

Israel
Israël
Israel

Report Q 157

by the Israeli Group

The Relationship between Technical Standards and Patent Rights

1. Basis for technical standards in Israel

1.1. *What types of national and international standards exist in your country? By whom are these standards set up? Are there de jure and/or de facto standards?*

Israeli law regulates Technical Standards through specific acts, mainly the Technical Standards Act of 1953 (hereinafter "the statute") and its regulations. The statute created a unique state entity for the purposes of enforcement of the law and its regulations, named "THE ISRAELI TECHNICAL STANDARDS INSTITUTE" (hereinafter: "the Institute"). The statute also provides that the Institute has the exclusive right to determine technical standards in Israel. All products manufactured in Israel, and imports and exports to/from Israel, are subject to the inspection of the Institute.

1.2. *Who is the addressee of the standards and in which technical field do standards apply? Are the groups aware of any standards which explicitly refer to patents?*

All goods sold in the territory of Israel, exported from Israel, imported into Israel, manufactured in Israel or a method of production used in Israel, are subject to the technical standards under the above mentioned law and its regulations. Technical standards are determined by special committees, each dealing with a different specific field.

The Israeli Technical Standards Law does not specifically address the matter of patents and does not specifically refer to the Israeli Patent Act. There are no special rules or standards referring to patents or patent-protected products or methods in any other Israeli legislation.

1.3. *What is the legal effect of standards? Are they enforceable? If so, how are they enforced?*

All products marketed, manufactured and imported into Israel are bound by the standards set up under the statute and its regulations. Enforcement of the standards is made by branches of the Institute, which has the legal ability and power to turn to courts when necessary. A violation of technical standards may be subject to criminal procedures as well as civil remedies.

2. Possible conflicts between technical standards and IPR

2.1 What possible conflicts do the groups see with regard to the relationship between patents and standards?

The lack of specific mention of patents in the Statute may lead to various conflicts. A patentable invention may be useless if it fails to comply with technical standards set forth in a specific regulation, since it will be prohibited to use or sell it in the territory of Israel. This problem arises because patent-protected products or methods do not benefit from any exemption of the statute's rules. Therefore, the set up of a new technical standard after a patent was granted, may void the use of the patent-protected product or method. Furthermore, a change in a technical standards regulation may occur while a patent application is being examined and thus make the application useless. This, of course, causes the loss of expenses incurred during the patent registration proceedings. The change in a technical standard may invalidate registered patents and forbid them from being used in the territory of Israel. Possible attack on a technical standard is made available only through administrative law.

On the other hand, a patent holder of an invention which fulfils the technical standards set forth in a specific regulation may have a blocking monopoly over the specific product, enabling him to prevent the patenting of other potential inventions that do not comply with the technical demands. For instance, a patent holder of a product of a specific shape will gain monopoly over his whole product if the technical standard requires that this product will be available only in the exact shape described in the patent.

This conflict raises another question with regard to a patent owner's right to exclusive use of his invention. Section 49 of the Israeli Patent Act 1967 provides that a patent holder may prevent others from using his invention, but limits the owner's own use by way of prohibiting "unlawful" use of the invention. The term "unlawful" is very vague and broad enough to raise many conflicts with regard to technical standards. Such conflict will arise when a patent holder uses his invention although it fails to comply with technical standards. In these circumstances, there may be a question of whether the use of the patent is a violation of section 49, a violation of the Statute, or both. Such a problem will occur also when a change in technical standard has taken place in a way that affects the possible use of a patent-protected product.

Another problem in light of section 49 will be when a patent holder, whose invention is identical with the technical standard, prevents others from using other products that comply with the same standard, claiming they are too similar to his patent-protected product. If this is a violation of section 49 is a tough question, mainly because the existence of the technical standard is the reason for the blocking monopoly which the inventor has. The conflict gets more serious when the technical standard refers to a method for which a patent right is held. In that case, the chances are high that other competitors will abandon any attempt to develop similar, or even more practical, methods.

The confrontation between the Patent Act and the Statute should be determined in light of the fact that the Patent Act is specific, and therefore overrides the general rules of the Statute. Still, as mentioned above, the interpretation of the words "unlawfully" in section 49 of the Patent Act may lead to the conclusion that technical standards must be taken into account as part of the Patent Act.

A different perspective of the question is the relationship between Israeli technical standards and international standards. Although Israeli law obligates Israel to respect international standards, some Israeli standards may be more rigid and demanding than international ones. Under these circumstances, the registration of, for example, a French patent in Israel may be useless if it fails to comply with the tougher Israeli standards.

2.2 Which issues do the groups find relevant with regard to confidentiality, concerning namely the relations between the parties involved in setting up a specific standard or the preservation of confidentiality? Should there be rules for the handling of information obtained during the period of setting up a standard? Likewise, should there be rules for the filing of patent applications during said period? If so, what should the rules be?

Section 11 of the technical standards regulations provides that Institute officials are obligated to confidentiality concerning their work and information exposed to them during their work at the Institute. This rule may be the answer to possible conflicts between technical standards and patent law. In the lack of a specific standard relating to a product, the person willing to distribute the new product in Israel will have to get permission from the Institute. The need for Institute's approval may cause a conflict with patent law rules. For example, an inventor's application to the Institute for permission to sell a product may constitute "prior publication" that will void a patent for the same product. The conflict arises here, because if the applicant waits until his application has passed and the patent granted, he will lose valuable time in the market until he is granted permission from the Institute to distribute his patent-protected product. The confidentiality, therefore, promises that a patent application, as well as an application to the Institute, can be filed at the same time, without any threat to the patentability of the product. In spite of the above, one must still bear in mind that no specific order clarifies that an application to the Institute will never constitute a "prior publication" that will void a patent application, and such a determination seems appropriate and necessary.

With regard to patent applications and their compliance with technical standards, Israeli legislation lacks any reference. Since there is no order relating to patents in the Statute, it is suggested that Applicant will be notified, after filing his patent application, that the set up of a relevant standard is in process or is soon to take place during the time of examination. This should have influence on Applicant's decision whether to continue with the application's examination, or to wait and according to the standard to amend his application. This of course would help saving costs.

2.3 Are there any issues with regard to the territorial aspect (scope of protection and application of the standard)? What differences do the groups see with regard to patents of members of the standardization organisation and of non-members?

Standards are enforceable on methods used in the territory of Israel, and products manufactured, imported into Israel and exported from Israel. The Institute has the ability to contact similar institutes outside Israel if necessary, for the purposes of setting up standards.

2.4 Are there rules for patent pools or discrimination against non-members which might constitute a conflict?

No.

3. IPR policies, conflict resolution means

The questions under section 3 are not relevant to Israeli Law.

4. Licence policies, royalties

4.1 Who determines the conditions of a license agreement? What are reasonable royalties? How and by whom can the non-discriminatory character of conditions be defined? Is there any impact, and if yes, which impact does art. 31 trips have on this type of licenses?

Israeli legislation has no specific order dealing with licenses in regard to technical standards. The Israeli Patent Act 1967 provides for a compulsory license that can be forced on the patent owner. The terms of such license are fixed by the Registrar of Patents. The license itself can be granted after filing an appropriate application at least 3 years after the granting of the subject patent. The decision to grant or refuse to grant such a compulsory license is done without any connection to the existence or the absence of a relevant technical standard.

In the absence of any reference in Israeli legislation to technical standards related licenses, the remaining sub-questions under section 4 are not relevant to Israeli law.