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**Council for Trade-Related Aspects
of Intellectual Property Rights**

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REVIEW OF LEGISLATION

ISRAEL¹

The present document reproduces the introductory statement made by the delegation of Israel, the questions put to it and the responses given in connection with the review of legislation undertaken at the Council's meeting of 26-29 June 2000.²

I. INTRODUCTORY STATEMENT

The delegation of Israel welcomes this opportunity to review its intellectual property legislation and recent developments in this field before this forum. Before proceeding to the substance of our opening statement, please allow me to note our appreciation to the efforts made by the WTO Secretariat in arranging this review and to the members of the WTO that have shown an interest in Israel's TRIPS legislation.

The Israeli legislation provides for a very high level of protection for intellectual property rights. Indeed, even prior to this year, Israel Intellectual Property Law was generally compliant with TRIPS and at times set levels of protection higher than those of TRIPS. During the transition period new legislation was enacted to complete conformity with TRIPS and considerable human and financial resources were invested in enforcement infrastructure and intellectual property awareness raising. Israel now maintains or exceeds the TRIPS minimums and remains committed to maintaining a legal environment which protects intellectual property rights.

In the English language copies of Israel legislation, which were notified to the WTO, our TRIPS implementation amendments often appear in the context of a separate amending law. In our Hebrew language legislation those amendments have already been integrated into the text of the existing legislation which they amend. Integrated English language versions, with re-checked translations, should be available shortly.

A. GENERAL INTRODUCTION

Intellectual property rights in Israel are protected through a comprehensive system of statutory law and common law covering acquisition, maintenance, and enforcement of rights in

¹ As regards laws and regulations notified by Israel under Article 63.2 of the Agreement, reference is made to documents IP/N/1/ISR/1; IP/N/1/ISR/C/1 to 9, IP/N/1/ISR/D/1 and 2, IP/N/1/ISR/G/1 and 2, IP/N/1/ISR/I/1, 2 and 3, IP/N/1/ISR/L/1 and 2, IP/N/1/ISR/P/1, 2 and 3, IP/N/1/ISR/T/1, 2 and 3 and IP/N/6/ISR/1.

² The minutes of this meeting have been circulated as document IP/C/M/27.

patents, designs, registered and unregistered trademarks, appellations of origin, geographical indications, copyright and related rights trade secrets, topographies of integrated circuits, and new plant varieties.

Israeli intellectual property law has its roots in British law and since 1948 many amendments have been made to those laws. Modern trends in Israeli intellectual property law are often drawn from common law jurisdictions, as well as the emerging body of European Union law, and the proposals of the World Intellectual Property Organization. It should be noted that the protection of intellectual property rights is not only through specific intellectual property law legislation, but also additional and overlapping protection can be obtained, in appropriate circumstances, pursuant to other legislation such as the Commercial Wrongs Law, the Civil Torts Ordinance, the Law Against Unjust Enrichment and the Consumer Protection Law.

Israel has ongoing intellectual property committees of experts composed of government persons, non-governmental organizations and individuals. These committees regularly review all aspects of domestic and international intellectual property law and recommend periodic amendments to existing legislation. Additionally, Israeli courts, which adhere to a common law tradition, regularly enhance the development of intellectual property law. Israel is a member of most of the major international agreements on intellectual property rights, and is open to new developments, ideas and theories in this evolving field of law.

Enforcement of intellectual property rights is provided for through a comprehensive statutory and common law system of civil, administrative and criminal mechanisms. In civil enforcement, right holders are able to obtain quick access to a variety of pre judgment remedies and final remedies. Examples of preliminary remedies include injunctions and *ex parte* search and seizure orders. Examples of final remedies include, permanent injunctions, delivery up, destruction of the offending goods and statutory and actual damages and costs. At the administrative level the customs regulations have been coordinated with copyright and trademark legislation and customs searches and seizures are available upon a *prima facie* suspicion of infringement. Criminal sanctions are available for counterfeiting of trademarks and copyrights and related rights and other wilful use of false trade descriptions and violations of injunctions may also constitute criminal offences.

As a general matter, civil and criminal cases are heard in Israel in the general court system. Decisions of Court's of first instance may be appealed. Detailed criminal and civil procedure regulations exist which safeguard the integrity of the process and the rights of the litigants. Criminal proceedings are generally initiated by the State. Significantly, in certain intellectual property cases, private persons may also initiate criminal proceedings. The Civil system provides for various options for filing and handling cases, and the regulations provide for processes such as pre-trial procedures, discovery, preliminary relief, injunctions, hearings, motions, appeals and more. We should note that the ease of availability and range of available orders and injunctions issued by Israeli courts is generally considered efficient and beneficial to rights holders.

Israel is committed to effectively fight intellectual property violations and to this end steps have been taken by the Ministry of Justice, the Attorney General, the Police, the Ministry of Industry and Trade, the Tax Authority, the Ministry of the Treasury, the Commissioner of Consumer Protection, the Ministry of Education and others to jointly combat intellectual property violations. For example a special intellectual property police force unit has been established as well as a special intellectual property prosecutors unit.

Over the last year or so Israel has also undertaken an ongoing, extensive public awareness program, designed to educate the public and government workers on the issue of intellectual property rights and violations, enforcement mechanisms, and consequences of violations.

B. THE NEW LEGISLATION DESIGNED TO IMPLEMENT THE TRIPS AGREEMENT

During the transition period several legislative instruments were enacted in order to conform existing legislation with the requirements of TRIPS. For example: (i) In 1996 a rental right for sound recordings and films was enacted, which this year was extended to also include computer programs. (ii) The Commercial Torts Law; (iii) The Law for the Protection of Topographies of Integrated Circuits; (iv) The TRIPS Omnibus Implementation Law; and, (v) Secondary legislation in the form of certain Orders needed to extend rights to all WTO nationals pursuant to the laws for the protection of integrated circuits, copyrights and related rights. (Due to nuances in Israeli legislation, extension of industrial property rights to WTO nationals does not require secondary legislation.)

The Commercial Torts Law came into effect in November of 1999 and had the following primary effects: (i) It broadened the scope of passing off which gave added protection to trademarks; (ii) It incorporated existing common law trade secret protection; and, (iii) it codified, at least with regard to passing off and trade secrets, the common law "Anton Piller" preliminary remedy. This remedy provides for an *ex parte* order appointing a receiver, who is empowered to enter the premises of defendants and third parties, in order to search for, and seize, documents, evidence and *prima facie* infringing matter for the purposes of preserving evidence and for preventing the free circulation of goods which the court may ultimately deem infringing.

A new *sui generis* law for the protection of Topographies of Integrated Circuits, which incorporates the relevant portions of TRIPS and the Washington Treaty on Integrated Circuits, entered into force on 1 January 2000.

The TRIPS Omnibus Implementation Law and the accompanying TRIPS Orders also entered into force on 1 January 2000. This legislation was intended to fill any gaps which existed between existing Israel law and the TRIPS Agreement. The primary elements of these legislative instruments are as follows.

With regard to copyright and related rights:

- the revision of the definition of a computer program to take into account the Article 10 reference to "in source or object code";
- extending rental rights to include computer software in addition to sound recordings and films;
- extending phonogram producers' rights under Article 14.2 of the TRIPS Agreement to nationals of all WTO Members;
- extending performers' rights under Article 14.1 of the TRIPS Agreement to nationals of all WTO Members;
- extending the term of protection for performances from 25 to 50 years;
- providing additional factors upon which to base eligibility for obtaining protection with regard to films and architectural works in conformance with Article 4 of the Berne Convention (Paris Act 1971);
- enhancing the remedy for the destruction of infringing items; and

- coordination with the Customs Regulations so as to enable detention of allegedly infringing materials upon *prima facie* suspicion of infringement in accordance with the TRIPS Border Control provisions.

With regard to trademarks and geographical indications:

- enhanced protection was provided for registered and unregistered well-known trademarks in accordance with the provisions of Article 6*bis* of the Paris Convention and Article 16.2 and 16.3 of the TRIPS Agreement. Additionally, it should be noted that the passing off provisions of the Commercial Torts Law provide for additional and overlapping protection for well-known trademarks;
- recognition of priority rights from prior trademark applications filed in any WTO Member State;
- additional protection for geographical indications and enhanced protection for spirits (wines had already received TRIPS-level protection) together with appropriate balancing of such rights with rights of similar trademarks;
- the period of cancellation for non use was raised from two years to three;
- modifications were made to the *telle quelle* provisions to better conform with Article 6 *quinquies* of the Paris Convention;
- specific protection, in conformance with Article 11 of the Paris Convention was given to trademarks which are temporarily in use in Israel during an international exhibitions; and
- remedies for trademark infringement and counterfeiting were enhanced by, *inter alia*, provision of remedies for the destruction of infringing goods or their transfer to the right holder. In addition coordination was made with the Customs Ordinance to allow for detentions of *prima facie* infringing items in accordance with the TRIPS border provisions.

With regard to industrial designs:

- priority rights were extended to prior applications originating in any WTO Member state; and
- grace period provisions for dealing with lapsed registrations were clarified.

With regard to patents:

- priority rights were extended to prior applications originating in any WTO Member state and patents were made available in all fields of technology;
- clarifications were made to the provisions which place the burden of proof upon a defendant with regard to the infringement of process patents for obtaining a product where such resulting products are identical. Under the new law, such a defendant will bear the burden of proving that he used a different process; and
- the compulsory licence scheme was severely curtailed and it is unlikely that there will be any future compulsory licence applications. In particular, a provision relating to

compulsory licenses with regard to medicines was repealed and local working now includes importation into Israel and the scope of any compulsory licence must be limited to production primarily for the local market. Provisions regarding dependent patent compulsory licenses and calculations of royalties were adjusted to bring them into line with TRIPS. Nevertheless, in light of these changes compulsory licensing is effectively no longer practical in Israel.

With regard to Customs Authorities:

- special provisions were made to enable the Customs Authorities to detain goods which are suspected of infringing trademark rights and copyrights. These new provisions were modelled on the TRIPS Agreement, Part III, Section 4, Border Measures.

Since issues regarding statutory damages, compulsory licensing of patents and protection of computer software and appeared in several of the questionnaires we would like to briefly address each of these.

With regard to statutory damages:

- Israel has had a system of statutory damages in respect of copyright for many years. An amalgamation of case law suggests that while statutory damages are primarily compensatory and evidentiary in nature where the infringement was intentional the judicial trend is to apply the maximum amount of permitted statutory damages in an effort to fashion a remedy which is both compensatory and deterrent in nature.

With regard to computer programs:

- computer programs have been treated as copyright by Israeli Courts since the mid-1980s and by copyright legislation since the late 1980s. In the context of TRIPS implementation the statutory definition of computer programs was changed in order to make specific reference to source code and object of computer programs.

With regard to compulsory licences:

- compulsory licensing of patents has been severely reduced as a result of TRIPS because local working now includes importation and production under a compulsory licence must be limited to primarily the supply of the domestic market. No compulsory licences have been granted since 1995 and in light of the recent changes it is unlikely that there will be any future compulsory licence applications.

C. CONCLUSION

In conclusion, Israel has long been committed to a strong intellectual property regime. The Courts have consistently emphasized the importance of intellectual property rights and the need to construe such rights with broad coverage in order to encourage innovation. In addition, organizations representing intellectual property rights holders from Israel and abroad are active in Israel and often work in cooperation with government agencies to enhance protection. As intellectual property has evolved and become increasingly sophisticated, so have Israeli laws and jurisprudence evolved to meet these changes. The extensive civil and criminal remedies provided for are intended to act as a deterrent to violators, and to provide for meaningful remedies to the injured. The severe punishments available for criminal offences can act as a deterrent to potential offenders. Holders of rights have

thus been able to rely on progressive legislation, and enlightened judicial interpretations of these statutes in order to enjoy effective intellectual property rights in Israel.

II. RESPONSES TO QUESTIONS POSED BY AUSTRALIA

A. COPYRIGHT AND RELATED RIGHTS

1. Please provide any further information, where possible, on the effective meaning and scope of the term "compilation" in the definition of "literary work" under section 35(1) of the Copyright Act 1911. Does it extend to compilations of data and other material in accordance with Article 10.2 of the TRIPS Agreement as well as collections of literary or artistic works under Article 2(5) of the Berne Convention? To what extent does it in practice provide protection for multimedia works?

In conformity with Articles 10.2 of the TRIPS Agreement and Article 2(5) of the Berne Convention, the Israel Copyright Act, 1911 in Section 35(1), lists compilations as a type of "literary work" for purposes of copyright protection. In *State of Israel v. Akhiman*, C.A. 136/71, 26 (2) S.Ct. 259, the Supreme Court stated that a compilation, the selection and arrangement of which resulted from labour, skill and intelligence merited copyright protection. Nevertheless, purely factual material contained therein would be public domain.

With regard to multimedia works, Israel copyright law is "media neutral" in the sense that the work is protected regardless of the medium in which it is embodied. Hence, to the extent that a multimedia work is a compilation of works the compilation as a whole would benefit from copyright protection. For example, an aural or audio visual compilation, such as a CD version of an encyclopaedia that includes narration, music and photographic images, may be entitled to copyright protection on each constituent portion as well as with respect to the compilation as a whole.

2. To what extent does current copyright protection in Israel cover the use and dissemination of copyright works on digital networks such as the Internet? Are there any specific provisions in copyright law concerning the digital on-line environment, and are there any significant judicial or administrative decisions with bearing on this issue?

Israeli copyright law is "technology neutral" in the sense that it contains no specific references to any specific technologies, digital or otherwise, however any unauthorized activities which occur in an Internet medium would be treated just as if they were occurring in more conventional mediums. For example sale of infringing software over the Internet would constitute a violation of copyright law. There are not yet any specific court rulings with regard to digital environments, but there are some pending cases.

3. Are there any specific judicial rulings, policy statements or other guidance on the nature of copyright protection extended to databases and computer software under Israeli copyright law?

In coordination with the trend set in earlier case law, the Copyright Ordinance was amended in 1988 by the addition of section "2A" which provides that computer programs are to be deemed literary works for purposes of copyright and as such are fully protected under copyright law. With regard to data bases, there is no *sui generis* law regarding database protection, however to the extent that a database is a "compilation" it is eligible for copyright protection.

4. What provisions or allowances are there for Government use of copyright works, including computer software, and is there a mechanism for compensating the owner of copyright in any such case?

Israeli copyright law does not contain any special allowances for government use of copyright works.

5. Please describe the effective scope of limitations or exceptions are provided to the exclusive rights established under the law of copyright and related rights, provisions for compensation or equitable remuneration when such limitations or exceptions apply. In particular, please indicate what judicial or other legal or administrative guidance is available to determine:

- (a) the scope of allowable educational broadcasts under Section 7(A) of the Copyright Ordinance.**

Section 7(A) of the copyright Ordinance was in force during a limited period until 31 March 1974 at which time it expired. The source of this misunderstanding appears to be from the English language translation of the Copyright Ordinance which was notified to the WTO.

- (b) the meaning and scope of the phrase "private and domestic" in section 3C of the Copyright Ordinance.**

This provision was added in 1996 and since then no case law appears to have evolved which would give further explanation to the interpretation of this section.

- (c) the scope of "fair dealing.....for the purposes of private study, research, criticism, review or newspaper summary"(section 2(I)(i) Copyright Act 1911).**

In *Geva v. Walt Disney Co.*, Case no. 2687/92, 48(1) Supreme Court Reports 251 (30 December 1993), which is the leading case to date regarding fair dealing, the Supreme Court adopted the "four step test" fair use approach emanating from US copyright law. In particular, the Supreme Court held that the four main considerations for determining fair dealing include: the purpose and character of the use; the nature of the copyright work; the substantiality of the portion used in relation to the copyright work; and the effect of the use upon the potential market for the copyrighted work.

