

Israel

Patent enforcement proceedings

In Israel, there is only one possible avenue for patentees seeking to enforce their rights against infringers: a lawsuit for patent infringement. Under the Patent Law the district courts have exclusive jurisdiction over patent infringement cases.

Trial format and timing

Most patent infringement cases commence with a motion for a preliminary injunction seeking to stop the allegedly infringing action. Together with the motion, the patentee files an infringement complaint.

Under Israeli common practice, patent infringement trials commence not with validity questions, but rather with the issue of infringement. If the court decides that an infringement has occurred it will proceed to examine issues of validity – for example, questions related to novelty and non-obviousness.

The parties rely on testimony given by witnesses in the form of affidavits and documents submitted to the court by the witnesses. During the oral hearings each witness is cross-examined on his or her affidavit by the other party.

There is no obligation on parties to provide testimony from expert witnesses. However, due to the inherent technical aspects of most patent litigations, it is common to have expert witnesses in patent cases. Usually the parties retain the experts and they submit their opinions in the form of affidavits. The court also has the authority to appoint an expert on its own behalf for any technical matter in dispute between the parties, in which case the court-appointed expert's opinion will carry much greater weight than those of the parties' experts. Any expert, whether appointed by the court or the parties, may be cross-examined on his or her opinion on behalf of the other party (a court-appointed expert may be cross-examined by both parties).

The average length of a patent trial, from filing of the action until a final decision, is two and a half to three years. This includes pre-trial hearings, hearings regarding preliminary injunctions and hearings on the

main subject matter of the action.

An accused infringer (or any other person) may file a petition to the district court requesting a declaratory judgment of non-infringement or invalidity. In the case of invalidity, an accused infringer may instead choose to file a request with the registrar of patents for revocation of the patent due to invalidity.

Inducement/contributory infringement

The concept of induced or contributory infringement does not appear in the Patent Law. However, in a 2001 case involving an Israeli patent for a system for locking a car's gearstick, the Supreme Court decided to adopt the doctrine of contributory infringement according to the criteria set out by the US Patent Act – namely, that the sale of a component of a patented machine or process constitutes contributory infringement if:

- the component sold is a substantial component of the protected invention;
- the seller knows or should know that the component is specially made or specially adapted for use in an infringement of such a patent; and
- the component is not a staple article or commodity of commerce suitable for substantial non-infringing use.

Infringement by foreign activities

Under the Patent Law a patented process will also extend to any product directly manufactured by the process, whether the manufacture took place inside or outside Israel.

Infringement by equivalents

The Patent Law provides explicit protection against infringement through use of most of the claimed subject matter. This protection is usually applied according to the doctrine of equivalents under US and UK law.

Non-infringing acts

Under the Patent Law certain actions in a protected

invention are excluded from constituting infringement. These include:

- experimental use in order to obtain a regulatory licence; and
- experimental use in connection with an invention, the objective of which is to improve the invention or to develop another invention.

When an experimental act on the protected invention is carried out during the term of the patent in an effort to obtain a licence to market the product after the patent has expired, it shall not be deemed infringing if the action for the purpose of obtaining the licence was performed for the purpose of obtaining a licence in Israel, or in a country in which experimental action on a patented invention is permitted for the purpose of obtaining a licence, prior to the expiry of the patent.

Discovery of evidence

Each party to a proceeding may file a petition requesting the court to grant an order for discovery directed to any of the other parties. The court may order the responding party to produce, in the form of an affidavit, a list of all documents in its possession that are relevant to the subject matter of the proceeding. This petition to the court may not be filed unless the petitioner has first requested the other party to provide a list of the documents. In a similar manner, the court may order a party to state whether a specific document is or has been in its possession. The court may also order a party, subject to provisions of confidentiality and relevance, to let the other party inspect and copy the listed documents.

With respect to unlisted documents, a party may file a petition to the court for inspection and copying of a specific document held by another party that has not been specified in any pleading of affidavit.

Injunctions against infringement

The court grants preliminary injunctions as a form of temporary relief. In Israel, it is common to apply for temporary relief in any proceeding involving IP rights. Often preliminary injunctions remain in force until the court issues a final ruling or decides to set aside the preliminary injunction. The most common temporary relief sought in infringement proceedings is a preliminary injunction prohibiting the defendant from continuing its allegedly infringing activity.

In general, the Israeli courts tend to be pro-patentee and, therefore, often grant preliminary injunctions. Injunctions are personal by nature and are enforceable only against the party against which the injunction was

requested. Therefore, in order to restrict the activities of additional parties, they should be specifically named in the motion.

Monetary remedies for infringement

The Israeli courts seldom calculate compensation in patent cases because most patent proceedings end at the preliminary injunction stage. In the few proceedings that continue beyond that stage, the courts award damages to the prevailing party by taking into account the infringing acts and the plaintiff's situation as a consequence of these acts. The courts will also examine the direct damage caused to the plaintiff, the extent of the infringement and the profits derived by the infringer. The court may also consider the reasonable royalties that the infringer should have paid.

The damages start to accrue from the date of publication of the acceptance of the application, which occurs three to four months prior to the grant of the patent if no opposition is filed.

Punitive damages are available if the court concludes that the infringement continued after the infringer received a notice of infringement. The maximum amount of punitive damages in patent cases is the same as the amount of the award for actual damages (ie, double damages).

Litigation timetable

Preliminary injunctions can be obtained between one month and several months from filing an action. In cases of clear infringement an *ex parte* preliminary injunction may be granted.

