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Israel
Qualitatively good, quantitatively poor

In recent years the Israeli patent system has undergone some changes to improve access and protection for patent holders. In addition, the courts have issued some key rulings in IP cases.

Changes at the IPO

The Israel Patent Office (IPO) database is now online and is accessible from both the IPO website and via the World Intellectual Property Organisation's Patentscope. During 2010 the IPO's Patent Department received International Organisation for Standardisation (ISO) certification, and it appointed an ombudsman to deal with complaints. Further, in September 2010 Israel implemented the Madrid Protocol on trademarks.

The IPO has been invited to join the Patent Prosecution Superhighway. It has also implemented the following changes in order to make Israel patent examinations more efficient:

- In addition to filing copies of prior art cited either abroad or in an international search report as being novel or destroying an inventive step (X or Y citations), the inventor must also submit details of all prior art known to the inventor, whether cited abroad or otherwise believed to be relevant to the claimed invention.
- An inventor must pay a surcharge of NIS500 for each claim after the first 50; failure to pay will delay examination.
- No more than two independent claims in each category (ie, methods of manufacture, claims for a device or system, claims for a tool for manufacturing and Swiss-type use claims) are allowable.
- The number of monthly extensions available when prosecuting a patent application has been limited to six per office action and to 15 in total. However, it is still possible to suspend examination for longer periods prior to commencement of examination.
- Incorporation by reference in patent specifications is no longer acceptable.
- It is no longer possible to file a divisional (grandchild) application based on a divisional (child) application once the parent application on which the child divisional is based has issued.

After serving for eight years, Israel Commissioner of Patents Dr Meir Noam completed his term of office at the end of December 2010. Asa Kling was appointed as the new commissioner of patents in March 2011.

Although most of Noam's term as commissioner was successful, one of his reforms was harshly criticised by MK David Rotem, chairman of the *Knesset* Constitution, Law and Justice Committee. Rotem claimed that the IPO had failed to print the basic details of new patent filings in the official paper journal, even though it continued to collect the publication fee from all applicants for four years, amounting to an estimated NIS3 million (more than $820,000). The Israeli government found a creative solution to the problem by retroactively amending the law in January 2011 to allow online publication as of January 2007.

During Noam's tenure the IPO made significant advances with regard to the services that it provides to both domestic and international applicants. However, the global recession has hit Israel, and in 2010 the number of patent, trademark and design filings all decreased.

In total, 1,622 design applications were filed in 2010, which is lower than the annual totals of 2005 to 2009. In 2010 a total of 8,017 trademark applications were filed, lower than 2005 to 2009 and nearly 2,500 fewer than in 2008.

The Madrid Protocol came into force in Israel in September 2010. In the last quarter of 2010, 463 filings were made in Israel through the protocol, with 37 international applications originating in Israel being filed.

However, looking at data from the first half of 2011, a greater number of marks are being filed in more classes as a result of Israel's accession to the Madrid Protocol; the number of marks filed increased by 22% from 7,845

> **“First filers in Israel can obtain a search report quickly and use it as a basis for deciding whether to file in other jurisdictions”**

to 10,029 from September 1 2010 to June 30 2011, compared to the same period one year earlier. This represents increased protection for applicants and greater filing fees for the government. However, with multi-class filings now allowed, the number of separate applications filed has dropped from 7,845 to 6,054 (23%).

Furthermore, in this period 30% of applications were filed directly under the Madrid Protocol, rising to 50% in recent months; as a result, there has been a sharp drop in filings via local patent attorneys.

In total, 7,266 patent applications were filed in Israel in 2010, up from 6,780 in 2009, but still below the levels in 2006 to 2008, which peaked at 8,064 in 2007. Most of these applications were Paris Convention or Patent Cooperation Treaty filings or divisional applications that claimed priority from earlier applications. The number of new applications first filed in Israel was 1,044, the lowest number for a decade. Therefore, it seems that Israeli applicants are increasingly filing regular or provisional applications in the United States first.

Some 41% of patent filings into Israel are computer or electronics related, with 31% being chemical (mostly pharmaceuticals), 17% biotech and 11% mechanical or telecommunications related. The IPO receives a disproportionate number of high-tech and pharmaceutical patent filings compared to those in traditional industries. This reflects the fields in which Israeli industries are perceived by competitors as being a threat.