- (d) limitations or exceptions that apply to computer software protected by copyright.**

Beyond the exceptions generally applicable to works, there are no limitations or exceptions which apply to computer software protected by copyright.

B. TRADEMARKS

6. Are there any specific provisions in Israeli laws and regulations, or any significant judicial decisions, with bearing on the use of trademarks or geographical indications on digital networks such as the Internet? Are there any relevant decisions or other legal provisions concerning the relationship between Internet domain names and trademarks or geographical indications?

There are no specific laws or regulations dealing with the use of trademarks or geographical indications on the Internet, however Israel trademark and geographical indication law are "technology

neutral" and infringements occurring within the Internet medium would be actionable to the extent they would be actionable were they to occur in more conventional mediums. For example, in *Cellcom Israel Ltd. v. T.M. Aquanet Computer Communications Ltd., et al*, Tel Aviv District Court, motion number 10909/99 (Sept 8.9.99), in what appears to be the only decision thus far related to conflicts between domain names and trademarks, where the defendant's secondary level domain name was identical to plaintiff's trademark, albeit in respect of different services, the court granted preliminary injunctions against the defendant and the Domain Name Registry, enjoining further use of the disputed domain name, on the grounds that plaintiff had made out a *prima facie* cause of action and shown likelihood of success on the merits under legal theories of passing off and conversion of goodwill. In addition, authority for registration of some second and third level domain names has been delegated from IANA (Internet Assigned Numbers Authority) to the Israel Internet Society (ISOC), a non profit organization. Registrants obligate themselves contractually to abide by ISOC rules including those for dispute resolution which rules are modelled upon those set forth by ICANN (Internet Corporation for Assigned Numbers and Names). To date, a few domain disputes have been decided through the ISOC authorized dispute resolution mechanism. For example, one panel ordered that the domain name <waltdisney.co.il> registered by an individual with no relationship to Disney Enterprises, Inc., be transferred to Disney Enterprises, Inc. on the grounds that respondent's registration was made in bad faith and in violation of trademark norms.

C. GEOGRAPHICAL INDICATIONS

7. Is there a significant difference between the effective scope of "geographical indication" and of "appellation of origin" under the Appellations of Origin (Protection) Law 5725-1965 as amended? Is it possible that a particular reference could fall within both definitions and if so, how is this resolved? In what circumstances is it possible to protect the geographical indication of a foreign country as a registered appellation of origin under this law?

(1) There are differences between "appellations of origin" and "geographical indications", each of which are defined terms which originate in the respective international treaties which define their scope and application. "Appellations of origin" were introduced into Israeli law in 1965 pursuant to Israel's obligations under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (hereinafter – "Lisbon") and "geographical indications" were introduced into Israeli law in order to comply with TRIPS. Conceptually the differences between the two are not great. However, the primary differences between them are as follows:

- (a) geographical indication include indications where a given "quality", "reputation" or "other characteristic" of the good is essentially attributable to its geographic origin, whereas appellations of origin include indications (appellations) where the "quality" and "characteristics" of the product bearing the indication (appellations) are due exclusively or essentially to the geographic environment, including natural and human factors. Hence, a "geographic indication" can be based on "reputation" whereas an "appellation of origin" can not;
- (b) Israeli law will recognize "geographical indications" from all members of the WTO, whereas foreign "appellations of origin" will only be registered if their country of origin is a member of the Lisbon Agreement;
- (c) pursuant to Article 23 of the TRIPS Agreement, geographical indications for wines and spirits enjoy protection against any adverse use even if such use does not mislead the public, in particular, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind,' 'type,' 'imitation,' or the like, however, in accordance with Article 22 of the TRIPS Agreement, geographical indications for all other products are protected only

against misleading adverse use. In contrast, the scope of protection for "appellations of origin", regardless of product type, is like that pursuant to Article 23 of the TRIPS Agreement;

- (d) certain exceptions apply to the scope of a geographical indication (e.g. those set forth in Article 24 of the TRIPS Agreement) which may not exist with respect to "appellations of origin";
- (e) "appellations of origin" undergo examination and are published for opposition prior to registration in Israel and as such enjoy a rebuttable presumption of validity for as long as they are registered, whereas geographical indications arise without examination proceedings, but bear the burden of proof to assert their validity when challenged;
- (f) actions for invalidation of a "geographical indication" may be heard by Israeli courts at any time, whereas subsequent to registration in Israel of a foreign "appellation of origin" its validity can only be challenged in its country of origin and not in the Israeli courts (however there is currently a bill pending in the parliament which would give Israeli courts jurisdiction to hear affirmative defences claiming invalidity of foreign "appellations of origin");

(2) A sign which is protected in Israel as a "geographical indication" could also qualify as an "appellation of origin" provided it meets the necessary eligibility criteria, undergoes examination proceedings and originates in a country which is a member of Lisbon. In such circumstances it would be entitled to overlapping protection.

(3) Same answer as (2) above.

8. What is the consequence of providing that a misuse of a geographical indication under sections 21A is an infringement of an appellation of origin under sections 22 and 23. Does the operation of section 21B in "deeming" a misuse to be an infringement of an appellation of origin differ from section 21A?

Both sections 21A and 21B of the *Appellations of Origin and Geographical Indications Protection Law* incorporate by reference the remedial and procedural aspects of sections 22 and 23 and was intended merely as a drafting convenience.

D. PATENTS

9. Is patent protection for plant and animal inventions available under Israeli law? Are there legal or administrative guidelines on the meaning of the phrases "varieties of plants or animals" and "micro-biological organisms not derived from nature" in section 7(2) of the Patents Law 5727-1967?

Yes. Patent protection is available for plant and animal inventions in Israel provided that the invention meets the eligibility criteria set forth at section 3 of the Patents law. Section 3 states: "An invention, whether a product or a process, in any technological field, which is new, useful and susceptible of industrial application, and which involves an inventive step, is a patentable invention." There are no written legal or administrative guidelines regarding the meaning of the phrases "varieties of plants or animals" and "micro-biological organisms not derived from nature".

10. Beyond the specific provisions of the Patents Law (in particular Articles 1, 53 and 54A), is any additional legal guidance available (such as applicable judicial decisions) to illustrate

what acts are recognized as permitted limitations or exceptions to the exclusive rights of a patent holder?

There is not yet any case law which further illustrates the provisions noted in the question.

11. In what circumstances does Israeli law permit use of a patented invention without the authorization of the patent owner, including use by the government? In what manner is the patent owner compensated for such use? In how many cases have compulsory licences been granted, and how many permits have been granted for State use of patented inventions?

In accordance with the TRIPS Agreement, the Israel Patents Law does permit use of a patented invention without the authorization of the patent owner, in exceptional circumstances and upon equitable remuneration to the patentee by a compulsory licensee or by the government. Firstly, pursuant to Chapter Six of the Patents Law, an invention can be exploited by the State, subject to payment of royalties to the patentee, where it is "...necessary so to do in the interests of the defense of the State or the maintenance of essential supplies and services." To the extent that such authorizations have occurred, if at all, (no statistics are maintained) compensation issues have thus far been resolved voluntarily between the parties without need of outside intervention. Secondly, compulsory licences for non working (importation of the patented product is now considered as a form of local working of the patent) of a patented invention are available, in very limited circumstances, and in accordance with the provisions of Article 31 of the TRIPS Agreement. Where a compulsory licence has been granted, the patentee may apply for review of that licence on the ground that the circumstances which existed at the time of its grant have changed or that the licensee has infringed any of its conditions (section 127). Indeed, in December 1999, the compulsory licence sections of the Patents Law were amended in order to conform with the TRIPS Agreement.

Detailed statistics of the sort requested in the above question are not maintained. However, approximately five compulsory licences were granted during the 1990s (one of which was overturned on appeal). There are no compulsory licence applications currently pending and given the 1999 changes to the Patents Law it is unlikely that any compulsory licence applications will be made in the future. We are not aware of any permits to use an invention or compulsory licences ever having been made, or sought, in favour of the government.

12. Please elaborate on the interpretation in Israeli law of the phrase "not fair under the circumstances of the case, do not take account of the public interest and arise essentially out of the existence of the patent" in section 119(2)?

Interpretation of section 119(2) appears to have occurred rarely. For example in, In the Matter of Compulsory Licence for Patents 13043 and 15525, Decisions of the Commissioner of Patents, Part II, 1971-1974, 32 at 68 described this section as an unfair licence restriction and analogized to a voluntary licence which contained such extreme restrictions as to be tantamount to non working of the patent. (In this case the compulsory licence was granted, though principally on the ground that there was no local manufacture of the patented product.) In the Matter of Compulsory Licence Application 24187, *Teva v. Ciba-Geigy*, Decisions of the Commissioner (1978-1984), Vol. I, pages 5, 6, 24, Commissioner reasoned that refusal to grant a voluntary licence on reasonable term for local manufacture was a violation of section 119(2). Prior to the implementation of TRIPS, compulsory licences were generally granted on the basis of either failure to supply the local market or failure to manufacture the patented product in Israel. Notably, the latter ground, subsequent to TRIPS implementation, is no longer a basis for the grant of a compulsory licence.

E. UNDISCLOSED INFORMATION

13. To what extent do the provisions of Chapter Two of the Commercial Torts Law 5759 – 1999 concerning protection of undisclosed information apply to actions by or on behalf of the government?

Chapter Two of the Commercial Torts Law, 5759 - 1999 applies to private and governmental entities. Additionally, trade secret information held by a governmental authority and its employees is not open to public inspection (see section 23B of the Law for the Protection of Privacy 5731-1981; Rule 42.5 *et seq.* of the Civil Service Bylaws).

F. CONTROL OF ANTI-COMPETITIVE PRACTICES

14. Does Israeli law provide for any specific measures concerning practices that constitute an abuse of intellectual property rights?

The Restrictive Business Practices Law, 5748 - 1988, which applies to all aspects of the economy, is intended to prevent restrictive trade practices and abuses of monopoly power. In general intellectual property rights are exempt from being deemed an unlawful restrictive arrangement, provided that: the arrangement is between the owner of a said intellectual property right and the person who is given the right to use it; and, that if the intellectual property right is registered if registration is required to create the right. Intellectual property rights are subject to the law's regulation of abusive monopoly power. In light of this section the anti trust commissioner has alleged that a certain collective rights management organization may be abusing its monopoly position and should therefore be subject to the oversight of the anti trust commissioner. That matter is currently *sub judice* before the Anti Trust Court.

III. RESPONSES TO QUESTIONS POSED BY CANADA

1. What recourse do right holders have in respect of wilful trademark counterfeiting or copyright piracy on a commercial scale, as required by Article 61?

See the responses to questions 60 and 61 from the United States below.

2. What protection does your Copyright legislation afford to foreign works?

See the response to question 1 from Japan below.

IV. RESPONSES TO QUESTIONS POSED BY THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

A. COPYRIGHT AND RELATED RIGHTS

1. Does copyright subsist in a computer program under the same terms as literary works? Please explain how the answer is derived from the notified legislation.

Yes. See section 2A of the Copyright Ordinance which states: "For purposes of copyright, computer software shall be treated like a literary work, within the meaning of that term in the Copyright Law, 1911."

Follow-up question:

Please explain how the amendment to section 2A of the Copyright Ordinance contained in the Law to Amend Intellectual Property Laws – (Modifications to Suit the Provisions of the TRIPS Agreement) 5790-1999 (notified in WTO document IP/N/1/ISR/C/9) affects the operation of section 2A and how the resulting provision should read.

Section 2A now states: "For purposes of copyright, computer programs, whether in source or object code, shall be treated like a literary work, within the meaning of that term in the Copyright Law, 1911." The words in *object or source code* were added to the existing statute in order to leave no doubt that Article 10.1 of the TRIPS Agreement has been implemented.

2. What is the legal status of the different documents notified as forming Israel's copyright regime? Are they all legally binding and do recent laws supersede older provisions in cases of inconsistency?

The Copyright Act, 1911 as amended to date, the Copyright Ordinance as amended to date and the Performers and Broadcasters Rights Law as amended to date constitute the cumulative primary legislation in the area of copyright and related rights. Orders and Regulations constitute secondary legislation and are subject to primary legislation. All primary and secondary legislation notified to the WTO has been in force at least since 1 January 2000 (notably, with the exception of the TRIPS implementation amendments, the vast majority of copyright legislation has been in place for many years).

Follow-up question:

In light of the statement in the response that secondary legislation such as Orders are subject to primary legislation, please confirm that the secondary legislation provisions of the Copyright (TRIPS Agreement) Order 5760-1999 amend the primary legislation provisions with respect to treatment afforded to citizens or residents of Israel in the Copyright Ordinance.

The Copyright (TRIPS Agreement) Order, 5760-1999, does not relate to citizens or residents of Israel, rather it is intended to implement TRIPS obligations with respect to works arising in other WTO Member states wherein such works would be protected in Israel as if they had been first published in Israel or as if they had been created by an Israeli citizen or resident. Similarly, film works and architectural works which lack the above contacts with Israel will nevertheless be protected in Israel provided that the film's producer has a regular place of business or residence in a WTO Member State or where the architectural work is situated in a WTO Member State.

3. Please provide recent examples of criminal penalties for copyright infringement.

Such statistical information is not readily available and not centralized in any one agency. For example some of the prosecutions are carried out through use of private criminal complaints instituted by the plaintiff himself, while others are handled through the various specialized intellectual property crimes police units situated in different parts of Israel. Still other prosecutions are being handled by various regional offices of the State's Attorneys Office. The investigations and prosecutions have been initiated against small store owners who trade in counterfeit items to manufacturers of such items. As a result of the State's investments in enforcement infrastructure in 1999 and the first half of 2000, a great many indictments have been filed. Thus far some have ended in convictions with six to twelve month suspended jail sentences and fines against for example persons dealing in counterfeit goods, and other cases are still pending.

Follow-up question:

Please provide some examples of the level of the fines referred to and of convictions resulting in offenders spending some portion of their sentence in jail, including the length of time spent in jail.

In the recent criminal case Docket No. 2737199, *The State Of Israel v. Mr. Golan Yehuda*, (Tel Aviv Magistrates Court, 10 April 2000) the defendant was convicted of dealing in pirated films and sentenced to four months actual imprisonment and an additional ten months suspended imprisonment sentence. However after the victim (the copyright owners) recommended to the Court to treat the accused leniently, the Court converted the jail time to compulsory community service. Fines, though relatively low, are regularly awarded in criminal proceedings.

4. Does Israel's law provide for criminal penalties against parties who knowingly use illegal software? If not, why? If so, under which statutory provisions?

Pursuant to section 3 of the Copyright Ordinance it is a criminal offence, *inter alia*, to make an infringing copy of a work (e.g. copyrighted software) in order to sell or rent it; or, distribute infringing copies of such a work for purpose of trade or to such an extent as to affect prejudicially the owner of the copyright as well as other offence which are not relevant to the instant question. To the extent that "use" involves making a copy or distributing copies in a manner which maintains the elements of the offences, it will be subject to criminal sanctions. Notably, the TRIPS Agreement does not require member states to provide for criminal penalties against parties who knowingly use illegal software, but rather Article 61 "Criminal Procedures" only requires member states to provide criminal procedures and penalties at least in cases of "copyright piracy on a commercial scale". Note 14 to Article 51 defines "pirated copyright goods" as goods which are copies made without the consent of the right holder or a person duly authorized by him in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation. Hence, Article 61 is quite limited and requires criminal penalties only in instances of making commercial quantities of unauthorized copies.

5. Are statutory damages for breach of copyright applied by the Supreme Court on a per copy or a per title basis? If on a per title basis, how does this deter piracy on a commercial scale?

