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THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS IN ISRAEL;
A SURVEY OF LEGISLATION, THE COURT SYSTEM, ENFORCEMENT
AND PUBLIC AWARENESS PROGRAMS

Document prepared by the Secretariat

1. The Secretariat received, on June 24, 2004, a paper by the Ministry of Justice of Israel entitled "The Protection of Intellectual Property Rights in Israel; A Survey of Legislation, the Court System, Enforcement and Public Awareness Programs" for distribution to members of the Advisory Committee on Enforcement (ACE). The said paper is annexed to this document.

2. *The ACE is invited to take note of the information contained in the Annex to this document.*

[Annex follows]

ANNEX

THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS IN ISRAEL;
A SURVEY OF LEGISLATION, THE COURT SYSTEM, ENFORCEMENT
AND PUBLIC AWARENESS PROGRAMS

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General Introduction

The purpose of this paper is to provide an overview of intellectual property legislation and enforcement in Israel, the Israeli court system, and public awareness programs regarding intellectual property.

This paper will highlight existing and proposed intellectual property legislation, available remedies for intellectual property infringements and violations, and civil and criminal procedures in intellectual property related cases. This paper will also outline the significant efforts Israel has and is undertaking to curb intellectual property violations and enforce intellectual property rights.

Intellectual property rights in Israel are protected through a system of statutory law and common law covering acquisition, maintenance, and enforcement of rights in patents, designs, registered and unregistered trademarks, trade names, appellations of origin, copyright, performers' and broadcasters' rights, trade secrets and confidential information, topographies of integrated circuits, and new plant varieties.

Israeli law, in general, maintains a common law tradition with roots in British Mandatory law and Israeli judge made law. 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 related legislation, but additional and overlapping protection can be obtained, in appropriate circumstances, pursuant to other legislation such as the Commercial Wrongs Law and the Civil Wrongs Ordinance.

Enforcement of intellectual property rights is provided for through a comprehensive statutory and common law system, which includes pre judgment remedies such as injunctions and *ex parte* orders of attachment, search and seizure orders, and customs searches and seizures. Final remedies include, among others, permanent injunctions, accounting of profits, delivery up, destruction of the offending goods and monetary damages and costs. Criminal sanctions are available, inter alia, for counterfeiting of trademarks, performers' rights broadcasters' rights, copyrights and other willful use of false trade descriptions.

Israel is committed to effectively fight intellectual property violations and has combined the efforts of the Ministry of Justice, the Attorney General, the Police Units, the Tax Authority and other relevant ministries to jointly and in concert combat intellectual property violations. For these purposes, the ministries have allocated additional funds, and a special intellectual property police force unit has been established.

Israel is striving to enhance its enforcement mechanisms, and welcomes cooperation with other countries to curb what has become an international scourge of piracy and criminal acts involving intellectual property which can be found in almost every country in the world today.

This paper is divided into several sections. The first section will provide a brief overview of the major Israeli intellectual property statutes, currently pending or proposed legislation, and remedies available for intellectual rights violations. The second section will provide information on the enforcement actions, which have been and are being undertaken by the various Israeli ministries and forces, in their joint and coordinated effort to combat

intellectual property violations. The third section will discuss the awareness raising programs on intellectual property issues initiated by the Israeli government. The purpose of these programs is to educate the public, the government officials, and any persons dealing with intellectual property, on what are intellectual property violations, the various enforcement actions that the government is undertaking to curb intellectual property violations, and the criminal and civil consequences of these violations.

Section I: An Overview of Major Israeli Legislation Relating to Intellectual Property

1. Introduction

Intellectual property rights in Israel are protected through a system of statutory law and common law covering acquisition, maintenance, and enforcement of rights in patents, designs, registered and unregistered trademarks, trade names, appellations of origin, copyright, performers' and broadcasters' rights, trade secrets, topographies of integrated circuits, and new plant varieties. Many of the intellectual property statutes in Israel find their roots in British Mandatory law. That legislation has been updated and amended throughout the years to meet new needs and developments. Israeli case-law provides for a continuing source of modernization and sophistication in this area. Laws and practices from modern countries, particularly Anglo-American law, the emerging body of European Union law, and proposals of international organizations, affect both Israeli legislation and Israeli case-law today.

The intellectual property legislation and case-law, apart from dealing with the subject matter itself, also contain a well-developed and progressive range of civil remedies for infringement, including important preliminary relief such as the Anton Pillar Order, the Mareva Injunction and the appointment of special receivers for infringing goods.

The Ministry of Justice is currently in the process of a general legislative reform in the intellectual property area, with the intention of replacing the current laws with a new legislative framework. A new Commercial Torts Law and a new Integrated Circuit Law were enacted a few years ago, criminal penalties for trademark counterfeiting and copyright piracy were substantially enhanced in 2002, Madrid Protocol implementing legislation was passed in July 2003, a proposed new Copyright Law was recently published for comment, and public committee is in the final stages of proposing several amendments to the Patents Law.

Israel prides itself on having a highly reputable and accessible court system. Israeli court procedures in intellectual property related cases are, by and large, conducted in accordance with the Civil Rules of Procedure (in civil cases), and the Criminal Rules of Procedure (in criminal cases).

Israeli law provides for various options for initiating intellectual property related civil actions, extensive pre-trial and trial procedures, and interim and final remedies. Israeli statutes also provide, in certain cases, for the possibility of an initiation of criminal proceedings by private persons. This is, of course, in addition to the inherent and broad powers of the State to prosecute criminal offenders. This survey cannot explore in detail all these issues. An overview of some available processes and remedies in intellectual property related cases, has however been provided later in this section.

In addition to its domestic legislation, Israel is also a party to the major international agreements on intellectual property. Many of the standards outlined in these agreements have been specifically implemented as Israeli law.

This section will provide a survey of the international agreements to which Israel is a party, an overview of the major current and pending Israeli legislation and regulations dealing with intellectual property, and the processes and remedies available in cases of intellectual property violations.

2. International Agreements on Intellectual Property To Which Israel is a Party

Israel is a member of most major international treaties on intellectual property rights including:

- *Trade Related Aspects of Intellectual Property (TRIPS)* (Uruguay Round 1994).
- *Paris Convention for the Protection of Industrial Property*, Stockholm revision (1967).
- *Bern Convention for the Protection of Literary and Artistic Works*; Brussels revision (1951); Stockholm revision, Articles 22 to 38 (1967); Paris Act (1971).
- *Rome Convention (1961): International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*
- *Patent Cooperation Treaty, (PCT)* (Washington 1970)
- *Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods* (1891); Lisbon revision (1958); Stockholm revision (1967).
- *Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks* (1957); Stockholm revision (1967).
- *Lisbon Agreement for the Protection of Appellations of Origin and their International Registration* (1958); Stockholm revision (1967).
- *Strasbourg agreement Concerning the International Patent Classification* (1971).
- *Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms* (1971).
- *Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure* (1977).
- *International Convention for the Protection of New Varieties of Plants (UPOV)* (1979) (1991 Act).
- *Universal Copyright Convention* (1952).
- *Convention Establishing the World Intellectual Property Organization* (1967).

