

EXPERTGUIDES

THE WORLD'S FINEST LAWYERS CHOSEN BY THEIR PEERS

PATENT

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Israeli patent law developments in 2011 and 2012

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The past two years saw significant developments in patent law in Israel. Highlighted below are some of the key developments emanating from the Israeli parliament (the Knesset), the Supreme Court and the Patent Commissioner.

The Israeli Patents Law, 5727 – 1967 has undergone significant changes due to two amendments recently enacted by the Knesset. Amendment No 9, enacted in December 2011, establishes the Israeli Patent Office (IPO) as an International Searching Authority and an International Preliminary Search and Examining Authority for applications filed within the framework of the Patent Cooperation Treaty (PCT). This enactment reflects the WIPO decision recognising Israel's role as a technology powerhouse and the IPO's ability to provide effective searching and examining services for Treaty applicants worldwide. The IPO began functioning as an International Searching Authority and International Preliminary Search and Examining Authority on June 1 2012.

Amendment No 10, enacted in July 2012, introduced substantial changes in the Patents Law. First, it harmonises the Israeli Patents Law with common norms, by introducing early publication of patent applications to the Patents Law. A patent application and its file wrapper will now be open for public inspection after a period of 18 months from the filing (or priority) date. The amendment also introduced the right to collect reasonable damages for infringements that occurred between early publication and publication of acceptance of the patent application. (However, for a national phase of a PCT application, only the date of early publication of the Israeli national phase application, and not the publication date of the PCT application, will trigger potential compensation for infringement of the eventual patent. The compensation will be awarded only if the invention claimed in the patent application is substantially the same as that in the patent eventually issued.) In addition, the amendment introduced the possibility of a third party to request accelerated examination and to submit prior art during the examination. According to the revision, accelerated examination may be requested by the applicant or a third party, following which restrictions will be imposed on the ability to receive extensions of time. Notwithstanding the introduction of early publication and third parties' right to submit material during examination, the Patents Law still provides for a pre-grant opposition.

Pending in the Knesset is the Patents Law Bill (Amendment No 13) (Patent Term Extension), 2012, which follows a 2011 memorandum of understanding between the Israeli government and the US Trade Representative. The Bill envisages several important changes relating to patent term extensions available in Israel for



pharmaceutical and medical equipment patents. Under the Bill, among other things, the number of recognised countries, which are taken into account in calculating extension terms in Israel, will be reduced; an extension order will be able to be requested before the corresponding foreign patent is extended; and extensions of time in extension order applications will be restricted.

Developments with respect to patents have also manifested in Israeli case law, as the Supreme Court provided guidance on several issues that have engaged plaintiffs in Israel. The decision in LCA 6025/05 *Merck & Co Inc v Teva Pharmaceutical Industries Ltd* [2011] ends a long period of legal uncertainty, as the Supreme Court ruled that a patent applicant cannot rely on the laws of unjust enrichment or on the tort of misappropriation of trade secrets to enjoin competitors from using its invention before the grant of patent. In HCJ 4675/03 *Pfizer Pharmaceuticals Israel Ltd v Ministry of Health* [2011], the Supreme Court ruled out reliance on trade secrets doctrines to prevent registration of generic equivalents of innovative drugs. In CA 8802/06 *Unipharm Ltd v SmithKline Beecham Plc* [2011], the Supreme Court acknowledged the importance of each step of an innovative company's R&D efforts in formulating a medicine and clarified the concept of selection patents in Israel. In the field of service inventions, the Supreme Court in LCA 3564/12 *Dr. Bayer v Plurality Ltd (in liquidation) et al* [2012] held that notwithstanding the em-

A PATENT
APPLICATION WILL
NOW BE OPEN FOR
PUBLIC INSPECTION
AFTER 18 MONTHS
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employee's express contractual waiver of his right to remuneration for service inventions, under the Patents Law the employee is entitled to submit a claim to the Compensation and Royalties Committee to determine the employee's entitlement to remuneration. Although the *Plurality* judgment does not rule that an agreement containing a waiver of remuneration is invalid, it leaves open the possibility for a ruling of invalidity by the Committee in the future.

As regards patent term extensions, the Jerusalem District Court clarified what constitutes a first pharmaceutical registration for medical purposes as the basis for patent term extension, ruling in *MCA (Jer. Distr.) 13281-06-12 Neurim Pharmaceuticals (1991) Ltd v Patent Commissioner [2012]* that a prior registration of an active ingredient in a veterinary

preparation does not preclude granting a patent term extension to a medical preparation containing the same active ingredient for the treatment of humans.

Along with the developments in legislation and case law, certain policy changes were introduced at the IPO. For example, in March 2012 the Commissioner published new examination guidelines regarding patent eligibility of software-related inventions, which significantly relax the patent eligibility standards previously guiding the IPO for software-related inventions and bring them into closer alignment with those in other countries.

The above overview reflects the beginning of an extensive overhaul of Israeli patent law, which is only expected to continue.