The issue of statutory damages has been addressed several times by both the Supreme Court and the lower courts. An amalgamation of the case law suggests that statutory damages are factored primarily, though not necessarily on a per title basis and are meant to be primarily compensatory and evidentiary in nature in the sense that it creates a presumption of damages without requiring the plaintiff to prove his actual damages. Nevertheless, where the infringement was intentional, several

courts have applied the maximum amount of permitted statutory damages in an effort to fashion a remedy which is partially compensatory and partly to serve as a deterrent. See e.g., *Saggi v. the Estate of Ninyo*, C.A. 592/88, 46(2) S. Court Rep. 254, 272; *Sadar Machsheveim Ltd. v. Electo, C.C.*, Nazareth Dist. Court 831/90, 5754 (1) Dist. Ct. Rep. 177, 187. Additionally some courts appear to be moving towards a per copy basis. See e.g. *Tal Gal Cohen v. Amir Berman*, District Court, T.A. Docket no. 070422/99, (11.6.2000). Accordingly, the matter of calculating statutory damages on a per title or per copy or hybrid basis is not yet firmly settled in Israeli case law.

6. Do damages and penalties for copyright infringement amount to adequate compensation and deterrent for further infringements? Please provide recent examples of damages or penalties applied by the courts which meet these standards.

Israeli copyright law provides for compensatory damages within the framework of civil actions and as such the amount of the damage remedy will be commensurate with the level of actual damages. Similarly, where a plaintiff can not, or does not want to, prove the level of actual damages incurred he can opt for statutory damages. In addition, in civil action the losing side is generally required to pay some or all of the winning sides court costs and attorneys fees thus forming a remedy which has both compensatory and deterrent effect. Indeed damage awards can be quite high, as was the case in *Hershko v. Orbach*, C.A. 4500/90, 49 (1) Sup.Ct.Rep. 419, involving infringement of school books wherein the Supreme Court ordered the infringer to pay compensatory damages in the amount of close to \$700,000 (this sum was composed of actual damages in the amount of approximately \$350,000 and another \$350,000 in interest which was measured from the date of the infringement until the date of the Supreme Court's final decision).

Punitive or deterrent penalties are available within the framework of criminal actions. The maximum sanctions for criminal infringement of copyright are imprisonment of up to three years and fines of up to approximately \$250,000 U.S. See also the response to question 3 from the EU above.

7. Does the Copyright (TRIPS Agreement) Order 5760-1999 apply to sound recordings and other works created before 1 January 2000?

Yes. Indeed in a recent Supreme Court case, *Mifal Hapais v. The Roy Export Company*, C.A. 8393/96 (not yet reported), the court stated that Copyright Orders in Israel legislation have effect with regard to works which pre-date the Order.

Follow-up question:

Please clarify whether or not the Supreme Court decision, quoted in reply to question 7, will apply to all sound recordings or only *inter partes*. Please inform whether or not the Copyright Act will be amended accordingly.

Decisions of the Supreme Court become binding precedent in Israeli law and therefore will have application to sound recordings generally. Supreme Court case law need not be codified into statutory law in order to become binding precedent.

8. Can section 5 of the Copyright (TRIPS Agreement) Order be used to reduce the term of protection below the levels mandated in Article 12 of the TRIPS Agreement? What is the purpose and legal basis of section 5?

Section 5 is intended to incorporate the rule of the shorter term as such is permitted by Article 7(8) of the Berne Convention with regard to protection of works entitled to protection in Israel through a reciprocal arrangement. This Article of the Berne Convention, like the Convention's other

substantive provisions, has been incorporated by reference into the TRIPS Agreement pursuant to Article 9.1 thereof.

Moreover, Article 3.1 of the TRIPS Agreement permits exceptions to national treatment to the extent that such exception is provided for in, *inter alia*, the Berne Convention.

Follow-up question:

Please comment on the application of the mandatory language of Article 12 of the TRIPS Agreement to the provisions of section 5 of the Copyright (TRIPS Agreement) Order.

Section 5 of the Copyright (TRIPS Agreement) Order incorporates the notion of the rule of the shorter term, as such rule is recognized by Article 7(8) of the Berne Convention.

B. TRADEMARKS

9. Is prevention of unauthorized use of identical or similar signs for goods or services, which are similar to those in respect of which a trademark is registered, available to trademark holders under Israeli Law? If so, under which provisions?

Yes. Registered trademark rights will be infringed when a person not entitled thereto makes use of the registered mark, or a mark confusingly similar thereto, in relation to goods or services in respect of which the trademark is registered, or to goods or services of the same description. Infringement of a registered trademark may be remedied by interlocutory relief, such as search and seizure orders and injunctions enjoining use of the mark, and permanent relief, such as monetary damages and permanent injunctions. In addition, in cases of counterfeiting criminal sanctions are available. See sections 1, 57, 59, 59A and 60 of the Trademarks Ordinance.

Follow-up question:

Is the protection referred to extended to trademarks used on goods and services "similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion" in the terms of Article 16.1 of the TRIPS Agreement and, if so, by which provisions of Israeli law?

Yes. The protection referred to does extend to trademarks used on goods or services similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. Where the marks are identical no showing of likelihood of confusion is necessary. See the definition of "infringement" in paragraph 1 of the Trademarks Ordinance.

C. INDUSTRIAL DESIGNS

10. Please explain what "new or original" means in Article 30(1) and 31(a) of the Ordinance.

Section 30(1) of the Designs Ordinance sets forth the criteria for design right eligibility and states: "The Registrar may, on the application made in the prescribed form and manner by any person claiming to be the proprietor of any *new or original* design not previously published in Israel, register the design under this part." The requirement of "new or original" is disjunctive in so far as an applicant need only achieve one of these element, though in some instance both might exist. While the terms themselves have been subject of varying interpretation, as a general rule the concept of "new" refers to a situation wherein the form or the design are entirely new, whereas the concept of

"originality" refers to cases where notwithstanding the fact that the form is old and known, the design bestows a novel aspect on the article.

Section 31(a) of the Designs Ordinance provides that where a particular design has been registered in respect of an article in a particular class, extension of that design by its proprietor to other classes will not be refused or invalidated on the ground that the design contained in the subsequent application is not new or original in light of the proprietor's previous registration, provided that such subsequent registration shall not extend the period of the subsequent design beyond that arising from the first registered embodiment of the design.

11. How is the right to prevent unauthorized making, selling or importing articles, bearing the protected design, provided in the Israeli legislation?

Section 37 of the Designs Ordinance provides the design holder with the exclusive right prevent others from applying the design, or a design similar thereto, to any article in any class of goods in which the design is registered if such is done for the purpose of sale or offering for sale articles bearing the protected design. Similarly, any person knowingly in possession of an article containing an unauthorized design may not publish that design or offer it for sale. Accordingly, the design holder has the exclusive right to authorize the making, selling or importing of articles bearing the protected design where such is done for the purpose of selling, offering for sale or publication. Notably, Article 26.1 of the TRIPS Agreement limits the scope of the design holders exclusive rights to preventing acts of "making, selling or importing" when such acts are undertaken on a commercial scale. Moreover, Article 26.2 of the TRIPS Agreement reinforces this limitation by providing that member states may permit limited exceptions to the protection of industrial designs provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interest of the owner of the protected design, taking account of the legitimate interests of third parties. Accordingly, pursuant to section 37 of the Israel Designs Ordinance the design holder effectively has the exclusive right to authorize any activity which would conflict with a normal exploitation of the protected design.

Follow-up question:

What is the legal basis in Israeli law for concluding that "the right to prevent others from applying the design" includes "the exclusive right to authorize the making, selling or importing of articles" in the terms of Article 26 of the TRIPS Agreement? What was the reason for putting the Israeli law in terms other than those used in Article 26?

Section 37 of the Patents and Designs Ordinance [repealed as to patents and replaced by the Patents Law, 1967] accords the design holder the exclusive right to authorize the making, selling or importation of articles bearing the protected design where such is done, without his consent, for the purpose of selling, offering for sale or publication.

D. PATENTS

12. Please explain whether or not in your legislation, patent or otherwise, patent rights are enjoyed without any exclusions. If exclusions are provided for, please describe in detail how these exclusions are applied in legal as well as practical terms.

Patents are available for inventions, whether products or processes, in all fields of technology provided that the claimed invention is new, useful, capable of industrial application and involves an inventive step (see section 3 of the Patents Law). Exceptions to patentability are set forth at section 7 of the Patents Law and include: (i) methods of therapeutic treatment of the human body; and, (ii)

new varieties of plants or animals, except micro-biological organisms not derived from nature. Notably, plant patents are available and where a transgenic plant, for example, is also a new plant variety there exists the possibility for overlapping patent and plant breeders' rights protection. Additionally, while a naturally occurring micro-organism *per se* would not likely be novel or contain inventive step, patent protection may be obtained with regard to a function performed by the micro-organism, a method for isolating the micro-organism and on methods for changing a micro-organism including the resulting micro organism itself.

13. Please explain whether or not plants, animals and essentially biological processes are excluded from patentability in your legislation. If so, please explain the relevant section of your legislation and explain its formulation.

See answer to question 12 above.

14. Please explain how your legislation protects patent right holders against importing and against offering for sale of a patented invention.

A patentee's exclusive rights include the exclusive right to authorize the offering for sale and importation of inventions covered by the patent. A patentee's exclusive rights are set forth at section 49 of the Patents Law, which states (in pertinent part): "(a) A patent holder is entitled to prevent any other person from "exploiting" [this is a defined term modelled after Article 28.1 of the TRIPS Agreement, discussed further *infra*] the invention for which the patent has been granted without his permission or unlawfully, either in the manner defined in the claims or in a similar manner which, in light of what is defined by those claims, involves the essence of the invention which is the subject matter of the patent (hereinafter - "infringement").

The term "exploitation", which essentially sets the operative scope of the patentee's exclusive rights, is defined at section 1 of the Patents Law, which states (in pertinent part): "'exploitation of an invention' - (1) in respect of an invention that is a product - any act that is one of the following: making, use, offer for sale, sale or importation for purposes of one of the said acts; (2) in respect of an invention that is a process - use of the process, and in respect of a product directly derived from the process - any act that is one of the following: making, use, offer for sale, sale or importation for purposes of one of the said acts; ...".

Accordingly, the patentee has the exclusive right to prevent any other person from, *inter alia*, importing and or offering for sale, without the patentee's consent, items which are covered by the patent or in which the essence of the patented invention is contained.

15. Please describe if your legislation provides for limited exceptions to the exclusive rights conferred by a patent. If affirmative, please make a reference to relevant legislation.

In conformance with the limited exceptions to exclusive rights as permitted under Articles 30 and 31 of the TRIPS Agreement, the Israel Patents Law provides for limited exceptions to the exclusive rights conferred by a patent. The limited exceptions are set forth in the section 1 definition of "exploitation of an invention" and include: "(1) an act that is not on a commercial scale and is not commercial in character; (2) an experimental act in connection with the invention, the objective of which is to improve the invention or to develop another invention; or, (3) an act performed under the provisions of section 54A. "(Section 54A *et seq* sets forth mechanisms for granting patent term extension of up to five years beyond the normal 20 year term and permitting experimental uses during the patent term if such use is related to obtaining post patent regulatory marketing approvals. In addition, in very limited circumstances and subject to certain restrictions, compulsory licences may be available pursuant to the provisions set forth in Chapter 7 (sections 116 - 130) of the Patents Law.

16. Please explain how your legislation explicitly ensures that a proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time. In this context, how do you define "reasonable period of time". Please also explain how your legislation ensures that the use of a compulsory licence shall be authorized predominantly for the supply of the domestic market of the Member authorizing such use.

In light of the TRIPS-required changes to the compulsory licensing scheme, it is very unlikely that there will be future applications for compulsory licences, with the possible exception of where exploitation of a later patent is dependent upon the consent of the owner of an earlier patent. Even where individual circumstances would permit the granting of a compulsory licence, the process for obtaining such is lengthy and contains numerous means to safeguard legitimate patent rights which include requiring the compulsory licence applicant to make reasonable efforts to first obtain a voluntary licence. Firstly, no compulsory licence application can be made prior to later of the expiration of three years from the date on which the patent was granted or four years from the date of the filing of the patent application (section 117.b). Second, as a general rule prior to the commencement of an action, the Commissioner will request the patentee to state, within 60 -120 days, whether and to what extent the patent is being exploited in Israel. Finally, the existence of a voluntary licence, or reasonable offer thereof, would form the basis for the Commissioner to refuse the grant of a compulsory licence (see sections 119(2), 122(3) & (5); and, *In re compulsory licence application 24187, Teva v. Ciba-Geigy*, Decisions of the Commissioner (1978-1984), Vol. I, page 5, 6, 24).

17. Please explain how your legislation provides for the enhanced patent protection of patents or patent applications pending on 1 January 1995.

The TRIPS implementation amendments became effective as of 1 January 2000, the date on which Israel, pursuant to "developing country status" became obligated to implement the TRIPS Agreement other than Articles 3, 4 and 5 thereof. Patent applications pending as of the date of 1 January 2000 may be amended to comport with any changes to the Patents Law resulting from the Law to Amend Intellectual Property Laws (Modification to Suit the Provisions of the TRIPS Agreement, 5760-1999 (see section 12(c) thereof).

18. Please explain how your legislation provides for the reversal of the burden of proof in relation to process patents.

The reversal of the burden of proof in relation to process patents is set forth in section 50 (as amended by the 1 January 2000 TRIPS implementation law) of the Patents Law. Section 50 is modelled on Article 34.1 of the TRIPS Agreement and in accordance with Article 34.2, section 50 incorporates the alternative set forth at subparagraph (b) of Article 34.1.

19. With regard to the definition of "exploitation" of an invention in section 1 of the Patent Law, is the act of "making" not included as is required by Article 28.1(a) of the TRIPS Agreement?

The act of "making" is covered by the definition of "exploitation of an invention." Indeed the definition of "exploitation of an invention" was modelled on Article 28.1 of the TRIPS Agreement. In the Hebrew language version of "exploitation of an invention" the word "making" has been translated to the Hebrew word "yi'tzoor". That Hebrew word can be translated into English as either "production" or "making". To the extent that production implies multiple quantities, whereas "making" implies even a single reproduction, the Hebrew word "yi'tzoor" would cover either circumstance. It is for that reason that the word "production" and not the word "making" appear in some of the English language translations of the Patent Laws, but the translation could just as easily be "making" instead of "production".

Follow-up question:

Should the English translation concerned read "production or making"?

The translation should be read as "making".

E. PROTECTION OF UNDISCLOSED INFORMATION

20. How is protection of undisclosed information effected in Israel?

Confidential information is protected in pursuant to many years of case law as well as pursuant to Chapter 2 of the recently enacted Commercial Torts Law, 5759-1999. That law defines trade secrets very broadly in and includes commercial information of every kind, which is not public knowledge or which cannot readily and legally be discovered by the public, the secrecy of which grants its owner an advantage over his competitors, provided that its owner takes reasonable steps to protect its secrecy. Liability will be imposed upon the wrongful taking, receiving or use of another's trade secret. In addition a public authority or employee thereof must not disclose confidential information (see section 23B of the Law for the Protection of Privacy, 5741-1981 and Rule 42.5 et seq. of the Civil Service Bylaws. Additionally, disclosure of a trade secret may constitute a criminal offence such as, *inter alia*, disclosures in violation of the Civil Service Bylaws or where a trade secret is wrongfully disclosed by an employee who learned of the trade secret as a consequence of his employment (see sections 117-120, and 496 of the Penal Law).

F. ENFORCEMENT

21. What are the requirements for surety or bonds placed on a plaintiff in patent cases?

The Patents Law makes no provisions regarding sureties or bonds in patent litigation. Requirements for sureties or bonds would arise, if at all, pursuant to rules of civil procedure with respect to pre-judgment remedies such as the "Anton Piller" search and seizure order (discussed further in question 22 below). In addition, in any civil matter (patent or otherwise), a plaintiff may be required to post a bond to cover the costs of the defendant should the claim not be successful (section 519 of the Rules of Civil Procedure) where it appears justified to do so in light of the specific circumstance of the matter. However, as Israel is a member the Hague Convention On Civil Procedure, such bond requirements will not be imposed on plaintiffs who are citizens of member states solely due to the fact that they are foreign (see section 28 of the Rules for Compliance with the Hague Convention on Civil Procedure).

