 president for economic development and innovation, pursuant to Section 7(k), below for  
159 ~~research on each campus~~. The University system may also decide to release a work to the  
160 public domain and if so, should so indicate.

161  
162 (e) University Press Publications. The University Press shall be responsible for  
163 copyright registration of works owned by the University University of Illinois System and  
164 published by the Press and for administering contracts with its authors. Such contracts shall

165 define the rights and obligations of the author and the University system and shall be processed  
166 as other University system contracts.

167

168 (f) Compliance with the Copyright Act. University University of Illinois System  
169 units that administer activities involving any usage regulated by the Copyright Act are  
170 responsible for knowing having a reasonable knowledge of applicable regulations, monitoring  
171 their continuing evolution, and conducting their programs in full compliance with the  
172 applicable laws and regulations.

173

174

## 175 SECTION 5. OTHER INTELLECTUAL PROPERTY

176

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

184

## 185 SECTION 6. TRADEMARKS

186

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

200

## 201 SECTION 7. INTELLECTUAL PROPERTY ADMINISTRATION

202

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

212

213 (b) Evaluation and Exploitation Decisions. After evaluation of the intellectual  
214 property and review of applicable contractual commitments, the University University of  
215 Illinois system may develop the property through licensing; to an established business or a  
216 start-up company, may release it to the sponsor of the research under which it was made (if  
217 contractually obligated to do so), may release it to the creator(s) if permitted by law and current

218 University system policy, or may take such other actions considered to be in the public interest.  
219 Exploitation by the University system may not involve statutory protection of the intellectual  
220 property rights, such as filing for patent protection, registering the copyright, or securing plant  
221 variety certification. All agreements regarding intellectual property must be executed by the  
222 vice president/chief financial officer and comptroller and attested to by the Secretary of the  
223 Board of Trustees or their his or her designees.

224

225 (c) Questions Related to University System Ownership. In the event there is a  
226 question as to whether the University system has a valid ownership claim in intellectual  
227 property, such intellectual property should be disclosed in writing to the University appropriate  
228 university or system-level officer (or designee) by the creator(s) in accordance with Section  
229 7(a). Such disclosure is without prejudice to the creator's ownership claim. The University  
230 system will provide the creator with a written statement as to the University's system's  
231 ownership interest.

232

233 (d) Informing Creators of Decisions. The University appropriate university or  
234 system-level officer (or designee) will inform principal creators in writing of its substantive  
235 decisions regarding protection, commercialization and/or disposition of intellectual property  
236 which they have disclosed. However, specific terms of agreements with external parties may  
237 be proprietary business information and subject to confidentiality restrictions.

238

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

250

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

257

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

262

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

268

269 (i) Consulting Agreements. University System employees engaged in external  
270 consulting work or business are responsible for ensuring that agreements emanating from such

271 work are not in conflict with University system policy, with the University's system's  
272 contractual commitments or with University system policies regarding University system-  
273 owned intellectual property. Such employees should make their non- University system  
274 obligations known to the appropriate campus university officer and should provide other parties  
275 to such agreements with a statement of applicable University system policies regarding  
276 ownership of intellectual property and related rights.

277

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

284

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

298

299 (l) Campus University Responsibility. Each campus university may establish an  
300 office which that has responsibility for administering University system policies regarding  
301 intellectual property as defined in this Article.

302

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

307

308 (n) General Administrative Guidelines and Procedures. General guidelines and  
309 procedures for the administration of intellectual property shall be established by the president  
310 in consultation with the University University of Illinois System Intellectual Property  
311 Committee ("Intellectual Property Committee") (as specified in Section 7(o) below) and the  
312 campuses universities. Detailed operational guidelines and procedures for the administration of  
313 campus based responsibilities shall be established by the vice chancellor for research  
314 intellectual property shall be established pursuant to Section 7(k).

315

316 (o) University System Intellectual Property Committee. The University System  
317 Intellectual Property Committee shall be appointed annually by the president to make  
318 recommendations to the president regarding procedures, guidelines, and responsibilities for the  
319 administration and development of intellectual property and such other matters as the president  
320 shall determine.

321

322 (p) Appeals. After following the operational administrative guidelines and  
323 procedures established by each campus pursuant to Section 7(k), the University creator or unit



324 executive officer may appeal to the University System Intellectual Property Committee to seek  
325 resolution of complaints or questions regarding the matters addressed in this Article. Where a  
326 resolution is not possible, recommendations for exceptions to the operational guidelines and  
327 procedures shall be made by the Intellectual Property Committee to the president for his or her  
328 decision.