It should be noted that international agreements in Israel are not self-executing. This means that while signing onto an international agreement results in an international obligation, the agreement as such does not automatically become part of the domestic law. Consequently, an additional legislative action of implementation is required. There are several ways by which an international agreement may be transformed into Israeli domestic law. Sometimes a specific law itself contains a general provision conferring in advance validity

upon every international treaty that may be concluded on a certain subject. In many cases however, treaties are implemented by means of specific legislation, regulations or Orders.

3. Principle Domestic Intellectual Property Legislation

In this part, a brief overview of legislation relating to intellectual property will be provided.

3.1 Patents

Introduction

Under Israeli law a patent is a grant of a monopoly right, enforced by the state, to the inventor (his heirs or assigns) of useful inventions subject to certain eligibility criteria. A patent does not entitle its proprietor to exploit the invention, but rather it entitles the proprietor to the exclusive right to prevent others from exploiting the invention. The Patents Law of 1967 and its amendments govern the majority of issues relating to patents. Regulations, such as the Patents Regulations (Office Practice, Rules of Procedure, Documents and Fees), are also directly relevant to patent issues.

The Granting of a Patent

To be patentable under Israeli law, an invention must involve a product or a process, which is new, useful, capable of industrial application, and possesses inventive step. Indeed, pursuant to the TRIPS amendments, a patent will be available in any area of technology so long as it is capable of industrial application. Universal novelty up to the date of application (or date of Convention Priority) is required. Patent protection will only be granted after the patent office has examined the patent application to confirm that the invention meets patentability criteria. Excluded from patentability are methods of therapeutic treatment of the human body, plant or animal varieties, except micro-biological organisms not derived from nature, and mere discoveries and ideas. If the invention is a process, the patent shall apply also to the direct product of the process. Abstracts of applications which have been accepted by the Patent Office, are published in the monthly Patents and Designs Journal and the full application and file become open to public inspection.

Modified Examination Procedure

A modified examination procedure allows for an abbreviated examination of an application, where an approved examining authority abroad, such as the European Patent Office (EPO) or the US Patent Office, has granted a corresponding application. Patent applications may be made in Israel through the Patent Cooperation Treaty (the "PCT") and the Israel Patent Office serves as a receiving office for PCT applications originating in Israel. The PCT is a mechanism designed to simplify the filing of patents in states party to the agreement. At an applicant's request, the PCT searching authority will produce a non-binding opinion as to whether the claimed invention meets patentability criteria with regard to novelty, inventive step and utility. These reports will then be forwarded to the Israeli patent office for final determination as to whether the claimed invention is indeed patentable pursuant to the Israeli law. Patents may be applied for by the owner of the invention or a person deriving title from him, and may be assigned or licensed.

Term and scope

Israel was among the first jurisdictions to provide that patents are granted for twenty years from the date of filing. Patents for medicaments, which lost marketing time due to

health ministry regulatory procedures, may be eligible for a term extension of up to five additional years. Patents of Addition are granted for the period remaining in the main patent and do not have to add an inventive step beyond the inventive step of the main patent.

Patent Infringement

Under Israeli law it is an infringement of a patent to make any unlawful use of the invention, subject-matter of the patent, or to exploit the invention without the permission of the patentee including the exclusive right to use, manufacture, sell or offer for sale the invention covered by the patent.

Infringement is assessed by reference to the claims of the patent. The claims are interpreted in light of the description in the specifications. Infringement may also be found where the invention is exploited in a manner similar to that defined in the claims and involving the main features defined in the claim. The doctrines of equivalents or variants (or 'pith and marrow') apply.

Remedies

Israeli law provides for extensive interim and final remedies, which include preliminary remedies such as injunctions, and final remedies such as financial compensation (damages, account of profits); delivery up (in exceptional cases), mareva injunction, Anton Piller Order and costs. A more detailed description of these remedies is provided later in this paper.

3.2 Trade Marks

Registration of a trademark in Israel, in respect of certain goods or services, gives the owner the exclusive right to prevent all others from using similar marks with regard to similar goods or services. The registration may be renewed for as long as it is in use in Israel and maintains its distinctive character. Common law rights in trademarks may be established without registration, merely on the basis of use, and will be protected pursuant to the law of passing off contained in the Commercial Torts Law. As a general matter, the Trade Marks Ordinance (New Version), 1972 and its amendments, including the amendments required by the TRIPS Agreement, will apply to matters involving trade marks. Unregistered marks may be protected under the Commercial Torts Law's provisions against "passing off". Below is a summary of the major aspects of trademark rights and protection.

Infringement

Infringement under the Israeli law means the use by a person not entitled thereto :

- (1) of a registered trade mark, or of a mark resembling such a trade mark, in relation to goods in respect of which the trade mark is registered or to goods or services of the same description;
- (2) of a registered trade mark in advertising goods of the class in respect of which the mark is registered or in respect of goods or services of the same description.
- (3) of a well known trade mark even if it is not a registered trade mark, or of a mark so similar to it as to be misleading in respect of goods for which the mark is well known or in respect of goods of the same description;
- (4) of a well known trade mark which is registered, or a mark similar thereto, in respect of goods not of the same trade description, provided that such use could indicate a connection between such goods and the proprietor of the registered trade mark and the proprietor of the registered trade mark might be harmed as a result of such use.

Civil Remedies

Civil remedies available for infringement are: (a) interim and final injunction; (b) account of profits, (c) damages; (d) costs; (e) delivery up (in exceptional cases); (f) mareva injunction (g) Anton Piller Order.

A more detailed description of these remedies is provided later in this paper.

Criminal Liability

In addition to civil liability, trademark violations might be subject to criminal proceedings as well. Under the Merchandise Marks Ordinance, it is a criminal offence, inter alia, to apply any false trade description (including, falsely applying a trade mark) to goods. And, in addition to ordinary criminal investigations and prosecutions, a procedure of private prosecution may also be initiated against an offender in appropriate circumstances.

Under the Trademark Ordinance, trademark counterfeiting carries a penalty of up to a maximum imprisonment of 3 years and a maximum fine of up to 1.5 million shekels (approximately \$300,000). Corporations will be subject to a double fine.

Unregistered Trade Marks

Unregistered trade marks are protected under the 1999 Commercial Torts Law. There are also criminal offences under the Merchandise Marks Ordinance, 1929 in circumstances that would give rise to a passing-off action.

There is no time limit for the protection, as long as the plaintiff enjoys goodwill an unregistered mark is protected. Civil remedies in a passing-off action may include an injunction, damages, statutory damages, delivery up and costs.

3.3 Designs

Under Israeli law designs are registered. Registered designs are governed by statute: the Patents and Designs Ordinance, 1924.

Upon filing of an application for registration of a design, the Patent Office examines the application for eligibility. Upon acceptance, a certificate of registration will be issued and from that date forward for as long as the design is valid, the holder will have exclusive right to prevent, in Israel, all others from offering for sale products bearing the design that are within the scope of the registration. Design protection under Israeli law is available for a term of up to 15 years from the date of application.

Infringement

It is an infringement of the rights in a registered design to:

- (a) apply to the design or any colorable imitation thereof to any article included in the class for which the design is registered, or to do anything to enable for the application of a design as aforesaid;
- (b) advertise articles or offer them for sale knowing that a registered design an imitation thereof has been applied to the said articles, as described in (a) above.