Follow-up question:

How many recent examples of imposition of bond requirements by Israeli courts are there and what are the maximum requirements imposed?

Information of this sort is not readily available, nor are statistics of this sort maintained. Generally, bond requirements are commensurate with the individual circumstances of the matter in question.

22. What are the requirements imposed by Israeli courts for evidence necessary to the granting of orders to preserve relevant evidence?

Israeli courts are empowered to grant pre-judgment "Anton Piller" type orders, on an *ex parte* basis, for the purpose of obtaining and preserving evidence (and preventing the free circulation of

goods which might ultimately be deemed infringing), which are in the custody of parties or third parties, provided that plaintiff can show by affidavit or other evidence that there is a reasonable suspicion that without the Order plaintiff will suffer serious harm and that evidence is likely to disappear. Authority for the Anton Piller Order is based in common law (the leading case is *Rotem Insurance Co. v. Nahum Rowdner, et. al.*, Docket T.A. 798/91, motion 5530/91, District Court Reports, volume 3, 1992). With regard to unregistered marks and trade secrets the Anton Piller case law has been codified pursuant to sections 16-17 of the Commercial Torts Law. In addition, the court may require the moving party to post adequate security in favour of the party against whom the Order has been granted in order to cover possible compensation for damage caused by such Order (see section 244 of the Rules of Civil Procedure). With respect to Anton Piller Orders arising under the Commercial Torts Law posting of security is obligatory (section 18).

Follow-up question:

What is the recent practice of Israeli courts in respect of evidentiary burden for Anton Piller-type orders?

In general such orders will be granted upon a showing of *prima facie* evidence.

V. RESPONSES TO QUESTIONS POSED BY JAPAN

A. COPYRIGHT AND RELATED RIGHTS

1. Please explain how the protection is provided for works, phonograms, performances and broadcasts from other WTO Members under the Law on Copyright and Neighbouring Rights of Israel (hereinafter referred to as "Copyright and Neighbouring Rights Law"). Please describe the provisions of the Copyright and Neighbouring Rights Law which provide for the national treatment and most-favoured-nation treatment as required by Articles 3 and 4 of the TRIPS Agreement as well as Article 9.1 of the Agreement which incorporates Article 5(1) of the Berne Convention.

Works, phonograms, performances and broadcasts from other WTO Members are protected in Israel at least to the extent as required under the TRIPS Agreement. Pursuant to section 6 of the Copyright Ordinance, where a bilateral or multilateral copyright instrument has been signed between Israel and another state, the Minister of Justice is empowered to enact Orders so that the works for which the instrument requires protection in Israel shall be protected in accordance with the provision of such Order. To that end, and to the extent that the TRIPS requirements were not met by existing law, the following Orders were enacted: Copyright (TRIPS Agreement) Order, 5760-1999; and, Performers and Broadcasters Rights (TRIPS Agreement) Order, 5760-1999.

With regard to "works", including works contained in broadcasts, Israeli copyright law will accord protection to foreign works provided that the work was: (i) first published in a WTO Member state; or, (ii) the author of the work was a citizen of a member state, or maintained his ordinary place of residence therein, at the time of authoring the work, regardless of whether the work was published or not; or, (iii) even where the conditions set forth in (i) or (ii) do not apply, then protection will also be accorded - (a) where the work is a cinematographic the work will be protected provided its producer's business center or ordinary place of residence is in a member state, or, (b) where the work is a work of architecture standing in a member state, and any other artistic work contained in such building or in a structure situated in a member state.

With regard to "phonograms", foreign phonograms will be protected in Israel, for a period of 50 years, provided that its producer was a citizen of a WTO member state or the work was first published in a member state.

With regard to "performances", the criteria for protection of foreign performances, in accordance with the *Performers and Broadcasters Rights (TRIPS) Order, 1999*, is the place of the performance. That is, any performance which takes place in a member state will be protected in Israel in accordance with the provisions of Article 14 of the TRIPS Agreement regardless of the nationality of the performer.

2. Please explain exceptions or exemptions of the national treatment and most-favoured-nation treatment under the Copyright and Neighbouring Rights Law, if any, as permitted in Articles 3 and 4 of the TRIPS Agreement.

There are two such exceptions, the first deals with the rule of the shorter term as permitted pursuant to Article 7(8) of the Berne Convention, and the second relates to points of attachment for producers of phonograms pursuant to Article 1.3 of the TRIPS Agreement. With regard to the rule of the shorter term, the duration of protection in Israel for foreign works shall not exceed the term which is provided for such works in their country of origin. See paragraph 5 of the Copyright (TRIPS Agreement) Order, 5760-1999; and, paragraph 4(1) of Copyright (Berne Convention) Order, 5713-1953. With regard to the points of attachment, Israel has availed itself, pursuant to Article 1(3) of the TRIPS Agreement, insofar as Israel will not apply the criterion of fixation referred to in Article 5(1)(b) of the Rome Convention as regards the protection of producers of phonograms. The notification was published by the WTO on 22 March 2000 in document IP/N/2/ISR/1.

3. Please explain whether and how Israel provides retroactive protection to works, phonograms, performances from other WTO Members, as required by Articles 9.1, 14.6, and 70.2 of the TRIPS Agreement which apply, *mutatis mutandis*, Article 18 of the Berne Convention. Please indicate the date to which such protection extends back with respect to each category of subject matter.

In *Mifal Hapayis v. The Roy Export Company*, C.A. 8393/96, (not yet reported), the Supreme Court confirmed that copyright law will apply to foreign works which were in existence prior to the enactment of Orders regarding foreign works. With regard to the date on which such protection extends back, as a general rule foreign works and phonograms will be protected retroactively to their date of creation and performances to the date on which the performance occurred.

4. Please explain whether protection of "computer programs" under the Copyright and Neighbouring Rights Law covers computer programs in both source and object code, as required by Article 10.1 of the TRIPS Agreement. Are those computer programs protected as literary works in accordance with Article 2(1) of the Berne Convention?

Computer programs, whether in source or object code, are protected as literary works in accordance with Article 10.1 of the TRIPS Agreement and in accordance with Article 2(1) of the Berne Convention. Section 2A of the Copyright Ordinance, as amended by the TRIPS implementation act, states: "For purposes of copyright, computer programs, whether in source or object code, shall be treated like a literary work, within the meaning of that term in the Copyright Law."

5. Please clarify whether "database" under the Copyright and Neighbouring Rights Law includes compilation of data in machine-readable form. Please explain how the Law complies with Article 10.2 of the TRIPS Agreement in this respect.

The Copyright Act, in section 35(1) lists compilations as a type of "literary work" which includes compilations of data or other material. Literary works will be protected regardless of their medium of fixation.

B. TRADEMARKS

6. Please explain how legislation of Israel complies with Articles 2.1, 16.2 and 16.3 of the TRIPS Agreement which apply, *mutatis mutandis*, Article 6bis of the Paris Convention.

Israel law gives full protection to well known marks in compliance with the TRIPS Agreement and Article 6bis of the Paris Convention.

In particular, Article 2.1 of the TRIPS Agreement, which incorporates by reference Article 6bis of the Paris Convention, and Article 16.3 of the TRIPS Agreement have been implemented into Israeli law pursuant to sections 11(13) and (14) [refusal to register], 24 [opposition to registration], 39 [cancellation of a registration] and 57, 59, 59A and 60 [prohibition of use, and remedies for infringement] of the Trademarks Ordinance which provide: (a) that marks may be refused, cancelled or have their use prohibited when such marks are identical to, or misleadingly similar with, an unregistered well known mark, in respect of goods or services for which the well known mark is well known or in respect of goods of the same description; or, (b) that marks may be refused, cancelled or have their use prohibited, when such marks are identical to, or misleadingly similar with, a well known mark which is registered in Israel in respect of goods or services dissimilar from those in respect of which the well known mark is registered, provided that use or registration of such mark in relation to such dissimilar goods or services would indicate a connection between those goods or services and the owner of the registered trademark, and the owner of the registered trademark might be harmed as a result of such use.

Israeli trademark law has for many years applied, *mutatis mutandis*, to services (section 2 of the Trademarks Ordinance). The definition of a well-known mark (section 1 of the Trademarks Ordinance) requires that for purposes of determining whether a trademark is a well-known trademark in Israel, the extent to which the mark is known in public circles relating to it and the extent to which it is known as a result of marketing, shall *inter alia*, be taken into account. Hence, the Trademarks Ordinance implements the provisions of Article 16.2 of the TRIPS Agreement.

C. GEOGRAPHICAL INDICATIONS

7. Please explain how legislation of Israel complies with Article 23.2 of the TRIPS Agreement which provides additional protection for geographical indications for wines and spirits.

Article 23.2 of the TRIPS Agreement requires members to provide for the refusal or invalidation of trademarks which contain or consist of a geographical indication identifying wines or spirits not having such origin. Pursuant to sections 11(12), 24, and 39 of the Trademarks Ordinance, trademarks in respect of wines or spirits that contain a geographical indication not having this origin will be refused registration and can be cancelled. In addition, section 21B of the Appellations of Origin and Geographical Indications Protection Law forbids the use of geographical indications identifying wines or spirits for wines or spirits not originating in the place indicated by the geographical indication, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind', 'type', 'style', 'imitation' and the like.

D. PATENTS

8. Please explain how legislation of Israel complies with Article 28 of the TRIPS Agreement, clarifying definition of "exploitation" in Section 49 of the Patent Law.

Article 28.1 of the TRIPS Agreement has been incorporated into the Patents Law through sections 49 "rights of patentee" and 1 "exploitation of an invention" thereof. The provisions of Article 28.2 have been extant in Chapter 5 of the Patents Law since 1967. A patentee's exclusive rights are set forth at section 49 of the Patents Law, which states (in pertinent part): "(a) A patent holder is entitled to prevent any other person from "exploiting" [this is a defined term modelled after Article 28.1 of the TRIPS Agreement, discussed further *infra*] the invention for which the patent has been granted without his permission or unlawfully, either in the manner defined in the claims or in a similar manner which, in light of what is defined by those claims, involves the essence of the invention which is the subject matter of the patent (hereinafter - "infringement").

The term "exploitation", which essentially sets the operative scope of the patentee's exclusive rights, is defined at section 1 of the Patents Law, which states (in pertinent part): "'exploitation of an invention' - (1) in respect of an invention that is a product - any act that is one of the following: making [sometimes translated as "production", as the Hebrew word for making is the same as for production], use, offer for sale, sale or importation for purposes of one of the said acts; (2) in respect of an invention that is a process - use of the process, and in respect of a product directly derived from the process - any act that is one of the following: making, use, offer for sale, sale or importation for purposes of one of the said acts; ...".

9. Please explain how legislation of Israel complies with Articles 34.1, 34.2, and 34.3 of the TRIPS Agreement.

The reversal of the burden of proof in relation to process patents, as required by Article 34.1 and 34.2 of the TRIPS Agreement, are provided for by section 50 (as amended by the 1 January 2000 TRIPS implementation law) of the Patents Law. Section 50 is modelled on Article 34.1 of the TRIPS Agreement and in accordance with Article 34.2, section 50 incorporates the alternative set forth at subparagraph (b) of Article 34.1.

The provisions of Article 34.3 of the TRIPS Agreement have been incorporated into Israel legislation at section 23 "non-disclosure of commercial secret" of the Commercial Torts Law, 5759 - 1999 which is applicable in all proceedings. Section 23 states:

"(a) The court may, on its own initiative or upon application, issue an order to ensure that a trade secret revealed during the course of legal proceedings and belonging to a litigant or to any other person not be made public.

(b) The court may, at the application of any person, issue an order during the course of legal proceedings, in respect of the manner of adducing evidence constituting a trade secret.

(c) In legal proceedings in a civil matter, the court may, at the application of any person, issue an order relating to the non-disclosure of evidence constituting a trade secret, provided that it is of the opinion that the interest in non-disclosure of the evidence is greater than the need to disclose it for the purposes of doing of justice, and that the issuing of an order under sub-sections (a) and (b) would not protect the trade secret.

(d) In this section, the term "court" shall include a court, tribunal, body or person with judicial or para-judicial authority under any law."

Accordingly, all of the provisions of Article 34 of the TRIPS Agreement have been incorporated into Israeli law.

E. ENFORCEMENT

10. Please indicate the remedies which the judicial authorities order regarding intellectual property rights, including injunctions, damages, expenses, destruction or disposal of infringing goods, materials or implements for their production. Please explain the criteria for and the way of calculation to decide the amount of damages which judicial authorities order to the person who infringes intellectual property rights to pay to the right holder.

Injunctions:

The Israel Courts are empowered to grant interim and permanent injunctions in all proceedings, including matters involving IPRs, on either an *ex parte* or *inter partes* and have very wide latitude to craft the scope of the injunctive relief to fit the needs of an individual matter. Such power flows primarily from the court's inherent jurisdiction (see, section 75 of the Courts Law) as well as from case law and specific provisions contained in the individual intellectual property laws (see, for example, section 183 of the Patents Law; section 37(b)(2) of the Patent and Designs Ordinance; section 59 of the Trademarks Ordinance; section 6 of the Copyright Law and section 3A of the Copyright Ordinance; section 5 of the Performers' and Broadcasters' Rights Law; and, chapter 3 of the Commercial Torts Law).

Interim injunctions remain in force until a final decision is given by the court, or, alternatively, until the court decides to set aside the interim injunction due to change of circumstances. *Ex parte* orders will be subject to *inters partes* review shortly after they have come into effect. Some examples of interim injunctive relief, which may be granted with respect to IPRs, include:

(1) **"The Anton Piller Order"** - Israeli courts may order, upon application of the plaintiff, the appointment of a temporary receiver (usually the plaintiff's attorney) who will be empowered to enter the premises of defendants and non-parties in order to search for and seize documents, evidence and *prima facie* infringing matter for the purposes of preserving evidence and preventing the free circulation of goods which court may ultimately be deem infringing. Authority for the Anton Piller Order is generally based in common law (the leading case is *Rotem Insurance Co. v. Nahum Rowdner, et. al.*, Docket T.A. 798/91, motion 5530/91, District Court Reports, volume 3, 1992). With regard to unregistered marks and trade secrets the Anton Piller case law has been codified pursuant to sections 16-17 of the Commercial Torts Law;

(2) **The Mareva Injunction** - The Mareva injunction is an interim injunction aimed at "freezing" the defendant's domestic and foreign assets until the conclusion of the hearing or alternatively to require him to post a security bond. The purpose of such injunction is to ensure that if a plaintiff succeeds in a case, all property in the jurisdiction will remain intact so that the plaintiff would be able to execute the judgment. The Mareva injunction was first introduced into Israeli common law based upon its English counterpart pursuant to which the courts have the authority to enjoin a defendant from parting with any assets and also to appoint a receiver whose functions are, *inter alia*, to gather up the defendant's assets and protect them either post judgment or as an interlocutory measure; see e.g. *Orkon v. Zaks*, T.A. 2233/90, District Court Reports 1992, volume 1, page 184; see also chapters 10 and 28 of the Civil Procedure Rules and Rules 385-386 in particular. An application for a Mareva injunction is filed in an identical manner to that used for filing an *ex parte* application for interlocutory injunction. Usually there is no hearing and the court's decision is based solely

on the application itself and its supporting affidavit. A decision is granted usually no later than one or two days from filing of the application;

(3) Attachment Order - Also pursuant to Chapter 28 of the Civil Procedure laws and in particular Rule 360 *et seq.*, in an action for a sum of money or an action for a specific object, is supported by document or by other *prima facie* evidence, then the court may grant a temporary attachment order over the assets in the defendant's possession and also over the defendant's assets in the possession of any other person, until the judgment is realized. Such an order is granted where the court is convinced that if the order is not granted, the execution of any judgment may be impaired. An application for an attachment order shall be made in writing and is usually heard *ex parte*. No attachment order may be issued unless the plaintiff has provided a guarantee at the instructions of the court, usually an undertaking and a third party security, to compensate the defendant for any damage caused by the order;

(4) Account of Profits - A plaintiff may also apply to the Court for an order of an account of profits (see, section 223 *et seq.* of the Civil Procedure Rules). Once the order is granted, the Defendant will be required to report on all sales of the infringing items, consideration received, expenses incurred in manufacturing and marketing. A chartered public accountant will usually certify this report;

(5) Stay of Exit - Israeli civil procedure, (at sections 376 *et seq.* of the Rules of Civil Procedure) provides for the possibility to request a stay of exit from Israel. If it can be proven that a defendant is about to leave Israel permanently or for a prolonged period and that his absence might impede the hearing of the case or the execution of the judgment, then the court may, by order, prohibit the defendant from leaving the country and also demand that his passport be handed over. An application for a stay of exit is heard *inter partes*, unless it can be proven that such hearing might cause irreparable harm. The applicant must provide a bond for any damages. In general, where the defendant is a foreigner, such an order may be granted only in extremely rare circumstances (for example, if he intends taking his assets out of Israel). Mention should also be made of the extensive authority of the Customs officials, detailed *infra*, to take immediate action against imports suspected of being infringing goods pursuant to section 200A of the Customs Ordinance.