At the end of 2009 Noam initiated a fast track for ‘green’ patent applications. During 2010 there were 22 allegedly green patent applications; of these, 16 were accepted for the fast track.

During 2010 Israeli activity in regard to patents, designs and trademarks, from both local entities and foreign applicants, was down. However, it appears that Israel has weathered the recession better than many other economies and patent, design and trademark filings have decreased everywhere, with the exception of China.

Israeli Customs had a record year, with 745 seizures, excluding cigarettes — an increase from 426 seizures in 2009 and higher than any previous year.

It has always been possible to “jump the queue” in Israel by requesting accelerated examination and submitting an affidavit testifying to due cause. Typical reasons for requesting accelerated examination include that an applicant’s competitors are already using the technology.

In a notice published on November 28 2010, the IPO announced that from January 1 2011, the applicants for patents first filed in Israel can request accelerated examination based on an intention to file abroad under the Paris Convention. A search report will issue within three months. This means that first filers in Israel can obtain a search report quickly and use it as a basis for deciding whether to file in other jurisdictions. Depending on the results of the search report, applicants can make amendments to the specification and/or claims before filing abroad. Finally, since Israel is to become an international search authority, filers of a Patent Cooperation Treaty application claiming priority from the Israel application can request that the international search report and written opinion take the Israeli search findings into account.

Israeli examiners have access to the same search engines as their counterparts at the European Patent Office. They also tend to be able to work in languages other than Hebrew and English, particularly other European languages, so the quality of the search is likely to be high.

First filing in Israel makes strategic sense for several reasons:

- The cost of filing in Israel is low;
- The application may be filed in English; and
- At present, there is no automatic publication.

Due to these advantages, first filing in Israel should be considered by non-Israeli applicants.

Litigation

In recent years the Israeli courts have issued a number of notable IP-related rulings.

Adidas sued an importer of sneakers with four parallel stripes on the grounds that the shoes infringed its three-stripe mark. The court ruled that there was no likelihood of confusion and rejected the case.

Israeli Customs seizes goods that appear to infringe trademarks and design rights and, depending on the actions of the rights holder and the importer, may destroy the goods. If the importer defaults, the storage and destruction costs must be paid by the rights holder. In a case involving fake Levi's jeans, a district court judge harshly criticised this practice and ruled that charging the costs to the rights holder was illegal. However, the Supreme Court has now heard a case concerning fake Dior perfumes, and has confirmed that Customs has the right to collect the costs of storing and destroying goods from the rights holder should the importer default.

Merck tried unsuccessfully to obtain an injunction against generic pharmaceutical manufacturer Unipharm to prevent it from launching an at-risk generic equivalent of Focalin, a drug used to treat osteoporosis. Unipharm opposed the patent application and Merck argued that it was wrong to prevent a patent issuing while benefiting from manufacturing the patented matter. The court ruled that until a patent issues, there are no grounds on which to issue an injunction, and that if Merck succeeded in the opposition proceedings, it could retroactively file for damages from the date on which the allowed patent application published.

Smith Kline Beecham (SKB), now GlaxoSmithKline, fared rather better when it sought an injunction against Israeli drug manufacturers Unipharm and Trima to stop them from manufacturing generic versions of rosiglitazone maleate (Avandia), a patented drug used for the treatment of Type II diabetes. Unipharm and Trima's defence was that the patent in question (IL106904), which claimed priority from an earlier UK application (UK9218830/9), was invalid since it lacked novelty and inventive step in light of an earlier European patent (EP0306228) filed by SKB. The European patent published before the priority date of the infringed patent.

The first instance court found that Rosi, the generic product produced by Unipharm and Trima, infringed the Israeli patent. The lack of sales rendered the issue of unfair trade and compensation moot. The decision was appealed to the Supreme Court.

On appeal, Unipharm and Trima claimed that the first instance court was wrong to determine that since there was novelty and inventive step, the issue of whether the patent in question was a selection patent did not need addressing. They argued that although a preferred salt had been isolated, it could not be used fairly to extend the term of protection beyond the expiry date of the earlier patent. They also argued a lack of enablement. Finally, they pointed out that although rosiglitazone maleate was alleged to be superior to other salts, no evidence to support this assertion had been provided.