Civil Remedies

The Israeli law provides for the following possible civil remedies:

(a) interim and final injunctions; (b) damages, including statutory damages in certain limited cases; (c) account of profits (d) delivery up; (e) costs; (f) mareva injunction, (g) Anton Piller Order and costs.

A more detailed description of these remedies is provided later in this paper.

3.4 Copyright

The major Legislation relevant to copyrights is the Copyright Act of 1911, the Copyright Ordinance 1924, and their amendments and Orders. It should be noted that although the basic statutory framework is still that of the British mandate period, the legislation has been regularly amended, modernized and updated. For example we find in the legislation the introduction of moral rights alongside economic rights, statutory damages, and the enhancement of the criminal provisions. In addition, Israeli courts have interpreted the broad legislative principles in a liberal and progressive manner.

Term

Copyright protection is generally from the date of creation until 70 years after the death of the creator. Copyright in records, tapes and other means for recording voices lasts 50 years from the creation of the master copy. Copyright in photographs and lithographs last 50 years from the creation of the first negative thereof. Anonymous and pseudonymous works are protected for a period of 70 years from the date of publication.

Infringement

Copyright infringement occurs principally where a protected work, or a substantial part thereof, has been reproduced without authorization, or publicly performed without authorization. The general test for determining whether the part of the work taken is substantial and, thus, amounts to infringement, is qualitative, not quantitative.

Dealing with infringing copies, such as importing and selling, and the possession of an infringing copy is also an infringement, provided that the defendant knew or ought to have known that the goods are infringing.

There are fair dealing exceptions, such as for purposes of research, criticism, etc.

Civil Remedies

The following civil remedies are available:

(a) interim and final injunction; (b) account of profit; (c) damages (d) statutory damages; (e) delivery up; (f) costs; (g) mareva injunction, (h) Anton Piller Order.

A more detailed description of these remedies is provided later in this paper.

Criminal Liability

The Copyright Ordinance provides criminal liability for various offences under the law, connected to knowingly infringing copyright in a commercial context.

The maximal penalties for the offense of copyright is nowadays a felony together with imprisonment of up to 5 years and a fine of up to 2 million shekels (approximately \$400,000). In addition under the Ordinance there is a presumption whereby the owner of the copyright in a work will be deemed to be the person whose name appears on a work in the customary manner as its author, unless stated otherwise. Also, the Ordinance provides that possession of an infringing copy for purposes of trading therein is a criminal offense as well as constituting a civil infringement. The maximal fine for infringement is double in case the infringement was committed by a corporation.

Proposed Legislative Reforms

Principal copyright legislation now pending, includes, a proposal for a new Copyright Bill that was published for comment by the Ministry of Justice in November 2003 and a Bill now pending in the Knesset for the establishment of a specialized court that will have jurisdiction to resolve disputes between consumers of copyrighted materials and copyright collective rights management companies. The new court would also have jurisdiction to resolve disputes between the collecting societies and their members.

3.5 Appellations of Origin and Geographical Indications

Appellations of origin are governed by statute, the Appellations of Origin and Geographical Indications (Protection) Law, 1965 and its amendments.

Term

For an Israeli appellation the term of protection is 10 years from application. The registration may be renewed for consecutive periods of ten years, if the registrar finds it is still used as an appellation of origin.

For foreign appellations of origin, the validity of the registration expires when it is no longer protected in its country of origin.

Geographical Indications will be protected against misappropriation in accordance with the principles set forth in the TRIPS Agreement.

Infringement

Any unlawful use of an appellation of origin constitutes infringement even where the true origin is indicated, next to the appellation of origin, or where the latter is accompanied by terms such as 'type', 'kind', 'imitation', etc. Infringement of geographical indications are in accordance with the principles set forth in the TRIPS Agreement.

Civil Remedies

There are the following remedies:

(a) injunction; (b) damages; (c) costs; (d) delivery-up is probably possible in exceptional circumstances; (e) mareva injunction; (f) Anton Piller Order.

A more detailed description of these remedies is provided later in this paper.

Criminal Liability

Unlawful use of an appellation of origin is considered to be the applying of a false commercial description under the Merchandise Marks Ordinance.

3.6 Performers' and Broadcasters' Rights

Performers' and Broadcasters' Rights are governed by statute, the Performers and Broadcasters Rights Law 1984, as amended.

Term

The term of protection for performances is 50 years after the end of the year in which the performance took place. Broadcasts will be protected for a period of 25 years after the end of the year in which the original broadcast took place.

Infringement

Performers' rights include, inter alia, the right to authorize or prevent the following: the fixation of their performances; the sale, rental, lending, dissemination, import, and possession for commercial purposes of an unauthorized fixation or copy of such a fixation. Performers also have moral rights in their performances. These rights may be subject to certain limitations, including fair dealing.

Broadcasters' rights include inter alia, the right to prevent the unauthorized fixation of its broadcast and the rebroadcast of the broadcast or its fixation. These rights may be subject to certain limitations, including fair dealing.

Remedies

All the civil remedies available in copyright actions are available by reference to performers' and broadcasters' rights

Criminal Liability

The penalty for the criminal infringement of performers' rights, such as making, for purposes of commerce, an unauthorized, "bootleg", recording of a live performance, is up to a maximum of 3 years imprisonment and a fine of up to 1.5 million shekels.

The penalty for the criminal infringement of broadcasters' rights, such as making, for purposes of commerce, an unauthorized recording of a broadcast, and the dealing with and unauthorized recording is now up to a maximum of 6 month imprisonment and a fine of up to 400,000 shekels.

The maximal fine for infringement is double in case the infringement was committed by a corporation.

3.7 Trade Secrets

Traditionally, trade secrets and know-how were protected in Israel on the basis of the principles of contractual obligation and fiduciary relationship and common law. Since 1999 the law of trade secrets has been codified into the Commercial Torts Law.

Term

Trade secrets are protected so long as the relevant information remains secret.

Infringement

Under the Commercial Torts Law, infringement includes:

- (a) Taking the secret by illegal means without the owner's consent;
- (b) Using the secret contrary to a contractual or fiduciary obligation;
- (c) Receiving the trade secret, with the actual or presumed knowledge that it had been improperly taken.

Civil Remedies

The Commercial Torts Law declared the infringement of a trade secret to be a tort under the Civil Wrongs Ordinance. Significantly, a chapter on remedies provides for a full range of remedies, such as preliminary and *ex parte* orders and injunctions, as well as final monetary compensation.

It should be noted that these remedies exceed those required by TRIPS and other international standards.

3.8 Integrated Circuit Topography

Integrated Circuit Topography is protected under the Integrated Circuit Protection Act.

Term

The protection of the topography is for the lesser period of ten years after the first commercial exploitation of the relevant integrated circuit, or fifteen years from the date of the creation of the topography.

Remedies

Under the Integrated Circuit Protection Act, the infringement of exclusive rights to an integrated circuit topography is a civil wrong under Israel's Civil Wrongs Ordinance, thus permitting actions for all appropriate civil remedies.