Final remedies:

(1) Permanent Injunctions - If plaintiff succeeds in the case, the Court usually grants a restraining order, permanently enjoining the infringer from continuing activities deemed infringing (see, Courts Law, section 75; *Yotabin v. Mai*, Docket no. 144/79, 34 Supreme Court Reports (2), p.344). As a rule, this order continues in effect until the plaintiff's right expires and violation of an injunction constitutes contempt of court which is often a criminal offence;

(2) Delivery up of infringing material - The remedy of delivery - up is provided by case law or by specific statutes; see *Yotabin v. Mai*, *id.* For example, section 7 the Copyright Law specifically states that all infringing copies and all plates used or intended to be used for production of such infringing copies, shall be deemed to be the property of the owner of the copyright who may take proceedings for recovery of their possession. Section 59A of the Trademarks Ordinance provides for similar relief with regard to trademarks. Importantly, the remedy of delivery up exists also with respect to infringement of performer's rights;

(3) Destruction of infringing goods - In certain circumstances the court may order the destruction of infringing goods (see for example, sections 7C of the Copyright Ordinance and 59A of the Trademarks Ordinance). With respect to counterfeit trademarked goods, new

section 59A of the Trademarks Ordinance provides that the courts may not allow the defendant to possess the goods even if the defendant has removed the infringing marks, other than in exceptional circumstances.

(4) Account of Profits - A plaintiff may also apply to the Court for an order of an account of profits (see, section 223 et. seq. of the Civil Procedure Rules). Once the order is granted, the Defendant will be required to report on all sales of the infringing items, consideration received, expenses incurred in manufacturing and marketing. A chartered public accountant will usually certify this report;

(5) Money Damages - A party claiming injury by reason of violations of intellectual property rights may apply to the Courts for a judgment of financial compensation from the infringer. The compensation may be with regard either to the owner's loss (damages) or to the infringer's profits. With respect to damages, the basic rule is that damages are aimed at putting the injured party, namely, the owner of the right, in the position he would have been had the infringement not occurred (see, for example, section 183 of the Patents Law; section 37(b)(2) of the Patent and Designs Ordinance; section 59 of the Trademarks Ordinance; section 6 of the Copyright Law and section 3A of the Copyright Ordinance; section 5 of the Performers' and Broadcasters' Rights Law; and, chapter 3 of the Commercial Torts Law. It should be noted that the aforementioned sections also provide a statutory basis for a variety of non-monetary final and interim remedies, such as those detailed herein); see also *Hershko v. Orbach*, C.A. 4500/90, 95 (1) Supreme Court Rep. 645 (27.3.95) (setting forth factors which should be considered when determining damages for copyright infringement);

(6) Statutory Damages - Pursuant to section 3A of the Copyright Ordinance and section 5 of the Performers' and Broadcasters' Rights Law where there has been an infringement of rights in a copyright, performance or broadcast and specific damages have not been proven, the court may award compensation in respect of each infringement without proof of damage. Similarly, pursuant to section 13 of the Commercial Torts Law statutory damages may be awarded in respect of infringed confidential information and unregistered trademarks. See also response to question 5 from the EC above.

Other Remedies:

Punitive damages- Although punitive damages are generally not consistent with Israeli legal norms, in the case of patent infringement committed after the infringer had been warned against committing such an act of infringement, the Court may order the infringer to pay punitive damages (see, Patents Law, section 183.c).

Costs - In addition to the aforementioned remedies a successful plaintiff in an intellectual property related litigation may apply to the courts for the costs of the legal action itself. In making an order for costs, the court takes into account, *inter alia*, the value of the relief actually in dispute between the parties and the value of the relief awarded at the conclusion of the trial. The Court may also take into account the manner in which the parties conducted the trial. Where the court deems that a party unnecessarily prolonged the trial, it may, without relating to the outcome of the case, impose on that party the costs of the proceedings, in favour of the other party or the Israeli Treasury or both.

11. Please indicate titles of laws and regulations and their provisions in which the suspension of the release of counterfeit trademark of pirated copyright goods is prescribed, as stipulated in Article 51 of the TRIPS Agreement. Please explain types of intellectual property rights about which the suspension can be made upon an application by a right holder.

Under new sections 7D(c) of the Copyright Ordinance, section 69A(c) of the Trademarks Ordinance and section 200A of the Customs Ordinance it is possible to apply for the suspension by the customs authorities of the release into free circulation in respect of goods which involve infringements of copyrights or trademarks. Pursuant to the above noted statute sections, the Director of Customs has statutory authority to delay the release of goods which are *prima facie* infringing either of his own initiative or upon the request of the copyright or trademark right holder. Similarly, pursuant to sections 2, 17 and 35 of the Consumer Protection Law and section 204 of the Customs Ordinance, the customs official have broad authority to seize any good which, *inter alia*, contains a false trade description or which may otherwise cause consumer deception in any material way.

The Customs Authorities, in reliance upon section 204 of the Customs Ordinance and section 35 of the Consumer Protection Law, exercise their authority over infringing goods which are in transit through Israel to a destination outside of Israel and to exports from Israel. Nevertheless, it should be noted that a footnote to Article 51 of the TRIPS Agreement provides that there is no obligation to apply customs suspension of release procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

12. Please explain the kind and amounts of criminal penalties including imprisonment and fines regarding intellectual property rights. In particular, are the crimes prosecuted only when the injured party has made a formal accusation? Please also explain whether penalties are consistent with Article 61 of the TRIPS Agreement which requires the penalties to be sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity.

(1) Copyright - Pursuant to section 3 of the Copyright Ordinance it is a criminal offence for a person or entity to knowingly: (a) Make an infringing copy for purposes of sale or rental; (b) Sell, rent or display for sale or rental, for commercial purposes, an infringing copy; (c) Distribute infringing copies for commercial purposes or in quantities that may harm the rights holder; (d) Display in public, for commercial purposes, an infringing copy; (e) Import an infringing copy into Israel for sale or rental; (f) Make or possess a device for making infringing copies, or display a work for his own benefit without the rights holder's consent. The penalty for such criminal violations is up to three years imprisonment and fines of up to one million new shekels (approximately US \$250,000.00)

(2) Related Rights - Pursuant to chapter three of the Performers' and Broadcasters' Rights Law it is a criminal offence to knowingly violate a performers or broadcasters rights which offence is punishable by up to six months imprisonment and fines of up to 150,000 New Shekels (approximately US \$38,000.00).

(3) Trademarks - Pursuant to section 60 of the Trademarks Ordinance and section 3 of the Merchandise Marks Ordinance it is a criminal offence, punishable by up to one years imprisonment and fines of up to 19,300 New Shekels (approximately US \$4,800.00, see section 61 of the Penal Law) where a person or entity, with intent to deceive, commits or attempts to commit or aids or abets any other person in committing any of the following acts: (a) not being the proprietor thereof makes use of a registered trademark or an imitation of such a mark upon the same class of goods as that in respect of which the mark is registered; (b) sells, stores for the purposes of sale, or exposes for sale, goods bearing a mark the use of which is an offence under section (a) above; (c) uses for the purpose of advertising goods, in the press or in some other manner, a mark duly registered by another person in respect of goods of the same class; (d) makes, engraves, prints or sells any plate, die, block or other representation of a duly registered mark or any other imitation thereof for the purpose of enabling any person other than the registered proprietor of such mark to make use of such mark or an imitation thereof in connection with goods of the same class as those for which it is registered; (e)

makes or cause to be made a false entry in the Register, or a writing falsely purporting to be a copy of an entry in the Register, or produces or tenders or causes to be produced or tendered in evidence any such writing, knowing the entry or writing to be false. Similarly, the wilful infringement with intent to deceive of an appellation of origin or an unregistered trademark are punishable by up to one year imprisonment and fines of up to New Shekel 19,300.00 (see section 24 of the Appellations of Origin Law and section 3 of the Merchandise Marks Ordinance).

(4) The public authority responsible for the initiation of criminal proceedings in the intellectual property field, like in other areas of criminal activity, is that of the police. Cases that raise suspicion of criminal activity, either on the basis of a complaint or information supplied by private sources, or on the basis of the police's own initiative, are investigated by police personnel. In addition, in cases of consumer deception the Commissioner of Consumer Protection has authority to commence a criminal investigation (Consumer Protection Law, section 19 *et seq.*).

In addition, pursuant to the Criminal Procedure Law, section 68 and Schedule 2 thereto, any affected party may file a private criminal complaint with respect to infringement of a copyright or trademark, as well as infringement of certain provisions of the Merchandise Marks Ordinance and the Consumer Protection Law. Such complaints are heard by the Magistrates Court and may be accompanied by an application for an *ex parte* search and seizure order. The Public Prosecutor, who is provided with a copy of every private criminal complaint, may decide to take over the prosecution of the case.

VI. RESPONSE TO QUESTION POSED BY SWITZERLAND

A. PATENTS

1. Please verify that Israel's Pharmacists' Act Amendments of 1999 and its implementing regulations observe the obligation deriving from Article 27.1 of the TRIPS Agreement that patents for pharmaceutical products or processes must be available and patent rights, including the exclusive right of importation according to Article 28 of the TRIPS Agreement, enjoyable without discrimination as to this particular field of technology.

Israel patent law maintains or exceeds the obligations deriving from Articles 27.1 and 28 of the TRIPS Agreement. Patents are available for inventions in any field of technology (see section 3 "Patentable Invention" of the Patents Law). The right to control importation of any patented item is included amongst the patentee's exclusive rights (see section 49 "Rights of Patentee" of the Patents Law and section 1 of the Patents Law, definition of "exploitation of an invention"). The Pharmacists' Act and its implementing regulations relate only to health and safety issues and are neutral with respect to patent rights. Accordingly, they have no impact on patent rights, discriminatory or otherwise. Patent rights, including the right to prevent importation without consent, are available under Israel Patent Law for pharmaceutical inventions as well as for all other patented inventions, be they products or processes, and are enjoyable without discrimination as to any particular field of technology.

VII. RESPONSES TO QUESTIONS POSED BY THE UNITED STATES

A. GENERAL

1. Please describe, in relation to each form of intellectual property covered by the TRIPS Agreement, including plant variety protection, the manner in which national treatment and most-favoured-nation treatment are provided to nationals of other WTO Members.

Israel intellectual property law provides for national treatment and most favoured nation treatment (hereinafter - "MFN") at least to the extent required under the TRIPS Agreement and other intellectual property conventions to which Israel is a party. In particular:

Copyright and Related Rights - see responses to questions 2 and 3 from Japan, above.

Trademarks - Israel trademark law treats nationals of other WTO Members as least as well as it treats Israeli nationals in respect of the acquisition, scope, maintenance and enforcement of trademark rights and will recognize priority rights based on prior trademark applications duly filed in a WTO member state. Indeed, nationals of other WTO Members effectively receive better than national treatment with regard to rights accruing pursuant to Article 6bis "Well Known Marks" and Article 6 quinquies "tels quels rights" of the Paris Convention, which articles have been incorporated by reference into the TRIPS Agreement pursuant to Article 2.1 thereof. Additionally such favorable treatment is extended to nationals of all WTO Members.

Geographical Indications - Israel law in respect of geographical indications does not differentiate in its treatment of Israeli nationals as opposed to nationals of other WTO Members in respect of the acquisition, scope, maintenance and enforcement of geographical indication rights and any such rights are extended to nationals of all WTO Members. Nevertheless, it should be noted that Israel is a member of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (hereinafter- "Lisbon"). To the extent that "geographical indications", as that term is understood by the TRIPS Agreement, includes "appellations of origin", as that term is known and given juridical standing pursuant to the Lisbon Agreement and concomitant Israeli law, it should be noted that privileges inuring under the Lisbon Agreement are extended only to appellations originating in other members of the Lisbon Agreement. This preferential treatment is permitted pursuant to Articles 4 and 5 of the TRIPS Agreement.

Industrial Designs - Israel design law does not distinguish between its treatment of Israeli national and nationals of other WTO Members in respect of the acquisition, scope, maintenance and enforcement of design rights and will recognize priority rights based on prior design applications duly filed in a WTO Member State. Additionally MFN is maintained in so far as any favorable treatment is extended to nationals of all WTO Members.

Patents - Israel patent law does not distinguish between its treatment of Israeli national and nationals of other WTO Members in respect of the acquisition, scope, maintenance and enforcement of patent rights and will recognize priority rights based on prior patent applications duly filed in a WTO Member State. Additionally MFN is maintained insofar as any favorable treatment is extended to nationals of all WTO Members.

Layout-Designs (Topographies) of Integrated Circuits - in respect of the acquisition, scope, maintenance and enforcement of Topography rights no distinction is made between the rights of Israeli nationals and nationals of other WTO Member States.

Undisclosed information - in respect of the acquisition, scope, maintenance and enforcement of rights in undisclosed information no distinction is made between the rights of Israeli nationals and nationals of other WTO member states.

Plant Varieties - Plant variety protection is not part of the TRIPS Agreement and therefore there is no extension of the Plant Breeders Rights law to nationals of TRIPS Member States as such. The Israel Plant Breeders Rights Law is based upon, and consistent with national treatment and MFN requirements deriving from the 1991 revision of the International Convention for the Protection of New Varieties of Plants (UPOV).

B. COPYRIGHT AND RELATED RIGHTS

2. Section 1(2) of the Copyright Act of 1911 states that "'copyright' means the right to produce or reproduce the work or an substantial part thereof in any material form whatsoever, ..." Article 19(1) provides that copyright subsists in "records, perforated rolls, and other contrivances by means of which sound may be mechanically reproduced, in like manner as if such contrivances were musical works, ..." Please confirm that these provisions ensure that producers of phonograms enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms and describe the manner in which that is accomplished.

We confirm that Israel copyright law ensures that producers of phonograms enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms. Section 1(2) of the Copyright Law defines copyright as the sole right to produce or reproduce their works or any substantial part thereof in any material form whatsoever.

3. In section 3B of the Copyright Ordinance (IP/N/1/ISR/C/2) and subsequent sections, the word "cassette" is crossed out and "recordable media" is inserted. Does this indicate that an amendment has been made to the Ordinance and, if so, please provide a citation to the legislation that made the amendment. If the handwritten insertion does not indicate an amendment, please explain its source and meaning.

The term "recordable media" is the correct translation of the wording in section 3B of the Copyright Ordinance. This term has not been the subject of an amendment and use of the word "cassette" was an inaccurate translation. As the translation mistake was caught at the last minute the correction was made in handwriting.