In complicated cases the court may decide to hold the hearings on the preliminary injunction and the main subject matter of the litigation at the same time. In such cases, or after the motion for preliminary injunction has been decided, it may take between three and 12 months before the hearing on the main subject matter begins.

The average length of a full patent trial, from filing the action until a final decision on liability, is estimated at two and a half to three years. The process of determining damages and compensation may take up to another year.

The average length of an appeal process, from closure of the trial in the first instance until the appellate court decision, is approximately two to three years.

Alternative dispute resolution

In recent years, partly on account of an unprecedented backlog in the courts' dockets, alternative dispute resolution techniques (ie, arbitration and mediation) have become increasingly popular. The arbitrator's decision is final and binding once it has been approved by the court

(as it usually is). Mediation is often recommended by courts where the parties have expressed a willingness to negotiate and settle, but unlike arbitration, mediation is not binding on the parties.

Patent ownership

Under the Patent Law an invention made by an employee as a result of his or her employment and during the period of employment belongs to the employer, unless the parties have agreed otherwise. In the case of an independent contractor, the invention belongs to the contractor unless a written agreement states otherwise.

The Patent Law recognises the concept of joint ownership. In the case of joint inventors, they will all be considered joint owners of the invention. Each joint owner may transfer his or her share or otherwise exploit the invention.

The ownership of patents is officially recorded at the Patent Office. The transfer of rights in a patent may be done in writing and should be recorded in order to be valid against third parties.

Patent invalidity

A patent may be invalidated in two ways. First, the patent registrar may revoke a patent at the request of any person, based on any of the grounds for opposition as follows:

- There is a valid reason to reject the application (including lack of novelty and obviousness);
- There is evidence of prior use; and/or
- The opponent and not the applicant is the true owner of the invention.

Second, a district court may invalidate a patent based on any grounds for opposition.

An application seeking to revoke or invalidate a patent is not subject to the statute of limitations.

Patent unenforceability

The Patent Law imposes a duty on the applicant to disclose any prior art relevant to the subject matter of the invention. In the event that the applicant provided misleading information as part of the duty of disclosure, or knowingly withheld such information, the registrar or a court may:

- revoke a patent or reject an application;
- grant a licence under the patent to any third party and set the terms of such a licence; or
- shorten the term of the patent.

Voluntary licensing

There are no particular restrictions under the Patent Law on the contractual terms of patent licences. As with any other contract, patent licences are subject to the restrictions imposed under general contract law.

Compulsory licensing

If the registrar is convinced that a patent holder has abused its monopoly, it may grant a non-exclusive compulsory licence to exploit the patented invention to anyone applying for such a licence. An application for a compulsory licence may be submitted only after three years from the date of grant or four years from the filing date of the patent application, whichever is later. A compulsory licence will normally be granted if the patentee does not meet local demand for the patented product on reasonable terms. Furthermore, the registrar may revoke a patent for which it has granted a compulsory licence if it is convinced that the licence did not suffice to prevent abuse of the monopoly. The terms of a compulsory licence are determined by the registrar by considering what is reasonable in view of the particular circumstances of the case and the legitimate interests of the patentee.

Opposition to patents

Upon allowing the application, the entire application and prosecution file will be laid open for public inspection. An opposition against the grant of the application may be filed within three months of the publication date. The basis for an opposition can be one of the following:

- There is a reason for which the registrar was entitled to reject the application (including lack of novelty and/or obviousness);
- There is evidence of prior use; and/or
- The opponent and not the applicant is the true owner of the invention.

Contrary to the practice in several other jurisdictions, where a patentee may initiate infringement proceedings, an opposition in Israel will be handled before the granting of a patent and the applicant may not file an infringement lawsuit as long as the opposition is pending.

Priority of invention

Israel is a first-to-file country. Accordingly, priority disputes between applicants for the same invention are determined according to the filing date and not according to the invention date. The mechanisms of opposition and patent revocation may be used in case of a priority dispute.

Section 17(c)

Under Section 17(c) of the Patent Law it is possible to request the allowance of an Israeli patent application based merely on the grant of a corresponding patent in one of the following jurisdictions: Austria, Australia, Canada, Denmark, Europe (under the European Patent Office), Germany, Japan, Norway, the Russian Federation, Sweden, the United Kingdom and the United States.

In order to take full advantage of this section, the claims in the Israeli application should be identical to, or a subset of, the claims granted in the corresponding patent relied upon. In such case the invention specified in the application will be deemed to comply with the legal requirements of industrial application, novelty and inventive step.

It should be noted that the grant of an Israeli patent based on Section 17(c) is not automatic and the examiner has the discretion to decide whether to allow the patent application based on its counterpart. In practice, examiners rarely reject such an application.

Extension of patent term

The Patent Law provides an option to extend the term of a patent where the owner was unable to enjoy the exclusivity provided by the patent protection due to the

need to obtain regulatory licensing prior to the marketing of the invention. This amendment is especially significant in the pharmaceutical field, in which the development period of drugs is especially protracted due to the need to perform extensive clinical trials and obtain regulatory licensing (processes which take approximately five to seven years) prior to the marketing of the medical preparation.

The owner of a patent or an exclusive licensee may apply for an extension. However, the registrar of patents shall not grant an extension order unless the following conditions have been met:

- The patent at issue is a patent that protects a material, a process for the production of a material or use of a material, a medical preparation that incorporates a material or medical equipment that requires a licence in Israel;
- The patent at issue is still in effect; and
- No extension order was granted previously in respect of the patent at issue or in respect of the material it protects.

An application for an extension order should be filed in writing and be supported by an affidavit stating that all the requirements have been met.

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