3.9 New Plant Varieties

New Plant Varieties may be protected pursuant to the Plant Varieties Law subject to certain examination and registration procedures. The law is based on the 1991 revision of the International Convention for the Protection of New Varieties of Plants (UPOV). The Ministry of Agriculture handles examination and registration of new plant varieties. A variety that is new, distinctive, and is sufficiently uniform and stable as to its fundamental characteristics is eligible for registration of a breeder's rights.

In general, the holder of a 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 offense.

4. The Court System and Remedies Available in Intellectual Property Cases

4.1 Introduction

As a general matter civil and criminal cases are heard in Israel in the general court system. 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, private persons may also initiate criminal proceedings in certain intellectual property cases. 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. The significant body of case law which has developed over the years, and the remedies provided by the courts, serve as an additional deterrent to infringements.

Below is a short description of the court system, in particular as it is relevant to intellectual property litigation. Also below is an overview of some of the remedies available in intellectual property litigation, which were mentioned in summary in the previous chapter. The chapter will end with a brief description of available criminal proceedings.

4.2 The Court System

The general court system in Israel is comprised of the magistrates' courts, the district courts, and the Supreme Court. Both the magistrates and district courts may be a court of first

instance. The division between them is generally based on the value of the subject matter of the case, or the seriousness of the offence, the district court being the higher court. The district courts also function as courts of appeal on magistrate's court judgments, and there is an automatic right of appeal from a decision of a district court sitting as first instance to the Supreme Court.¹

As a general matter, intellectual property litigation arising out of patent and registered design cases (such as patent infringement) is within the jurisdiction of the district court as a court of first instance. The district courts also hear appeals on decisions of the Registrar of Patents, Designs and Trademarks.² Infringement matters in all fields of intellectual property will either begin in the magistrate's courts or in the district court depending on the value of the amounts in controversy. Criminal infringement actions will generally be heard by the district courts.

Other courts, tribunals, or statutory appeal boards may also have initial jurisdiction on issues arising out of intellectual property issues.³

4.3 Civil Remedies

4.3.1 Preliminary Relief

Interim Injunctions

The Courts may grant interim injunctions as a form of temporary relief. Such 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. The main purpose of the interim injunction is to preserve the status quo until the court renders a final judgment.

Interim injunctions may be granted in all types of intellectual property actions. Some types of injunctions, which may be granted in the various intellectual property litigations, are:

The Anton Pillar Order

Israeli courts may order, upon the application of the plaintiff, that the plaintiff be allowed to enter the premises of the defendant, and search and seize documents and evidence. The Anton Pillar Order may be based on the courts' inherent powers or on other more specific powers, and has recently found legislative expression in the Commercial Torts Law and in the Civil Procedure Regulations.

Understandably, such an order is granted only in appropriate circumstances, and an application for such an order must satisfy certain formal requirements.

The Mareva Injunction

The Mareva injunction is an interim injunction aimed at 'freezing' the defendant's assets until the conclusion of the hearing. The purpose of such injunction is to ensure that if a

¹ Appeal to the Supreme Court from a District Court judgment when the District Court sat as a court of appeal on a magistrate court judgment is by leave.

² The Registrar of Patents functions, inter alia, as a court of first instance with regard to registration matters, including oppositions, revocation and rectification proceedings (and application for compulsory licensees with respect to patents) regarding patents, registered designs, trade marks, and appellation of origin.

³ For example, the compensation and royalty committee, under the Patents law 1967 decides on appropriate remuneration in cases of service invention or in cases of use of invention in the interest of the state etc. (These decisions too can be the subject of appeals to the Courts).

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 the Israeli legal system from its English counterpart. Recently, the Civil Procedure Regulations (Rules of Court) were amended in a way enabling the court to enjoin the 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.

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.

Attachment Orders

A third available remedy is the *attachment order*. When 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.

Stay of Exit

Israeli civil procedure provides for the possibility to request an order of a stay of exit against a defendant. 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 on taking his assets out of Israel).

It should be noted that if any order is given *ex-parte*, a hearing in which the order will be re-examined and in which the defendant will have an opportunity to present his case will ordinarily be conducted within a very short time from the issuance of the order.

Mention should also be made of the extensive authority of the Customs officials to take immediate action against imports suspected of being infringing goods.

4.3.2 Final remedies

Financial compensation

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.

Statutory Damages

Provision is also made for recovery of statutory damages instead of actual damages in some cases specifically by law (for example with respect to copyright). Such damages will be awarded without proof of actual damages. For example, businesses which infringe software in the course of running their business have been held liable to pay statutory damages in respect of each infringed computer program found on their network. In *Microsoft and Autodesk v. BAB Engineering*, (August 2002), the court ordered the defendant and its Chief Executive Officer pay the plaintiffs NIS 180,000 in statutory damages and 30,000 Shekels costs for the civil infringement of eighteen software programs which were used within the confines of the defendant's business.

Account of Profits

A plaintiff may also apply to the court for an order of an account of profits. 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.

Restraining Order

If plaintiff succeeds in the case, the court usually grants a restraining order – a permanent restrictive order – restraining the infringer from continuing the relevant activities. As a rule, this order continues in effect until the plaintiff's right expires.

Delivery up of infringing material

The remedy of delivery up is provided in some cases specifically by law (for example with respect to copyright). In this regard, the copyright statute specifically states that all infringing copies of any work in which copyright subsists, and all plates or devices 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. Importantly, the remedy of delivery up exists also with respect to infringement of performer's rights.⁴

Costs

In addition to the aforementioned remedies a 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 favor of the other party or the Israeli Treasury or both.

4.3.3 Other remedies

In general, every court dealing with a civil matter is competent to grant a declaratory judgment, a prohibitive order, an order of specific performance and any other relief, which it may deem appropriate in the case. All these are also available in intellectual property related litigation.

⁴ Although not provided specifically by statute, this remedy is also probably available with respect to trade marks and, in exceptional cases, to patents.

4.4 Criminal Proceedings

Any person may complain to the police or to a prosecuting authority that an offense has been committed. Criminal proceedings may be commenced either by a prosecutor on behalf of the state (for example, with respect to counterfeits seized by a governmental authority) or, where applicable, by an individual or corporation filing private criminal complaints.

4.4.1 Private Criminal Complaints

A private criminal complaint may be filed with respect to certain infringements of copyrights, trade marks, and offences under the Merchandise Marks Ordinance. The private complainant will play the role of the prosecutor in these proceedings. In certain instances, the District Attorney, who receives a copy of every private complaint filed, may decide to take over the prosecution of the case. The complainant in a criminal complaint may often apply for a search and seizure order. The order may refer to infringing articles, packaging materials, moulds or other equipment necessary for the manufacture of the infringing articles, documents and computer material.

4.4.2 Criminal Case-law

Sentences handed down since 2001 indicate that the courts are imposing increasingly stiffer penalties than in the past and that prosecution arguments with respect to the severity of offenses regarding infringement of intellectual property law are being taken seriously. Similarly, the courts themselves have been drafting their decisions in a manner which explains to the public the seriousness of IP crimes and the reasons for the severity of the penalties for IP crimes.²

The commitment to enforcement of IPRs has become institutionalized within several branches of government, chief among them being the police, the State Prosecutor's Office and the customs and tax authorities. Additionally, the legal advisers specializing in intellectual property provide regular legal support to the other enforcement bodies in providing legal opinions, coordinating litigation strategies and in finding solutions to periodic problems that arise during the normal course of enforcement activities. Enforcement is a long-term process, often complicated, but constantly being strengthened and as a result piracy in Israel is becoming less profitable. Like crime of any sort, piracy can not be eliminated completely, but enforcement is an ongoing process and the statements of rights holders themselves verify the growing momentum in effective IPR enforcement.