4. Section 6(2) of the Copyright (TRIPS Agreement) Order, 5760-1999, provides a rental right under section 3F of the Copyright Ordinance for sound recordings "other than the rental of sound recordings that form part of another object that is the principal object for hire." The quoted language is nearly identical with that in Article 11 of the TRIPS Agreement which is intended to except from the rental right for computer software the rental of operating system software installed in a rented computer. Please explain what "objects" would be covered by the exception provided in section 6(2) regarding sound recordings.

Section 6(2) of the Copyright (TRIPS Agreement) Order, 5760-1999 and section 3F of the Copyright Ordinance are modelled on Articles 14.4 and 11 of the TRIPS Agreement. As such the exception outlined in Article 11 is applicable to the rights of producers of phonograms. An example of this exception in practice might occur where the principal object of the rental is an automobile which has built in playback of sound recordings for the pleasure of the driver.

5. Section 12(a) of the Law to Amend Intellectual Property Laws: Modifications to Implement the Provisions of the TRIPS Agreement, 5760-1999 states that the addition to section 3F1 of the Copyright Ordinance, which makes rental of computer programs for commercial

purposes an infringement of the copyright, does not apply to "the hiring of computer software acquired prior to the date of commencement." Article 70.2 of the TRIPS Agreement requires that TRIPS gives rise to obligations in respect of all subject matter (computer programs) existing at the date of application of this Agreement for the Member in question (1 January 2000), and which is protected (copyright) in that Member on said date ... Please explain how the exception to the application of section 3F1 provided by section 12(a) is consistent with the requirements of Article 70.2.

The above exception is modelled on, and consistent with, Article 70.5 of the TRIPS Agreement.

C. TRADEMARKS

6. The amendment to section 59 of the Trademarks Ordinance by the TRIPS implementing legislation limits the remedies available to owners of well-known trademarks for infringement of their marks to injunctions only. Please indicate the section or sections of the TRIPS Agreement that authorize such a limitations on remedies.

Israeli law provides owners of well-known marks with the ability to obtain both pecuniary damages and injunctive relief within the combined framework of the Trademarks Ordinance and the passing off provisions of the Commercial Torts Law. Additional monetary and or injunctive relief may be available pursuant to the Law Against Unjust Enrichment and the Merchandise Marks Ordinance.

7. Subsection (3) provides that a well-known trademark is protected against a misleading use for the purpose of "goods in respect of which the mark is known or for the purpose of goods in the same class...." The TRIPS standard, as set out in Article 16.1, is to provide protection against "goods or services, which are identical or similar to those in respect of which the trademark is registered...". There is no limitation to goods in the same class. (This same comment applies to subparagraph (12) added to Article 11).

The term "same class" appears to be a translation mistake. Subsection (3) of paragraph 1 "Definition" of the Trademarks Ordinance states: "... of goods for which the mark is well known or in respect of goods of the same description. "Hence, the phrase "same class" is incorrect and the correct phrase is "same description." (Note: In accordance with the provisions of section 2 of the Trademarks Ordinance the term "goods" includes the term "services".)

The reference to subparagraph (12) of Article 11 appears to be mistaken. The question appears to intend a reference to subparagraph (14) of Article 11 of the Trademarks Ordinance. If so, hereto, the English translation is not correct. The phrase "same class" is an incorrect translation. The correct translation is "same description."

8. It appears that the additional subparagraph (12) for Article 11 provides protection for "wine and alcoholic beverage(s) " rather than wines and spirits as set out in Article 23 of the TRIPS Agreement. Is there a definition of "alcoholic beverages" that sets out what is considered an "alcoholic beverage"?

The term "alcoholic beverage" is defined in section 1 of the Alcoholic Beverages Ordinance as being a beverage containing more than 25% alcohol. Notably, the TRIPS Agreement does not itself provide a definition of the term "spirits."

9. Article 19.2 of the TRIPS Agreement provides that: "[W]hen subject to the control of its owner, use of a trademark by another person shall be recognized as use of the trademark for

the purpose of maintaining the registration." It appears that Section 41 and its new amendments do not allow the owner of a trademark to claim use by a licensee or other authorized person unless the owner has recorded such a licence under section 50 of the law. If so, these provisions are inconsistent with Article 19.2.

Article 19.2 of the TRIPS Agreement is "registration neutral" and merely sets forth an open-ended minimal requirement, (i.e. licensee's use must be subject to control of the mark's owner) for determining when use by a licensee will inure to the trademark holder for purposes of maintaining a registration. Article 19(2) does not set maximal requirements, but rather together with Article 21 leaves open to member states to determine for themselves whether to also add a recordal requirement and indeed. Trademark licence recordal obligations promotes several important public interests such as: (a) transparency, such that the public as well as interested parties can verify prospectively and with certainty whether licence arrangements are in place; and, (b) providing a means of protecting subsequent assignees who may not be informed of the existence of prior licences.

D. GEOGRAPHICAL INDICATIONS

10. Section 11 of the Trademark Law specifies marks that may not be registered. Paragraph 6 of that section prohibits registration of marks that contain a false indication of origin and paragraph 11 prohibits registration of a mark of geographical significance. The purpose of these prohibitions, and the basis for refusal of registration in sections 12 and 13 help to ensure honest business practices and to prevent consumer confusion. The Appellations of Origin Law does not contain any provisions aimed at ensuring that a newly applied for geographical indication should be refused if it is identical or similar to an existing registered or well-known trademark. Why has the first-in-time, first-in-right principle not been applied?

A first-in-time, first-in-right type principle has been incorporated in the *Appellations of Origin and Geographical Indications Protection Law*, as amended, (hereinafter Appellations Law). Notably, the Appellations Law does not contain a mechanism for the examination and registration of "geographical indications" (as that term is understood by the TRIPS Agreement). Hence, there is no mechanism to refuse registration of geographical indications, just as there is no mechanism for their registration. (In contrast, "appellations of origin" do undergo examination and registration proceedings.) Pursuant to new section 52A(2) of the Trademarks Ordinance and new section 33A of the Appellations Law, senior good faith trademark rights, whether acquired through use or registration, will not be impaired by a later arising geographical indication. Moreover, pursuant to section 57 of the Trademarks Ordinance, trademark rights will be infringed where there is adverse use of the trademark, or of a mark resembling such trademark, in relation to goods in respect of which the trademark is registered (and also in respect of an unregistered well known mark), or to goods of the same description. Conversely, a junior trademark would not be entitled to the safe harbour provision of sections 52A(2) and 33A and existence of a senior geographical indication may form the basis for refusal to register a conflicting trademark (see sections 11(6A and 6B of the Trademarks Ordinance). Additionally, use of such a conflicting trademark may be prescribed subject to the provisions of section 21A of the Appellations Law.

11. In addition, because geographical indications and appellations of origin are dealt with under different chapters of the Israeli law, an argument can be made that where the law refers to geographical indications, such as in subsection 33(a) it excludes appellations of origin, unless they are expressly mentioned. If the law were interpreted in that manner, a trademark owner would not be able to assert its rights effectively against an appellation of origin. Does the law permit the owner of a trademark to assert its rights against an appellation of origin and, if so, how?

While the term "appellation of origin" appears in Article 1(2) of the Paris Convention, which article is incorporated by reference into the TRIPS Agreement, neither Paris, nor TRIPS makes reference to appellations of origin as such term is defined and empowered pursuant to the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (hereinafter "Lisbon"). Hence, one could argue that while signs which would be deemed appellations of origin pursuant to Lisbon, also fit within the definition of a TRIPS "geographical indication", not all TRIPS "geographical indications" fit within the definition of, nor are entitled to the rights of, an "appellation of origin". Accordingly, TRIPS appears to be inconclusive with regard to determining respective rights as between trademarks and geographical indications on one hand and conflicting "appellations of origin" on the other. While section 33A of the Law for the Protection of Appellations or Origin and Geographical Indications uses only the term "geographical indications" it will be up to the Courts to determine whether that term also includes "appellations of origin" for purposes of section 33A. Additionally, pursuant to section 57 of the Trademarks Ordinance, trademark rights will be infringed where there is adverse use of the trademark, or of a mark resembling such trademark, in relation to goods in respect of which the trademark is registered (and also in respect of an unregistered well known mark), or to goods of the same description.

12. Article 16.1 of the TRIPS Agreement provides that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having his consent from using in the course of trade identical or similar signs for goods or services. If the trademark owner cannot object to the registration of an appellation of origin, then it has lost its right to exclusive use under Article 16.1. Article 24.5 provides applicable time periods to protect pre-existing trademark rights. Does the Israeli law protect that right to exclusive use?

Opposition to the registration of an appellation of origin can be made in accordance with section 10 of the Law for the Protection of Appellations or Origin and Geographical Indications on the grounds that: (1) the designation whose registration is applied for is not an appellation of origin, but merely an indication of provenance or type; or, (2) the person who claims to be the person entitled to the appellation is not entitled to use it. Hence a relative grounds opposition on the basis of a senior trademark right might be sustained under option (2), however we are not aware of any case law on this point.

Notably, the exception found in Article 24.5 applies against "geographical indications" yet is silent with respect to "appellations of origin." Hence, to the extent that appellations of origin are beyond the scope of the TRIPS Agreement, it may be argued that Article 24.5 does not apply to conflicts arising between trademarks and similar appellations of origin. Additionally, it has been argued that not only is opposition to registration of an appellation of origin on relative grounds due to existence of prior trademark rights not permitted under Article 5(6) of the Lisbon Agreement, but also that a junior appellation can effectively expropriate, without payment, the goodwill and renown of a senior similar trademark. See, e.g. "Topical Issues of the Protection of Geographical Indications", by Mr. Florent Gevers published by WIPO in *Symposium on the International Protection of Geographical Indications in the Worldwide Context* 1997, at page 157; "Geographical Indications and Trademarks: Harmony or Conflict?" by Mr. Henning Harte-Bavendamm at page 6, published by WIPO in document WIPO/GEO/CPT/99/6 in the course of the 1999 Symposium on the International Protection of Geographical Indications. In addition, Article 16.1 does not necessarily require a system of exclusive rights, but rather permits concurrent rights in certain circumstances such as where: (i) there is no resulting confusion from the adverse use; or, (ii) by concurrent use rights (for example pursuant to Article 24.4, 24.6 and 24.8 of the TRIPS Agreement).

E. PATENTS

13. Section 128 of the Patent Law states that compulsory licences and their conditions are to be treated like a voluntary licence between the patentee and another party. Please explain in detail the implications of that provision.

Section 128 is merely procedural and does not impact upon substantive rights such as the determination of licence terms or whether a compulsory licence should be granted. This section is relevant with regard to the operation of licences generally as set forth in sections 84 to 91.

14. Please describe in detail the manner in which plant varieties are protected in Israel and cite to the appropriate provisions of law.

Plant varieties are protected in Israel pursuant to patent law, notwithstanding section 7(2) of the Patents Law, if the new plant variety results from a patentable plant; e.g. a patentable transgenic plant. In addition, plant varieties are protected pursuant to the Plant Breeders' Rights Law which law is based upon the International Convention for the Protection of New Varieties of Plants (UPOV) (1991 Act). Patent and breeders' rights protection can be overlapping. A protectable variety is one which is new, distinctive and is sufficiently uniform and stable as to its fundamental characteristics. Applications for registration are subject to examination and opposition proceedings. Registered rights may also be challenged on validity grounds subsequent to registration. The term of protection varies from twenty to twenty five years depending upon the type of plant variety. The holder of a plant breeder's right may prevent any other person from exploiting the variety in respect of which the right has been granted. Civil remedies include injunctions, damages, delivery up, punitive damages and costs. Knowingly infringing a registered breeder's right is also a criminal offence. Notably, plant varieties *per se* are not within the scope of the TRIPS Agreement.

F. UNDISCLOSED INFORMATION

15. Section 7(a)(1) of the Commercial Torts Law states that a person shall not be liable for misappropriation of a trade secret if the knowledge latent in the trade secret came into his possession in the course of his employment with the owner of the trade secret and such knowledge became part of his general professional skills. Please explain in detail what is covered by that section and provide examples of what would and would not be included.

This section was recently interpreted in *Fromer and Checkpoint Ltd v. Radgard Ltd*, Labor Appeal 164/99, National Labor Court (4 June 1999, not yet reported) following a claim for breach of a non-compete clause in the employment contract between the plaintiff and the former employee and seeking to prevent the said employee from working for the defendant for a period of 22 months. In light of, *inter alia*, section 7(a)(1) of the Commercial Torts Law, the court held that the former employee could be restrained from working for a competitor of the right holder where the plaintiff can establish: (i) the existence of a trade secret; (ii) a written contract between the right holder and the employee evidencing confidentiality arrangements; (iii) use of the trade secret by the former employee in the course of his employment at the competitor in a manner likely to cause actual damage to the plaintiff.

16. Please describe in detail the way in which the appropriate agencies in the Government of Israel protect undisclosed test and other data submitted to obtain marketing approval for pharmaceutical and agricultural chemical products against unfair commercial use.

All undisclosed test and other data submitted to a government agency for the purpose of obtaining marketing approval for new or existing chemical entities contained in a pharmaceutical and agricultural chemical product are held in confidence and are not open to public inspection. See

section 23(b) Protection of Privacy Law; section 117 of the Penal Law and Rules 42.5 *et seq.* of the Civil Service Rules and Bylaws (the transgression of such bylaws constitute both disciplinary violations and criminal violations).

Follow-up question:

In response to question 16, in which we asked Israel to describe in detail how it protects undisclosed test or other data submitted for marketing approval, Israel responded that such data is "held in confidence and [is] not open to public inspection". We would appreciate some additional detail about what is meant by the phrase "held in confidence and not open to public inspection". Does this mean that such data is protected "against unfair commercial use" and "against disclosure" (as recognized by Article 39.3)? Also, does this mean that such data cannot be relied upon by secondary applicants seeking marketing approval? If not, please explain in detail then what is meant by "held in confidence" and "not open to public inspection" in this circumstance.

Confidential test data submitted to a regulatory agency is protected against disclosure and unfair commercial use. The confidential information is not disclosed or made available to third parties, including third parties with potential commercial interests, nor is it available to the public.

17. Please describe in detail requirements are imposed on government employees to ensure that such data is not disclosed.

See response to question 16 above.

G. ENFORCEMENT – GENERAL OBLIGATIONS³

18. Please describe how the Government of Israel meets the requirements of Article 41 of the TRIPS Agreement, including Article 41.1, 41.2, 41.3 and 41.4. In particular, please explain how the laws of Israel provide for effective action against infringement of intellectual property rights as required by Article 41.1 of the TRIPS Agreement.

The general obligations contained in Article 41 are met by Israeli law. In particular: (1) As more fully detailed in response to question 10 from Japan, above, enforcement procedures and adequate remedies are available with respect to intellectual property rights; (2) Procedures are fair and equitable although the costs of litigation will vary depending on the complexity of the matter and the choice of representation; (3) Decisions on the merits must be reasoned and written (Civil Procedure Rule section 190; Criminal Procedure Rules 182-183; and, Administrative Courts Law, section 2); and, (4) All decisions of first instance in the area of intellectual property can be appealed by right.

In addition, see responses to question 10 from Japan above, with regard to actions available against infringements of intellectual property rights.

19. Please identify which courts have original jurisdiction over intellectual property infringement cases, and which courts have appellate jurisdiction to review their decisions? What legal limitations are placed on the ability of a party to have procedural rulings and final decisions reviewed by the appellate bodies you have identified? (Article 41 of the TRIPS Agreement)

³ For each of the responses provided to the questions on enforcement, please cite to all relevant statutes, regulations or other legal authority under Israel's law.