The Supreme Court reminded the parties that it does not review factual determinations of the first instance courts, but only matters of law. It went on to rule that even were the wide Claim 1 to be invalidated, dependent Claim 4 for the specific rosiglitazone maleate could survive on its own merits if it was shown to be novel and inventive, as it was widely supported by the specification. However, it defended the principle of at risk manufacture, pointing out that Section 182 of the Patent Law allows invalidity as a defence for patent infringement.

The first instance court was impressed by the patentee's witnesses and by the fact that the defendant's witness admitted that rosiglitazone maleate was novel. It considered indicative of the selected sale not being obvious that the patentee:

- could show trial and error in the research programme;
- considered other salts such as hydrochloride more likely to be appropriate; and
- almost gave up the project for lack of progress.

The Supreme Court saw no reason to overturn this ruling. Pointing out that the Patent Law requires enabling disclosure for novelty, it stated that rosiglitazone maleate was nowhere mentioned in the earlier patent. By virtue of the earlier patent teaching basic salts and the present invention being an acidic salt, in view of improved efficacy, higher solubility and stability, rosiglitazone maleate was considered novel and inventive. The court pointed out that the ease of copying the patented salt by competitors after reading the disclosure in the patent was evidence that the description was enabling.

Risedronate is used to treat Paget's disease, which results in abnormal bone formations, and osteoporosis, which reduces the density and strength of bones. By slowing down the rate at which bone is dissolved, risedronate increases the amount of bone. The Food and Drug Administration approved risedronate for treatment of Paget's disease in 1998 and for the prevention and treatment of osteoporosis in 1999. The drug is marketed as Actonel.

Procter & Gamble filed International Patent Application WO/2001/056983 for "selective crystallization of three-pyridyl-1-hydroxyethylidene-1,1-

bisphosphonic acid sodium as the hemipentahydrate or monohydrate". This patent has issued in Korea, Europe and the United States. After allowance in Israel, it published for opposition purposes and Unipharm filed an opposition.

The claims in Israel were those allowed in the United States. The main claim is as follows:

1. A process for selectively producing 3-pyridyl-1-hydroxyethlidene-1,1-bisphosphonic acid sodium hemipentahydrate and monohydrate comprising the steps of:

a) providing an aqueous solution of 3-pyridyl-1-hydroxyethlidene-1,1-bisphosphonic acid sodium;

b) heating the aqueous solution to a temperature from about 45° C. to about 75° C.;

c) adding a solvent to the aqueous solution; and

d) optionally cooling the aqueous solution.

The opposer claimed that the applicant knew that the hydrated salt was a mixture of the hemipentahydrate and the monohydrate, and that the method of crystallisation was the standard method of dissolution and lacking in inventive step. The applicant claimed to have been unaware of the monohydrate, although it is apparently always precipitated with the hemipentahydrate.

Deputy Commissioner Noach Shalev Shlomovits, who heard the opposition, was apparently impressed by the fact that the applicant produced no crystallographic evidence in the application or during the opposition proceedings, but simply deduced the two salts from the weight of the crystals, by estimating the water of crystallisation.

Without any other evidence, it is clear that both crystal forms must have been known, and it appears that the general observation of controlling the rate of cooling and concentrations did not involve an inventive step.

Shlomovits ruled not only that was there a lack of inventive step, but also that the application was not properly enabled. Furthermore, he stated that the claimed invention was not fairly based on the specification. Additionally, in order to punish the applicant for its greediness in claiming more than it was entitled to, the deputy commissioner ruled that the application should be rejected. Finally, he stated that the main claim included the pure hemipentahydrate which the applicant accepted was previously disclosed in its earlier patent.

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Born in the United Kingdom, Michael Factor relocated to Israel in 1994. He is a licensed Israel patent attorney with numerous professional affiliations, including the International Trademark Association, the Licensing Executives Society and the International Association for the Protection of Intellectual Property. Dr Factor has a PhD in applied physics from the Hebrew University of Jerusalem, an MEng in materials science and engineering from Imperial College, London and an LLB from the Ono Academic College, Israel.

Dr Factor has broad experience in drafting patent applications and representing clients before local and international patent offices. He writes an IP blog, the IP Factor (http://blog.ipfactor.co.il/), which is devoted to reporting IPO and court decisions related to patents, trademarks, copyrights and designs in English. With several thousand hits a month, the IP Factor is the top Israeli IP resource.