Penalties for copyright piracy and trademark counterfeiting are severe and provide an effective deterrent to criminal activity. Copyright piracy is punishable by up to 5 years imprisonment and fines of up to two million shekels. Trademark counterfeiting is punishable by up to 3 years imprisonment and fines of up to a million and a half shekels. Over the past three years approximately 10 pirates have been jailed in Israel for IPR criminal offenses.

² See, criminal case (Rehovot) 1679/99 **State of Israel v. Edri David** (unpublished). The appeal of the accused on the amount of the fine was dismissed by the Tel Aviv District Court (criminal appeal 71376/99 **Edri David v. State of Israel**). See also, criminal case (Netanya) 3126/99 **State of Israel v. Mizri Mohammed** (unpublished); criminal case (Kfar Saba) 1049/00 **State of Israel v. Sidi Raphael** (unpublished).

Custodial sentences meted out to date range in duration from a few months to two years incarceration and the trend is clearly towards greater judicial willingness to impose increasingly severe penalties. This trend is expected to get a significant boost when the courts begin hearing cases involving IPR crimes committed subsequent to the recent amendments of the copyright and trademark statutes to increase criminal penalties. Those cases are now making their way through the pipeline and will soon be dealt with by the courts.

In some instances the courts have been willing to hold pirates behind bars, without opportunity for release on bail, pending completion of their trials. This rather drastic penalty of pre-trial detention sends an immediate and clear message to actual and potential pirates. In addition, piracy may lead to prosecutions for tax evasion and adequate and effective civil remedies are available for all cases of infringement.

Examples of convictions and incarceration:

- **State v. Gonen Vaknin and Rafi Vaknin (Case 6108/02, Tel Aviv, March 5, 2003):** Defendant Gonen Vaknin, a recidivist, was convicted of making and offering for sale several hundred counterfeit CDs and videos. Defendant sentenced to serve 24 months actual imprisonment; a fine of 25,000 Shekels and an additional 12 months suspended jail time. Thereafter Defendant appealed to the Appellate Court, but withdrew his petition prior to conclusion of the proceedings. Defendant's brother, Rafi Vaknin, who had a lesser degree of culpability, was sentenced to 9 months actual imprisonment, plus an additional month's imprisonment from a separate matter, a fine in the amount of 20,000 Shekels and an additional 12 months suspended jail sentence.
- **State v. Albert Salomon (Tel Aviv case 10761/01 and Appeal 70787/03, September 8, 2003):** Appeal of sentence entered against defendant for manufacture and sale of approximately 3,000 counterfeit music CDs and DVDs. The trial court had sentenced the defendant to 20 months actual imprisonment, a fine in the amount of 30,000 Shekels and an additional 18 months suspended imprisonment. The Appellate Court upheld the sentence of the trial court.
- **State v. David Zarihan and Nissan Tzror (Case 2086/02, Tel Aviv, Feb. 17, 2003):** Defendants convicted of making, distributing and selling (in part to undercover police agents) approximately 1500 counterfeit CDs and DVDs. Defendant Zarihan was sentenced to 18 months actual imprisonment, six months of which to be served in community service and a fine of 30,000 Shekels or 8 months additional imprisonment. Defendant Tzror was sentenced to 12 months actual imprisonment, a fine in the amount of 50,000 Shekels or an additional 8 months imprisonment in lieu of payment of the fine, and an additional 18 months suspended jail sentence. Appeals of these matters are currently pending (Appeal number 70301/03).
- **Pinkas Ezra v. State (Appeal of severity of penalty) (Appeal 2605/02, March 3, 2003):** Appeal denied, lower court's penalty maintained. Defendant had been sentenced to 6 months actual imprisonment, a fine of 250,000 Shekels (approximately \$57,000) and given an additional 24 months suspended jail sentence following conviction for manufacture of counterfeit music CDs. Defendant had been a major shareholder and manager in an optical media production factory that had been engaged by rights holder to manufacture legitimate CDs. Following a lengthy police investigation and trial, defendant

was found guilty of having used legitimate master recordings to produce 3600 counterfeit CDs.

- In **State v. Albert Salomon**⁵ Appeal of sentence entered against defendant for manufacture and sale of approximately 3,000 counterfeit music CDs and DVDs. The trial court had sentenced the defendant to 20 months actual imprisonment, a fine in the amount of 30,000 Shekels and an additional 18 months suspended imprisonment. The Appellate Court upheld the sentence of the trial court.
- In **State v. David Zarihan and Nissan Tzror**⁶ defendants convicted of making, distributing and selling (in part to undercover police agents) approximately 1500 counterfeit CDs and DVDs. Defendant Zarihan was sentenced to 18 months actual imprisonment, six months of which to be served in community service and a fine of 30,000 Shekels or 8 months additional imprisonment. Defendant Tzror was sentenced to 12 months actual imprisonment, a fine in the amount of 50,000 Shekels or an additional 8 months imprisonment in lieu of payment of the fine, and an additional 18 months suspended jail sentence. Appeals of these matters are currently pending.

As is evident, a relatively large number of sentences have been handed down recently in which use was made of a variety of sanctions available to the judge: actual imprisonment⁷, suspended sentence, fines⁸, undertakings, destruction and forfeiture of infringing products. These penalties were imposed separately or cumulatively, with the amount of the fine varying depending on the particular circumstances.

- In **Microsoft v. Fy-Dan Computers and Uri Fineman**, No. 10006/97 (Feb. 24, 2002), the defendant convicted, in the context of a mixed civil action and private criminal prosecution, of the unauthorized loading of various software applications onto hard disks of computers that he was in the business of selling. The defendant was given an 8 months suspended jail sentence.

In 2002, the courts have begun to incarcerate IPR recidivists pending trial without possibility for release on bail (e.g. in re cases 6108/02 and 7260/02). This rather drastic penalty sends an immediate message to any person thinking of committing a second IPR crime.

⁵ Tel Aviv case 10761/01 and Appeal 70787/03, September 8, 2003

⁶ Case 2086/02, Tel Aviv, Feb. 17, 2003

⁷ **State v. Jamour**, Appeal No. 71320/01 (May 19, 2002)

⁸ **State v. Pinhas Ben Amram Ezra**, No. 2923/01 (July 4, 2002) Defendant, principle director and shareholder of OMI Inc., that engaged primarily in legitimate manufacture was convicted of manufacturing counterfeit music CDs in his optical media factory. The conviction was the fruit of an undercover police investigation lasting more than a year. The defendant was sentenced to 6 months actual imprisonment, plus a 24 months suspended prison sentence and a fine of 250,000 Shekels. The Court's decision emphasized the seriousness of intellectual property crimes and the importance of stopping piracy at its source before such goods are put into the chain of distribution. This case gained *significant newspaper coverage*. In **State v. Yigal Binet** defendant convicted of importation of very large quantities of cigarettes bearing counterfeit trademarks. Defendant sentenced to 15 months imprisonment, an additional 24 months of suspended jail time and a fine of 5,000 Shekels. The corporation connected with the defendant was ordered to pay a fine in the amount of 250,000 Shekels.