The ordinary courts (the Magistrates Courts, the District Courts and the Supreme Court) have jurisdiction over IPR infringement cases. The court of first instance for design and patent infringement is the District Court (see section 51(1) of the Patents and Designs Ordinance and section 188(b) of the Patents Law, respectively). The court of first instance also has jurisdiction over applications for preliminary remedies. The court of first instance with regard to infringement of copyright and related rights, registered and unregistered trademarks, appellations of origin, geographical indications, copyright and related rights, confidential information and integrated circuits will be the Magistrates Court where the amount claimed is less than One Million New Shekels (approximately US \$250,000) and the District Court where the amount claimed exceeds one million new shekels (see section 51 of the Courts Law). Appeals from the Magistrates courts lay with the District court with further appeals to the Supreme Court. Appeals from the District court lay with the Supreme Court.

20. Please identify any administrative agencies that have jurisdiction over intellectual property infringement matters and describe in detail the scope of their jurisdiction. (Article 41 of the TRIPS Agreement).

Administrative agencies do not have jurisdiction of intellectual property infringement matters. Sole jurisdiction over intellectual property infringements lay with the law courts.

21. Please identify which courts have appellate jurisdiction to review the decisions by the administrative agencies identified in response to question 3 and describe in detail the scope of their jurisdiction.

Since administrative agencies do not have jurisdiction over intellectual property infringement matters this question is not applicable to Israel. The reference to "question 3" appears not to be connected with administrative agencies.

H. ENFORCEMENT - CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES

22. Please describe the procedures followed by the courts and/or administrative bodies for notifying defendants that civil judicial proceedings have been initiated against them. Also, describe the type of information provided in the notice. (Article 42 of the TRIPS Agreement).

Notice to the defendant of the commencement of an action, or a motion, will be made by the Court where the plaintiff is *pro se*. Where plaintiff is represented his counsel is required to make formal service of process upon the defendant in the manner prescribed at Chapter 32 of the Civil Procedure Rules and Rule 475A(a)(2) as a condition precedent to maintaining the action. With respect to goods detained by the Customs Authorities, commensurate with such detention written notice of such shall be transmitted to the apparent owner of the material so detained (section 200A(a)(2) of the Customs Ordinance).

23. Do parties have the right to be represented by independent legal counsel in civil judicial and administrative intellectual property (IP) cases, and are there any limitations on that right? Are there any special requirements concerning mandatory personal appearances by parties? (Article 42 of the TRIPS Agreement)

Absolutely. Parties can be represented by a lawyer of their choice. There are no special requirements concerning mandatory personal appearance by parties unless specifically ordered by the Court (see sections 472 and 474 of the Rules of Civil Procedure).

24. What requirements must a foreign party meet to initiate a proceeding in the courts and administrative bodies identified above that is not required of a national or resident of your country?

None.

25. Please describe any limitations on a party's ability to substantiate a claim or to present relevant evidence in civil judicial and administrative IP cases. (Article 42 of the TRIPS Agreement).

Within the context of the rules of evidence and civil procedure there are no limitations on a party's ability to substantiate a claim or to present evidence.

26. Describe the mechanisms for identifying and protecting confidential information in civil judicial and administrative IP cases. (Article 43.1 of the TRIPS Agreement).

Upon request of a party or upon its own initiative, any court (tribunal or other judicial or quasi judicial authority) may issue protective orders to protect confidential information arising in the course of any judicial or administrative proceedings, including the issuance of orders relating to the non disclosure of any trade secret disclosed in the context of such matters (see section 23 of the Commercial Torts Law).

27. What provisions ensure that intellectual property infringement cases are handled in an expeditious manner and what provisions are available to prevent deliberate delays by the parties to a proceeding? Under what circumstances are such provisions applied?

Courts will calendar and hear intellectual property matters in the same manner as other matters. Court backlogs will vary depending on the court district in question and the Court has significant control over the timing of matters and ability to prevent undue delays caused by a party or to sanction such behaviour, e.g. by a levy of costs or setting of mandatory hearing dates. In addition default judgments are available where a defendant fails to timely respond to plaintiff's complaint (see section 97 of the Rules of Civil Procedure). Additionally, as most infringement cases are commenced with motions for preliminary remedies (such as an Anton Piller Order, injunctions, etc.) the matters heard within days or weeks of their being filed with the court. It should be noted that in intellectual property matters preliminary injunctive relief often effectively provides the plaintiff with the relief he seeks and at times the Judge hearing the motion will effectively decide the merits of the matter and not just the instant motion.

28. Please describe how and under what circumstances judicial and administrative officials may order parties to produce relevant evidence in civil judicial and administrative IP cases. What types of evidence or information may be required to be disclosed prior to trial and how long does this pre-trial disclosure period generally last? (Article 43.2 of the TRIPS Agreement)

The judicial authorities may, at the request of an opposing party, order a party to the proceedings to disclose and produce relevant documents which are, or have been, within that party's control, as well as to respond to requests for admissions and interrogatories (see, primarily, Chapter 9 of the Civil Procedure Rules). Failure to comply with such an order may result in the dismissal of the action or the defense (see section 122 of the Civil Procedure Rules). Additionally, where damages have been claimed the court may require defendants to render an account of the extent of the infringement (see e.g. section 183(d) of the Patents Law and section 6(1) of the Copyright Law).

Additionally, the courts have authority to order persons to appear (see section 1 of the Evidence Ordinance and section 73 of the Courts Law). In limited circumstances the court may

authorize *ex parte* searches and seizures against defendants and third parties in order to obtain evidence relevant to civil or criminal enforcement of IPRs (see, for example, sections 5-9 of the Performers' and Broadcasters' Rights Law; the Court's inherent powers pursuant to section 75 of the Courts Law and common law; e.g. *Rotem Insurance Co. v. Nahum Rowdner, et. al.*, Docket T.A. 798/91, motion number 5530/91, District Court Reports, volume 3, 1992. And with respect to unregistered marks and trade secrets, see sections 16-17 of the new Commercial Torts Law which codifies existing case). Additionally, it is expected that the search and seizure provisions contained in the Commercial Torts Law will shortly form the model for the codification of similar existing case law with respect to other IPRs. Additional search and seizure authority is set forth at chapter 4 of the Criminal Procedures Law.

29. What kinds of actions may judicial and administrative officials take if the party fails to provide the necessary information? Please describe the circumstances under which those actions are normally imposed in civil judicial and administrative enforcement actions. (Article 43.2 of the TRIPS Agreement).

See response to question 28 above. Moreover, in general contempt of a court order is a criminal offence.

30. Do judges and administrative officials have the authority to issue injunctions (or equivalent measures) to order a party to desist from an infringement and to prevent infringing goods from entering the channels of commerce? Please describe, in detail, the procedures for issuing such injunctions. (Article 44.1 of the TRIPS Agreement).

Judges have authority to issue temporary and permanent injunctions to order a party to desist from an infringement and to prevent infringing goods from entering commerce. In addition, the Customs Authority, acting on its own initiative or upon application made by a right holder, has authority to temporarily suspend the release into free circulation goods which are suspected of infringing trademark rights and copyright. For additional details see the response to question 10 from Japan above and the response to question 49 below.

31. How long in practice does it generally take to obtain the injunctive relief (or equivalent measures) identified in response to question 13 from the time of the application to its grant? What evidence must typically be provided to establish a party's right to each of the types of relief identified and what are the conditions imposed on obtaining such relief? (Article 44 of the TRIPS Agreement).

The process for obtaining temporary injunctive relief is generally very quick. Such motions are heard by the Judge in charge of hearing motion practice of that particular court often on the same day which they are filed or within a few days thereafter. Where an order has been granted *ex parte* the court will generally provide the respondent with an opportunity to be heard within several days. Injunctive relief generally requires a showing of a *prima facie* case, likelihood of success and significant harm in the event the relief is not granted. Evidence is usually by way of affidavit, but could be otherwise.

32. Article 44.2 provides an exception to the requirement in paragraph 1 for government use or use by third parties authorized by the government, limiting the remedy for infringement to payment of adequate remuneration as provided in Article 31(h). Are there any such limitations on remedies in the laws of Israel?

The State can be a party to an action and damages and injunctive relief can be levied against the State. See Civil Procedure Amendment (The State as a Party) Law, 5718-1958 as amended (and in particular the repeal of section 5 thereof).

33. Please explain whether judicial and administrative officials have the authority to order a party found to be infringing to pay the right holder damages adequate to compensate for the injury caused by the infringement and expenses, including attorney's fees. What factors are considered in establishing the amount of damages? (Article 45 of the TRIPS Agreement).

See response to question 10 from Japan, above.

34. Please describe any additional remedies (e.g. disposal of goods and destruction of materials and implements used to create infringing goods) that judicial and administrative officials may impose in civil judicial and administrative IP cases, the circumstances under which those remedies will be imposed. What factors are considered in determining which kind of remedy to impose? (Article 46 of the TRIPS Agreement).

See response to question 10 from Japan, above.

35. Do judicial and administrative officials have the authority to order infringers to provide right holders with information on third parties involved in the production and distribution of infringing goods or services and their channels of distribution? Under what circumstances is this authority exercised? (Article 47 of the TRIPS Agreement).

Notably, Article 47 of the TRIPS Agreement is optional. Nevertheless, with regard to criminal prosecutions pursuant to the Merchandise Marks Ordinance, which relates to trademarks and other intellectual property rights, in order to set forth a defense the defendant is required to give information regarding the circumstances of the alleged offence. Pursuant to section 3(2)(b) of the Merchandise Marks Ordinance, a defense to these offences requires the defendant to prove the following three elements: (1) that he had taken all reasonable precautions against committing such an offence; and, (2) *that upon demand of the prosecutor he gave all the information in his power with respect to the persons from whom he obtained such goods or things*; and, (3) that he had otherwise acted innocently.

36. Please explain whether public authorities and officials are exempt from liability for abuse of enforcement procedures and describe the circumstances in which such limitations do not apply. (Article 48 of the TRIPS Agreement).

The State is not civilly liable for an act done within the scope of lawful authority, or bona fide in the purported exercise of lawful authority; but it is liable for negligence in connection with such an act (see section 3 of the Civil Wrongs (Liability of the State) Law, 5712-1952. Additionally, civil servants may be liable personally for torts committed by them (see section 7(a) of the Civil Wrongs Law). In addition, defendants against whom criminal proceedings have been taken wrongfully may be entitled to financial compensation from the State (see Rules 80-81 of the Rules of Criminal Procedure).

I. ENFORCEMENT - PROVISIONAL MEASURES

37. Please identify the provisional measures available under the laws of Israel to prevent an infringement of any intellectual property right occurring and to preserve relevant evidence in regard to an alleged infringement. (Article 50 of the TRIPS Agreement).

See above response to question 10 from Japan.

38. Please briefly describe:

- (a) **any requirements to establish "irreparable harm" to the right holder. (Article 50.2 of the TRIPS Agreement);**
- (b) **factors considered by judicial and administrative authorities in determining whether a "demonstrable risk of evidence being destroyed exists." (Article 50.2 of the TRIPS Agreement).**

Orders for the pre-trial seizure of evidence, such as the "Anton Piller" type order discussed in the response to question 10 from Japan, will be granted where a plaintiff can satisfy the following requirements: (1) present a strong *prima facie* case, supported by affidavit or other evidence; (2) satisfy the court that there is a well established danger that the evidence may be destroyed or hidden; and, (3) that the plaintiff will suffer serious harm should such evidence be destroyed or hidden.

39. For each kind of intellectual property that is the subject of TRIPS, what kind of evidence is required by right holders to establish ownership of the intellectual property in question and that their right is being infringed? (Article 50.3 of the TRIPS Agreement).

There are no legislated provisions regarding what evidence is required to prove ownership and Judges have wide discretion in determining such. However, a presumption of ownership will exist under statute with respect to registered intellectual property rights (see Patents Law section 76, Designs Law section 3(5), Trademarks Ordinance section 64). With respect to copyright the work shall be presumed to be a work in which copyright subsists and the plaintiff shall be presumed to be the owner of the copyright where his name is indicated on the work in the usual manner of a copyright notice (see section 6(3) of the Copyright Law).

40. Are right holders required to provide a security or equivalent assurance to protect the defendant and to provide against abuse and how is that amount determined? (Article 50.3 of the TRIPS Agreement).

Requirements for sureties or bonds would arise pursuant to rules of civil procedure with respect to pre judgment remedies such as the "Anton Piller" search and seizure order (discussed further in question 22 below) and pursuant to sections 18-19 of the Commercial Torts Law.

41. Please briefly describe the following:

- (a) **the authority judicial and administrative officials have to adopt provisional measures *inaudita alter parte*, and what measures may be adopted *inaudita altera parte*. (Article 50.4 of the TRIPS Agreement);**
- (b) **does the exercise of the authorities identified above require a court order? (Article 50.4 of the TRIPS Agreement).**

Inter partes and *ex parte* pre judgment remedies are available from the Court in appropriate circumstances. For additional details reference is made to the response to question 10 from Japan above.

42. For each of the measures identified above, generally how long does it take from the application for such relief until its grant?

Access to court time for the purpose of obtaining a pre-judgment remedy is usually very quick and heard by the court on the same day or within a few days of the motion having been filed.

43. Please describe the procedures for notifying affected parties after execution of the provisional measures and initiating a review. (Article 50.4 of the TRIPS Agreement).

In general the notification is given at the time of execution of the provisional measure. Where an *ex parte* provisional remedy has been granted, the court will generally order a follow up *inter partes* hearing usually within seven days in accordance with the Rules of Civil Procedure.

44. Please describe the kind of information required from applicants to identify goods which are the subject of provisional measures. (Article 50.5 of the TRIPS Agreement).

Strong *prima facie* evidence of infringement and details adequate to identify the allegedly infringing goods, their location and the identity of their possessor are necessary in order to obtain an "Anton Piller" Order for the seizure of goods.

45. Please describe the nature of the proof required from applicants before such provisional measures are granted for each type of intellectual property protected under TRIPS (Article 50 of the TRIPS Agreement).

Proof required for obtaining provisional remedies, in respect of alleged infringements of any type of intellectual property, requires *prima facie* evidence, in the form of affidavits or other reliable evidence, showing a likelihood of success on the claim of infringement. See chapter 28 of the Rules of Civil Procedure; and, response to question 10 from Japan above and question 39 above.

46. Please describe the procedures for revoking or cancelling provisional measures in judicial and administrative enforcement actions if proceedings leading to a decision on the merits of a case are not initiated within a reasonable time. What constitutes a "reasonable time-period" to initiate proceedings? (Article 50.6 of the TRIPS Agreement).

Provisional remedies will generally lapse where: (i) the plaintiff fails to serve his statement of claim in the main action within seven days from the day the preliminary remedy is ordered; or, (ii) the cause of action is dismissed, struck out, ceased or the judgment is satisfied. See, e.g. civil procedure rule 373 and *Orkon v. Zaks*, T.A. 2233/90, 1992 (1) District Court Reports 184 (attachments and *mareva* injunctions); civil procedure rule 382 (preventing departure from Israel); *Rotem Insurance Co. v. Nahum Rowdner*, T.A. 798/91, 1992 (3) Dist. Ct. Rep. 184, Commercial Torts Law sections 14-20 (*Anton Piller* Orders).

47. Whether judicial and administrative officials have the authority to order that the defendant be compensated for any injury suffered as a result of a lapse or revocation of provisional measures. (Article 50.7 of the TRIPS Agreement).

Yes. Where defendants have been injured as a result of a lapse or revocation of a provisional measure they may apply to the court for commensurate compensation.

J. ENFORCEMENT – SPECIAL REQUIREMENTS RELATED TO BORDER MEASURES

48. Please identify the competent authority in Israel authorized to accept applications for a request to suspend release of suspected infringing goods. (Article 51 of the TRIPS Agreement).

The Customs Authority. Under section 200A et. seq. of the Customs Ordinance applications for a request to suspend the release of suspected infringing goods are made to the Director of Customs. In addition to the above authority a right holder may always apply to the courts for an temporary or permanent order to suspend the release of infringing goods.