329

330 (q) Preferential Treatment of Sponsors. Sponsored research agreements shall  
331 provide that all intellectual property developed as a result of the sponsored research project  
332 shall belong to the University University of Illinois System unless otherwise specified in  
333 writing. The sponsor may receive an option to license the resulting intellectual property on  
334 terms to be negotiated, with the option to be exercised within a specified period following the  
335 disclosure of the intellectual property. When the nature of the proposed research allows  
336 identification of a specific area of intellectual property or application which is of interest to the  
337 sponsor, the University vice chancellors for research, in consultation with the vice president for  
338 economic development and innovation appropriate university or system-level officer (or  
339 designee), in accordance with guidelines established pursuant to Section 7(k), may accept  
340 research agreements with terms which entitle the sponsor to reasonable specific commercial  
341 rights within the defined field of interest. Otherwise, the specific terms of licenses and rights to  
342 commercial development shall be based on negotiation between the sponsor and the University  
343 vice chancellors for research, in consultation with the vice president for economic development  
344 and innovation appropriate university or system-level officer (or designee), in accordance with  
345 guidelines established pursuant to Section 7(k), at the time the option is executed by the  
346 sponsor and shall depend on the nature of the intellectual property and its application, the  
347 relative contributions of the University system and the sponsor to the work, and the conditions  
348 deemed most likely to advance the commercial development and acceptance of the intellectual  
349 property. In all cases where exclusive licensing is appropriate, such license agreements shall be  
350 executed apart from the sponsored research agreement and shall require diligent commercial  
351 development of the intellectual property by the licensee. The University vice chancellors for  
352 research, in consultation with the vice president for economic development and innovation  
353 appropriate university or system-level officer (or designee), in accordance with guidelines  
354 established pursuant to Section 7(k), may also determine, on a case-by-case basis and only if  
355 allowed by law, that it is in the University's system's interest to assign ownership of resulting  
356 intellectual property to the sponsor as an exception to this policy when circumstances warrant  
357 such action, in accordance with guidelines established by the University Intellectual Property  
358 Committee pursuant to Section 7(k), above.

359

360 (r) Exceptions to Policy. Recommendations for exceptions to the provisions of the  
361 policy in this Article shall be made by the University System Intellectual Property Committee  
362 to the president for presentation to the Board of Trustees. {(For individual exceptions, see  
363 Section 7(k).}

364

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

366

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

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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 University system 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.

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

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

(b) Revenue Distribution. When revenue is received by the University system, all out-of-pocket payments or obligations (and in some cases, a reasonable reserve for anticipated future expenses) attributable to protecting (including defense against infringement or enforcement actions), marketing, licensing or administering the property may be deducted from such income. The income remaining after such deductions is defined as net revenue. In the case of multiple intellectual properties licensed under a single licensing agreement, the University system, pursuant to Section 7(k), above, shall determine and designate the share of net income to be assigned to each intellectual property.

(1) Creator's Share. The creator (or creator's heirs, successors, and assigns) normally shall receive forty percent (40%) of net revenue. If there are joint creators, the net income shall be divided among them as they shall mutually agree. Should the creators fail to agree mutually on a decision, the University appropriate vice chancellors for research, or chancellor's designee, in consultation with the vice president for economic development and innovation, shall determine the division.

(2) Originating Unit's Share. The originating unit normally shall receive twenty percent (20%) of net revenue. If a creator is affiliated with more than one originating unit or if there are joint creators from different units, the originating unit(s) share shall be divided among such units as agreed in writing by the responsible unit executive officers. Should the units fail to agree mutually on a decision, the appropriate vice chancellors for research, or chancellor's designee, in consultation with the vice president for economic development and innovation, shall determine the division.

(3) System-Level and University's Shares. The University system offices normally shall receive forty percent (40%) of net revenue. ~~Distribution of the University's share~~ These funds shall be allocated, pursuant to Section 7(k), in support of ~~its~~ the technology transfer activities and academic and research programs ~~as determined by the vice chancellor for research~~ at the university where the intellectual property was generated.

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

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

423 (e) Special Distributions. Special facts or circumstances may warrant a different  
424 distribution of proceeds than specified above and such distributions will be determined on a  
425 case-by-case basis under the authority of the vice chancellors for research, in consultation with  
426 the vice president for economic development and innovation appropriate university or system-  
427 level officer (or designee), in accordance with guidelines established pursuant to Section 7(k).  
428

429 (f) Revenue from Actions for Defense or Enforcement of Intellectual Property  
430 Rights. When the University system offices receives revenue from third parties that results  
431 from successful actions for the purpose of defending or enforcing the University's system's  
432 rights in its intellectual property, such revenue may first be used to reimburse the University  
433 system (or the sponsor or licensee, if appropriate) for expenses incurred in such actions. The  
434 creator(s) and their originating unit(s) shall be entitled to recovery of lost royalties from the  
435 remaining net revenue, in the same proportions as specified in Section 8(b) above. The  
436 remaining net revenue shall be allocated, pursuant to Section 7(k), in support of the  
437 University's technology transfer activities and academic and research programs ~~as determined~~  
438 ~~by the vice chancellor for research~~ at the university where the intellectual property was  
439 generated.  
440

UNIVERSITY STATUTES AND SENATE PROCEDURES

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