The clear picture to emerge from a survey of the last years criminal convictions in Israeli courts, is one of generally significant fines together with conditional jail sentences and actual jail sentences have been imposed. And in virtually every one of the judgments rendered in these cases, the court made the point of stressing the serious danger posed by intellectual property crime, the economic and other damage done by such activity to both the local intellectual property industries and Israel's international image, and the important role that the courts can play in the battle against this phenomenon by imposing sentences that can have a truly deterrent effect.

The awareness on the part of Israel's judges has not come without effort. It is clearly the result of the appropriate cases being brought to their courtrooms, to the increasingly thorough and professional arguments made by specially trained prosecutors, and by the determined education efforts the judges themselves were willing to undertake.

Section II: Enforcement

5. Enforcement

5.1 Introduction

The Government of Israel is committed to providing intellectual property rights' holders with adequate and effective means for the enforcement of their rights. In addition to remedies in the civil area, some of the legislation provides for specific criminal remedies as well. Effective enforcement of intellectual property rights is a priority goal for the Government of Israel. As a major producer of intellectual property, Israel has a large stake in advancing and ensuring effective enforcement of intellectual property rights.

Significant investment has recently been made in enforcement infrastructure and further investments are being made despite recent budgetary cut backs and allocation of limited resources to other essential needs. These investments have materialized into significantly increased enforcement efforts. Consequently, positive enforcement results have already been seen and greater results are expected as today's achievements build upon themselves.

These infrastructure efforts are combined with a concerted overall policy effort. Governmental bodies, including, in the Ministry of Justice- the Attorney General and the State's Attorneys Office, Police Units dedicated solely to intellectual property crimes, the Customs Authority, the Tax Authorities, the Ministry of Finance, the Commissioner of Consumer Protection, have combined efforts to operate in concert and coordination to fight intellectual property violations.

A special Ministerial committee chaired by the Ministry of Justice was established to deal expressly with the issue of enforcement of intellectual property rights. Its members include the Minister of Justice, the Ministry of Finance, the Minister of Industry and Trade and the Minister of Internal Security, the Ministry of Social Affairs, Ministry of Science, the Ministry of Immigrants and the Ministry of Tourism.

Ongoing programs designed to raise intellectual property awareness for prosecutors, governmental offices and the public are also making important contributions to an environment conducive to effective enforcement of intellectual property rights. Below is a more detailed description of the enforcement efforts, which have and are being undertaken by the different ministries and public bodies.

5.2 Enforcement Activities

5.2.1 The Ministry of Justice

- Prosecution of IPR cases are under the direct supervision of the District Attorneys and the Chief of the Economic Crimes Division of the State's Attorneys' Office. The Economic Department of the State Attorney's Office is an agency which consolidates information and expertise in the area of intellectual property and connects between the various prosecution agencies.
- Emphasis is being placed on prioritizing high profile cases, precedent setting cases and actions against recidivist infringers, all in an effort to deter future acts of infringement.
- The Ministry of Justice is involved in activities on the ministerial level designed to enhance effective enforcement of intellectual property legislation.
- The Ministry's Departments of legislation and legal counsel are giving priority to the development of new legislation in this field, with particular emphasis on enforcement provisions, the amendment of existing legislation, and the provision of legal opinions to government official and public entities on any case arising in government offices which raises intellectual property issues.
- The Attorney General has issued guidelines and directives to all government offices, directing them to review all intellectual property in use in public service for the possibility of infringement; to ensure that all relevant suppliers to the government are obligated to providing infringement - free intellectual property goods and services; and to direct all government agencies to seek advice from the Ministry of Justice on all relevant legal questions.
- The Israeli Government has implemented a clear policy of protecting intellectual property rights against unauthorized use in the field of broadcasting and communications. Thus relevant licensing arrangement in these fields include a firm undertaking of the licensee to respect intellectual property rights, and not to broadcast protected material without the appropriate consent of the holder of the rights.
- The Ministry attaches special importance to increase public and professional awareness on intellectual property rights and violations.
- The Ministry has undertaken a major reorganization and modernization of the Department of the Registrar of Patents, Trademarks and Designs.
- The Economics Committee of the Knesset is now deliberating a Bill presented by the legal counsel and legislation department in the Ministry, to authorize the District Court to hear issues relating to payment of royalties. Although these deliberations are from the civil

aspect, it may be assumed that they will also bring increased awareness of the issue of intellectual property and more suitable proceedings for enforcement of the right to royalties for public broadcasts.

5.2.2 The Special IPR Police Units

- The issue of pursuit of intellectual property violations has been stressed, both in terms of awareness and priority, within all echelons of the police ranks. In the past the general police force was responsible, among its other duties, for pursuing intellectual property violators. The general police force still maintains this responsibility. In addition, however, a special intellectual property crimes unit, entirely devoted to criminal activity in this area, has been established. The police units that were set up to deal specifically with intellectual property crimes are divided into several regional units and a national unit. The regional units are responsible for carrying out investigations and raids in their geographical regions, while the national unit is responsible for coordinating investigations between the regional units, legal counseling and intelligence gathering on a country wide level.
- The new unit has significantly increased police activity in this area, and has been involved in many raids and prosecutions. Examples of police seizures and arrests:
 - January 2, 2003: Pirate production facility raided in Rishon Letzion. One arrest and seizure of 7 burners, 954 CDs and packaging materials.
 - January 5, 2003: Pirate production facility discovered in Eilat. One arrest and seizure of 7 burners, 3000 CDs, a printer and packaging materials.
 - January 6, 2003: Raid of pirate production facility in Tel Aviv. One arrest and seizure of 4 burners each with 24 work stations, 50 DVD films, 800 CDs containing software and computer games, 350 music CDs, 2000 blank CDs and packaging materials.
 - February 5, 2003: Pirate production facility discovered in A-Ram (near Jerusalem). Three persons arrested and seizure of 26 video tape recorders, 100,000 counterfeit wrappers, 200 master videos, 1300 counterfeit videos and 1000 blank video tapes.
 - February 13, 2003: Following a search of premises in Bat Yam, police discovered a production pirate production facility. Arrest of five persons and seizure of a burner, a printer, 608 music CDs, and much packaging material.
 - February 19, 2003: Discovery and raid of pirate production facility in Holon. Arrest of one person and seizure of a multi-head burner, computer, printer, photocopier, 967 music CDs, 56 DVD films and large amounts of packaging materials.
 - February 23, 2003: Raid of pirate production facility in Rishon Letzion. Arrest of one person and seizure of a computer, 5000 music CDs, and numerous counterfeit computer programs and games, most of which was destined for Russian speaking audiences. The arrested person gave information about another pirate production facility in Petach Tikva that led to the raid of that facility and the arrest of an additional person.
 - March 4, 2003: Raid of Tel Aviv production facility. Arrest of 2 persons and seizure of 6 video reproduction machines, 314 video tapes. This raid led to the raid of a store belonging to the arrested persons and seizure of 431 videotapes, 54 DVD films dubbed into Russian and other production and packaging materials.
 - April 16, 2003: Discovery and raid of pirate production facility in Netanya. Arrest of one person and seizure of 15 burners, 6 computers, 1000 music CDs and large quantities of packaging materials.
 - June 2, 2003: Raid of printing facility in Bat Yam. Arrest of 2 persons and seizure of large quantities of "Looney Tunes" badges and trademarks.