49. Please describe the procedures for protecting intellectual property at the border (e.g. application, required information, process and time-frame for notifying applicant of acceptance, effective period for border enforcement action). (Article 52 of the TRIPS Agreement).

Under new sections 7D(c) of the Copyright Ordinance, section 69A(c) of the Trademarks Ordinance and section 200A of the Customs Ordinance, it is possible to request that the customs authority suspend the release into free circulation of goods which *prima facie* involve infringements of copyrights or trademarks. Pursuant to the above noted statutes, the Director of Customs has statutory authority to delay the release of goods which are *prima facie* infringing either up his own initiative or upon the request of the copyright or trademark right holder. Detention of goods protected by other types of intellectual property rights require a court order and not mere suspicion.

The procedures for protecting intellectual property at the border, as set forth primarily at section 200A *et seq.* of the Customs Ordinance, are as follows:

Counterfeit trademarked goods or pirated copyrighted works may be detained by the Customs Authority of their own initiative, or upon request of a right-holder, where there is a reasonable suspicion that the importation of counterfeit trademarked or pirated copyright goods may take place. Where goods have been detained by the Customs Authority on their own initiative efforts will be made to so inform the relevant right holder in order to enable him to take appropriate further steps. An application to detain goods should include the identity of the right holder and evidence showing that he is the right holder, and as much information as possible to describe the allegedly infringing goods and their point of arrival, information which shows a *prima facie* suspicion that the goods are infringing and a written personal guarantee to indemnify for damages caused by a wrongful detention of goods. If the complainant is represented, then the attorney will have to file a power of attorney with the Customs Authority.

Where the Customs Authority accepts complainant's application the Customs Authority will begin looking for the suspected goods. (If the application is dismissed then any guarantees filed by the complainant will be immediately returned to him.) If the suspected goods are found, they will be detained for a period of three working days and the right holder and importer will be immediately informed of such. The Director of Customs may extend this period by an additional three working days if necessary. This detention will lapse if the complainant (the right holder) does not file an irrevocable bank guarantee with the Customs Authority in an amount deemed adequate to cover the importer's damages should the detention ultimately prove unjustified. Upon deposit of the bank guarantee the Customs Authorities will disclose to the complainant the identity and address of the importer and also provide the complainant with examples of the seized goods. Thereafter, if the complainant does not serve his statement of claim upon the importer within ten working days the detention order will lapse, however this ten day period can be extended by an additional ten days where the Director of Customs determines it fair and necessary to do such in light of the circumstances. Where a court action has been commenced the detained goods will not be released unless so ordered by the court or where the court action has been terminated or dismissed.

In circumstances where it is absolutely clear that the goods are infringing the Customs Authority may confiscate such goods, even in the absence of a complainant, pursuant to sections 2 and 35 of the Consumer Protection Law; and, sections 188 and 204(4) of the Customs Ordinance.

In addition and without prejudice to the other rights of action open to the right holders, under new section 7C of the Copyright Ordinance and new section 59A of the Trademarks Ordinance, at the end of a hearing the courts have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 46 of the TRIPS Agreement. In regard to counterfeit trademark goods, new section 59A of the Trademarks Ordinance provides that the courts

may not allow the defendant to possess the goods even if the defendant has removed the infringing marks, other than in exceptional circumstances. These new remedies comply with Article 59 of the TRIPS Agreement.

Similarly, pursuant to sections 2, 17 and 35 of the Consumer Protection Law and section 204 of the Customs Ordinance, the customs official have broad authority to seize any good which, *inter alia*, contains a false trade description or which may otherwise cause consumer deception in any material way.

The Customs Authorities, in reliance upon section 204 of the Customs Ordinance and section 35 of the Consumer Protection Law, may exercise their authority over infringing goods which are in transit through Israel to a destination outside of Israel and to exports from Israel. Nevertheless, it should be noted that a footnote to Article 51 of the TRIPS Agreement provides that there is no obligation to apply customs suspension of release procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

50. Are procedures available to stop the export of infringing goods and goods shipped in-transit?

Exports and goods in transit, which are covered by existing law, can be detained by the Director of Customs only upon receipt of a court order directing such detention. In the absence of a court order the Customs Authority will make efforts to notify the Customs Authorities in the country of destination as to the arrival of potentially infringing materials. In addition, we note that the provision in Article 51 of the TRIPS Agreement which specifies that Members may provide corresponding procedures concerning the detention of goods destined for exportation is optional.

51. Please explain what evidence constitutes prima facie infringement for purposes of Article 52 of the TRIPS Agreement?

There is no set standard, however sufficient evidence might be an affidavit from the complainant or possibly where goods are obviously infringing, then they themselves may constitute *prima facie* evidence.

52. Please verify that the competent authorities identified above are empowered to require security or equivalent assurance. (Article 53 of the TRIPS Agreement).

Yes. The customs authorities are empowered to require security or an equivalent assurance. See sections 31 and 200A *et seq.* of the Customs Ordinance.

53. What procedures exist for notifying applicants of the suspension of release? (Article 54 of the TRIPS Agreement).

Both the complainant and the importer will be immediately notified in writing where goods have been detained (see section 200A(a)(2) & (3) of the Customs Ordinance).

54. Please identify the fora in which an applicant/party may initiate proceedings on the merits that will allow customs authorities to hold the goods beyond ten working days. (Article 55 of the TRIPS Agreement).

See response to question 19 above.

55. Do judicial and administrative officials have the authority to order the applicant to pay the importer, consignee or owner compensation for injury caused by wrongful detention or through the detention pursuant to Article 55. (Article 56 of the TRIPS Agreement).

The judicial authorities alone have jurisdiction to order a complainant to pay compensation for wrongful detention of goods.

56. Please explain the procedures for allowing right holders an opportunity to inspect suspect goods that have been detained by customs authorities. (Article 57 of the TRIPS Agreement).

After submission of a bank guarantee by the complainant the Customs Authority will allow the complainant to inspect the detained goods and provide him with the name and address of the importer (see section 200A(d) of the Customs Ordinance).

57. Please explain whether the competent authorities in Israel are empowered to act ex officio and, if so, the enforcement action that may be taken. (Article 58 of the TRIPS Agreement).

Yes. The Customs Authority may, on their own initiative, detain items which they suspect infringe copyright and trademark rights. See section 200A(a) of the Customs Ordinance. Notably, Article 58 is an optional provision, albeit one which Israel has chosen to implement.

58. Please describe the remedies for infringing goods (i.e. destruction, disposal or both). (Article 59 of the TRIPS Agreement).

See response to question 10 from Japan, above.

59. Please clarify whether *de minimis* imports are excluded from the border measures under Israel's law. If so, what constitutes a *de minimis* import? (Article 60 of the TRIPS Agreement).

Imports for personal use which are of a non commercial quantity will not be detained by the Customs Authority (see section 200D of the Customs Ordinance).

K. ENFORCEMENT - CRIMINAL PROCEDURES

60. Please explain how Israel meets its obligations under Article 61 of the TRIPS Agreement to provide for deterrent criminal sanctions for trademark counterfeiting and copyright piracy?

Trademark counterfeiting - Article 61 of the TRIPS Agreement requires members to provide criminal procedures and penalties at least in respect of "wilful trademark counterfeiting" on a commercial scale. The term "counterfeit trademark goods" is defined in the footnote to Article 50 as "...any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspect from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation."

Pursuant to section 60 of the Trademarks Ordinance and or section 3 of the Merchandise Marks Ordinance it is a criminal offence, punishable by up to one year imprisonment and fines of up to 19,300 New Shekels (approximately US \$4,800.00, see section 61 of the Penal Law) where a person or entity, with intent to deceive, commits or attempts to commit or aids or abets any other person in committing any of the following acts: (a) not being the proprietor thereof makes use of a registered trademark or an imitation of such a mark upon the same class of goods (including

packaging; section 3 Merchandise Marks Ordinance) as that in respect of which the mark is registered; (b) sells, stores for the purposes of sale, or exposes for sale, goods bearing a mark the use of which is an offence under section (a) above; (c) uses for the purpose of advertising goods, in the press or in some other manner, a mark duly registered by another person in respect of goods of the same class; (d) makes, engraves, prints or sells any plate, die, block or other representation of a duly registered mark or any other imitation thereof for the purpose of enabling any person other than the registered proprietor of such mark to make use of such mark or an imitation thereof in connection with goods of the same class as those for which it is registered.

In addition to the above penalties, the court may issue permanent injunctions against a counterfeiter (section 61 of the Trademark Ordinance) and order the forfeiture or destruction of any goods, wrapping, packing or advertising material, or blocks, dies or other apparatus for printing the mark or other material in respect of which the offence was committed (section 62 of the Trademark Ordinance). Similarly, forfeiture, destruction or transfer to the right holder of infringing goods is available as a civil remedy pursuant to section 59A of the Trademarks Ordinance.

Copyright - Pursuant to section 3 of the Copyright Ordinance it is a criminal offence for a person or entity to knowingly: (a) Make an infringing copy for purposes of sale or rental; (b) Sell, rent or display for sale or rental, for commercial purposes, an infringing copy; (c) Distribute infringing copies for commercial purposes or in quantities that may harm the rights holder; (d) Display in public, for commercial purposes, an infringing copy; (e) Import an infringing copy into Israel for sale or rental; (f) Make or possess a device for making infringing copies, or display a work for his own benefit without the rights holder's consent. The penalty for such criminal violations is up to three years imprisonment and fines of up to one million new shekels (approximately US \$250,000.00)

61. Please explain whether and under what circumstances seizure, forfeiture and destruction of infringing goods and any materials and implements are available as remedies in wilful trademark counterfeiting or copyright piracy cases and describe the conditions under which such penalties would be imposed. (Article 61 of the TRIPS Agreement).

Seizure, forfeiture and destruction of infringing goods, along with materials used in their manufacture, are available in cases of wilful trademark counterfeiting and copyright piracy. For example, section 7 of the Copyright Law specifically states that all infringing copies and all plates used or intended to be used for production of such infringing copies, shall be deemed to be the property of the owner of the copyright who may take proceedings for recovery of their possession. Section 59A of the Trademarks Ordinance provides for similar relief with regard to trademarks. In addition, the remedy of delivery up is provided by case law, see *Yotabin v. Mai*, Civ.App. 144/79, 34(2) S.Ct.Rep. 344 and statute.

Destruction of counterfeit goods may be ordered in appropriate cases in accordance with sections 7C of the Copyright Ordinance and 59A of the Trademarks Ordinance. With respect to counterfeit trademarked goods, new section 59A of the Trademarks Ordinance provides that the courts may not allow the defendant to possess the goods even if the defendant has removed the infringing marks, other than in exceptional circumstances.

62. Please provide statistical information related to civil copyright, trademark, geographical indication, industrial design, patent, integrated-circuit layout design, and trade secret enforcement for each of the years 1996, 1997, 1998, and 1999, including the number of cases filed; injunctions issued; infringing products seized; infringing equipment seized; cases resolved (including settlement); and the amount of damages awarded.

Statistical information of the sort requested is not maintained.

63. Please provide statistical information related to criminal enforcement in the area of copyright piracy and trademark infringement for each of the years 1996 and 1997, including the number of raids, prosecutions, convictions, and the amount of fines and/or jail terms (including whether the fines were paid and whether the jail term was actually served or was suspended) and any other information establishing that the criminal system operates effectively to deter copyright piracy and trademark counterfeiting.

Such statistical information is not readily available and not centralized in any one agency. For example some of the prosecutions are carried out through use of private criminal complaints instituted by the plaintiff himself, while others are handled through the various specialized intellectual property crimes police units situated in different parts of Israel. Still other prosecutions are being handled by various regional offices of the State's Attorneys Office. The investigations and prosecutions have been initiated against small store owners who trade in counterfeit items to manufacturers of such items. As a result of the State's investments in enforcement infrastructure in 1999 and the first half of 2000, a great many indictments have been filed. Thus far some have ended in convictions with six to twelve month suspended jail sentences and fines against for example persons dealing in counterfeit goods, and other cases are still pending.

64. Please describe any new initiatives the Government of Israel has planned to improve enforcement, particularly criminal enforcement, of intellectual property rights.

Some recent initiatives for further improving the enforcement of IPRs include the addition of approximately 15 policemen to the existing 12 man intellectual property crimes unit, as well as the addition of approximately six prosecutors who will focus on intellectual property crimes. Other activities include, *inter alia*:

- the Attorney General issues guidelines and directives to all government offices directing them to review all intellectual property in use in the public service for the possibility of infringement and to take steps to ensure that infringements will not occur and to only use suppliers who can verify that their products are non infringing;
- continuing education programs designed to raise intellectual property awareness for prosecutors, governmental offices and judges; Upon a Directive issued by the Prime Minister, establishment of a special inter-ministerial forum for coordinating enforcement of intellectual property rights;
- the Investment Center of the Ministry of Industry and Trade, which provides investment incentives, requires each applicant from the audiovisual sector to make a declaration that the production of the approved project complies with all intellectual property laws;
- companies receiving grants from the Chief Scientist's Office are required to obligate themselves not to violate any IPRs within the framework of any of their activities or risk, among other measures, forfeiture of their grants;
- all government tenders require a written declaration from each bidder stating that he is the owner of the IPR that are detailed in his proposal, be they patents, copyrights or other protected rights. In the event that the IPR belongs to a third party, the declaration must specify how the bidder obtained the right to use the said rights; and

- the Education Ministry has initiated a programs in school curriculum to educate students with regard to the importance of IPRs for encouraging innovation and creative works as well as to sanctions for their transgression.

Follow-up question:

The U.S. is aware of reports of high levels of copyright piracy in Israel, particularly in the area of sound recordings. These reports have remained consistent for several years, and the U.S. is not aware of any reports of a significant decrease in piracy rates. Indeed, as recently as May 2000, the International Federation of the Phonographic Industry reported administrative difficulties, judicial delays and unwarranted case dismissals, particularly against pirate production facilities, that significantly hampered their ability to protect their rights. How does Israel reconcile these persistent reports of widespread piracy with its assertion that the general obligations of Articles 41 and 61 of the TRIPS Agreement, including those to permit effective action and to deter further infringements, are met by the Israeli enforcement regime?

While we appreciate Israel's current efforts in the area of IP enforcement, including general education and legitimisation of governmental use of software, we would like to know whether Israel intends to take steps specifically designed to curtail optical media piracy in the very near term. We are particularly interested in Israel's current thinking about measures whose efficiency in this area has been demonstrated in other countries, such as mandating the use of Source Identifier Codes, domestic production licences and the tracking of raw materials.

As further described in the responses to the US's initial written questions, enforcement of intellectual property rights is a high priority in Israel. To achieve that goal, over the last year significant human and financial resources have been invested in the improvement of criminal enforcement of IPRs in general and copyright in particular. Moreover, rights holders (and in particular the phonographic industries) have ready access to police, prosecutors and policy makers all of whom work closely and regularly with rights holders to ensure enforcement of intellectual property rights. In particular, the police and States' Attorneys Office have set up special units dedicated to enforcement of intellectual property rights. Over the last year the police have been intensively investigating alleged incidents of copyright piracy by store owners, wholesalers and manufacturers. With regard to sound recordings, there were many seizures, investigations and indictments with some ending in convictions. Indeed, seizures are being made on a scale which is often proving difficult for rights holders to keep up with in terms of being able to confirm, for evidentiary purposes, that seized items are in fact infringing. Enforcement of rights is a high priority and the relevant authorities in Israel are open to exploration of new means for further enhancing enforcement.

We are not aware of any judicial delays or unwarranted case dismissals in the enforcement of copyright. If detailed information concerning such incidents is provided we will look into such matters. As for administrative difficulties, the reference may be to the predictable difficulties encountered in establishing a major new police unit, to included expertise and technology appropriate to the special needs of intellectual rights enforcement.