- July 20, 2003: Discovery and raid of parked truck in Kifar Mordecai. Arrest of two persons and seizure of hundreds of empty "Colgate" toothpaste containers.
- August 18, 2003: Raid of printing factory in eastern Jerusalem. Arrest of two persons and seizure of 1000 dies for pirated text books in English and Arabic; packaging materials and videotapes.
- September 3, 2003: Search of apartment in Bat Yam that was used for the purpose of manufacturing counterfeit spirit beverages. Arrest of one person and seizure of 1398 bottles intended for counterfeiting of trademarked alcoholic beverages, and materials for the manufacture of such.

Note that the seizures refer to allegedly counterfeit goods. Proof of actual counterfeiting will still need to be proven through court proceedings and expert witnesses and use of seized items for evidence.

5.2.3 The Customs Authority

- The customs authority is giving special attention to intellectual property violations and has undertaken to raise the level of activity in their ranks in an effort to combat intellectual property infringement. This enhanced policy includes more active and regular examination of imported goods for possible infringement, enhanced cooperation with parties whose rights have allegedly been infringed, development of sophisticated computerized data bases, training programs in cooperation with countries such as the United States.
- The Customs Authority, in coordination with rights' holders and prosecutors, plays a central and active role in the enforcement of intellectual property rights through its control of merchandise entering Israel. Merchandise suspected of violating trademark or copyright is detained and relevant rights holders are notified. Rights' holders are given an opportunity to inspect the suspected goods prior to their release, and where a court action is commenced such goods will be detained until the end of such proceedings.
- Authority to prosecute offenses against specific intellectual property laws rather than general customs legislation was granted to those legal advisors in the Customs Authority who prosecute customs offences.

5.3 Cooperation between Enforcement Agencies

Public resources available for enforcement of intellectual property law can only satisfy a limited quantity of enforcement action. It is therefore essential that the resources available to the various enforcement agencies are coordinated. For this reason, special emphasis was placed on the subject of cooperation between the various enforcement agencies for efficient utilization of the information accumulated on professional know-how and enforcement resources available to each and every agency.

5.3.1 Establishment of Enforcement Forum – Intellectual Property

A special Forum with the object of coordinating the enforcement of intellectual property law (hereinafter: the "Enforcement Forum") was set up, under the control and guidance of the Director of the Economic Department of the State Attorney's Office.

This is a limited forum of those entities involved in this area in which there is an expert representative of each of the central enforcement agencies, *viz.*, the Police, the State Attorney's Office and the tax authorities, the Legal Counsel and Legislation Department.

The functions of the Forum include the coordination of enforcement of intellectual property law between the central enforcement agencies, the determination of general policy in the area of enforcement, the examination of contacts with owners of rights, the determination of methods of transfer of current information between the various enforcement agencies, the formulation of rules of evidence required for the purpose of filing indictments, the deliberation of directives formulated in the various enforcement agencies, and the formulation of procedures for cooperation between the various enforcement agencies.

Throughout the years the Forum held and still holds periodic meetings on a regular basis. Reports are given in the Forum on the activities of each enforcement agency involved in intellectual property. Likewise, discussions are held on the information received at the various authorities and on the problems encountered by each entity. The Forum also discusses current policy on enforcement and common working procedures.

5.3.2 Routine Legal Counsel

The Economic Department of the State Attorney's Office provides advice and counsels the enforcement agencies engaged in the area of intellectual property. Representatives of the various authorities transfer the information in their possession to the Economic Department, which decides on methods of collection of evidence which will be admitted by the court, gives its opinion on the suitability of the case for civil or criminal proceedings, assists in coordination with the other enforcement agencies, etc.

Furthermore, the Legal Counsel and Legislation Department of the Ministry of Justice is a reference address for queries from the various enforcement agencies for an opinion on miscellaneous issues on the agenda concerning intellectual property law.

5.3.3 Collecting and Access to Information

The Police maintain a database on intellectual property rights. The customs, tax and police authorities have a special permit to exchange information. And, new legislation has been enacted that significantly increases penalties for IPR crimes and makes evidentiary matters easier for rights holders. Cooperation

For example, in a recent case a shipment of thousands of branded shoes were intercepted by customs who shortly thereafter notified the relevant mark holder notifying him of the shipment and indicating that the shipment would be detained for a short period of time during which the rights holder would be able to verify whether the goods were in fact infringing. In this matter the shipped goods turned out to be counterfeit and subsequently criminal actions were commenced for both customs violations and trademark counterfeiting.

5.4 *Contacts with Owners of Rights*

Special attention should be drawn to the role that rights holders themselves have to play in the successful prosecution of IPR violations. Counterfeit goods, like counterfeit bank notes, are often not detectible to the untrained eye. Often, genuine goods contain hidden "markers" that are known only to rights holders' security personnel. When a matter comes to trial, the prosecution must prove beyond a reasonable doubt that the allegedly counterfeit items are indeed counterfeits. Proving such is often very labor intensive and can not be done without expert testimony from the rights holders themselves. At times this process is further complicated by the fact that containers of seized goods often contain a mixture of genuine and counterfeit goods.

Proof of ownership of IPRs is also often complex, particularly where the chain of title has been assigned or licensed several times over. Hence, proving infringement and ownership of IPRs frequently requires that rights holders' security personnel and/or corporate officials come to Israel to examine seized material, prove ownership rights and testify to such in court. Often these procedures take a considerable amount of time to carry out and cases can not be brought to trial before reasonable evidentiary foundations are in place. Where rights holders choose not to provide such information at all, or where non-precise investigation work by expert witness (such as failure to record all aspects of their investigations or other procedural/substantive mistakes) makes their testimony vulnerable to impeachment on cross examination, chances for a successful prosecution are severely diminished and may even result in the return of seized goods in the case of a withdrawn or unsuccessful prosecution.

Sometimes, rights holders do not want to invest effort in prosecutions, perhaps because they do not want to draw public attention to the fact that their wares are being counterfeited or perhaps because prosecution of small matters may not be cost effective from their perspective. Still at other times, rights holders are interested in activating initial police activity in order to leverage higher civil settlements only to thereafter lose interest in the parallel criminal action. Even when rights holders do become actively involved in providing proof that seized items are counterfeit, this process often takes them a great deal of time to complete. Until these examinations have been completed prosecutions can not go forward. Additionally, as more sophisticated defense attorneys begin to enter the IPR field the production of credible evidence becomes even more critical to the successful prosecution of IPR crimes. Accordingly, examinations of seized goods and preparation of expert testimony must be made formally and methodically if such evidence is to withstand being impeached upon cross examination in court.

Over the last year cooperation from rights holders has improved and the GOI supports the continuation and deepening of that cooperation. Nevertheless, in several matters rights holders have not always been willing, or able, to timely provide credible expert evidence and in those case the prosecutions will inevitably be delayed, if not jeopardized all together.

In this area there are a number of problems. Some of these problems derive from the fact that the agencies representing the owners of the rights are not prepared for such a high level of activity on the part of the enforcement authorities. A situation in which indictments cannot be filed because the object claimed to be infringed was not identified by the owner of the right may affect the level of motivation of those entities engaged in enforcement.

Thus, for example, in a file where the State Attorney's Office was unable to collect sufficient evidence to file an indictment, it made an application to prevent the return of the infringing goods to the suspect. To this end, the State Attorney's Office made an application to the court together with two opinions from abroad on behalf of the complainant. Despite the fact that three hearings were set in the court, for various reasons the experts on behalf of the complainant did not appear for examination on the opinions in court. Needless to say, this shows the State Attorney's Office to the court in an embarrassing light and shows contempt for the actions of the enforcement authorities and the judicial process itself.

It seems that another reason for the lack of cooperation on the part of the owners of the rights on "commercial grounds". The owners of rights are not complainants and do not cooperate due to fear that information on "forged" products is likely to harm their original products.

Another problem which the enforcement authorities have encountered in this context is that in most of the incidences the incentive for cooperation on the part of the owner of the right has been weakened after the infringing goods have been seized by the enforcement authorities.

Section III: Public Awareness Programs

6. Public Awareness Programs

6.1 Introduction

Effective enforcement of Intellectual property rights requires firstly, the awareness of the police, customs officials and State's prosecutors as to the scope and nature of intellectual property rights. While most persons are readily familiar with the scope and nature of rights in land and chattel property, understanding and respecting intangible property has proven more complicated. In order to overcome such awareness problems and in an effort to generate more effective enforcement of intellectual property rights, the Government of Israel is undertaking to enhance the understanding of the public, and related enforcement agencies regarding the principles of intellectual property rights.

6.2 Continuing Legal Education Programs for Judges

Continuing legal education for Judges in the field of intellectual property are included in the framework of the Judiciary's internal programs and through participation in specialized annual programs.

6.3 Training Programs

- Key personnel from government bodies which are involved in enforcement of intellectual property, such as the police, the customs authority, prosecutors, judges and the Commissioner of Patents, are sent to foreign and domestic training programs to learn about more effective and practical means for better enforcement of intellectual property rights.

6.4 Government Guidelines for Proper Use of Computer Software

- Blanket license arrangements have been made between the government and rights holders in software. In addition, official written guidelines have been promulgated and distributed from the Attorney General and the Controller General, informing and instructing government employees about the legal use of computer software.
- The Attorney General sent a Directive to the Legal Advisors of all government offices obligating them to identify potential IPR problems, to seek the legal advice of the Ministry of Justice intellectual property lawyers before taking any steps that might have IPR implications, and to make efforts, where applicable, to strengthen the enforcement of IPRs in Israel. The preamble to the Directive stresses the importance of IPR enforcement.
- The Israel Defense Forces have issued an official military directive that strictly forbids the use of software that has not been officially issued by the Army.

6.5 Seminars

The Ministry of Justice takes a leading role in providing on-going continuing legal education seminars for prosecutors, police, customs agents and government legal advisers. The judiciary too engages in specially designed annual IPR continuing legal education programs. Examples of recent seminars include the following:

- During the course of the year a number of advanced study courses took place in which the various enforcement authorities participated, as appropriate. A report on the advanced study courses in the various units was transferred to the Enforcement Forum so that it could coordinate and utilize the advanced studies for as many agencies as possible.
- At the Police several advanced study courses and day seminars took place on intellectual property law, with an emphasis on its unique characteristics and the necessary elements and evidence to file indictments. Training was undertaken, *inter alia* at 5 Prosecution Departments, 3 district day seminars took place for investigators and patrol personnel and 2 advanced study courses of 5 days each were held in which investigators and prosecutors from around the country participated (25 people at each course).
- Likewise, classes were taught within the scope of courses for investigators, prosecutors and officers. A number of classes were taught to investigators in the central and Jerusalem districts, as well as numerous classes and lectures in various places such as the College for Senior Officers, Intelligence Coordinators and Youth Supervisors.
- A two-day advanced study course was held at the Customs Department on intellectual property law for the lawyers of the Customs and VAT Department.
- In addition to routine training at the Ministry of Justice, the Institute for Advanced Studies for Public Service Lawyers and Legal Advisers held an advanced study course on intellectual property in January and a further advanced study course will be held during the year. Many lawyers take part in these courses and they are intended, *inter alia*, to increase awareness about intellectual property in general.
- Over the year an integrated course for investigations of economic enforcement took place within which issues of enforcement in various economic areas was discussed. Within the scope of this course the enforcement of intellectual property law was also discussed. Representatives of the various economic enforcement agencies took part in this course, including the Securities Authority, the Restrictive Trade Practices Authority and the Investigations Department of the Official Receiver. According to the planning of this course, it is the first in a series of courses. Its importance is in the increasing cooperation between the various enforcement authorities, *inter alia*, in the area of intellectual property.
- Members of the IP police units, together with prosecutors, participated in a weeklong seminar regarding criminal enforcement of intellectual property rights. Daylong seminars are offered on a regular basis, and police and rights holders meet from time to time to enhance communication and cooperation between them.

- IP lawyers from the Ministry of Justice recently invited the law departments of all the government ministries to come to an IP seminar designed to acquaint them with IPR basics.
- The Ministry of Justice IP legal advisers lecture before Bar Association groups and other related professional and civic organizations.

Conclusions

From the very outset Israel has been committed to a strong intellectual property regime. As the intellectual property area evolved and became increasingly sophisticated, so did Israeli laws and jurisprudence evolve to meet the changes and needs. The extensive civil remedies provided for under the Israeli statutes and regulations, provide meaningful remedies to the injured. The significant punishments available for criminal offenses have the potential to act as a deterrent to offenders. Holders of rights have thus been able to rely on progressive legislation, and enlightened judicial interpretations of these statutes.

As in the case of most countries in the world, however, progressive laws have not proved enough of a deterrence. The worldwide epidemic of intellectual property fraud and piracy has affected Israel as well, and new and more effective enforcement measures are required.

The Israeli government is very concerned about the problem of criminal activity in this area both on a national level and an international level. In the international sphere, the Israeli government is joining the efforts of other states through mutual cooperation and through acceding to international conventions. On the national level, Israel has set in motion a multifaceted enforcement program to provide for enhanced criminal enforcement and increased public awareness. This program combines the efforts of the Ministry of Justice, the Police Units, the Ministry of Industry and Trade, the Tax Authority, the Ministry of Finance, the Commissioner of Consumer Protection, the Ministry of Education and others to jointly combat intellectual property violations.

As is well known from the experience in other countries, this battle cannot be won overnight. Although the results of the new program are already apparent, even with the best of intentions it is unlikely that this organized and sophisticated criminal activity can be controlled in a short period of time. And matters are further complicated by the fact that intellectual property piracy does not confine itself to the geographical areas under control of Israeli enforcement authorities.

This having been said, Israel is confident that the coordinated efforts of all relevant authorities, the wide-ranging campaign to increase the public awareness, and the creation of the special intellectual property police unit will indeed have a significant impact on criminal activities in this area.

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