

Contributing firm
Pearl Cohen Zedek Latzer



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Selection, clearance and registration

Israel became party to the Madrid Protocol on September 1 2010. Accordingly, it is possible to designate Israel as a member state in the framework of an international trademark application/registration.

As of September 1 2010, multi-class trademark applications are also available in Israel.

Clearance

Before filing or using a trademark in Israel, it is recommended to conduct clearance searches. The Israel Trademark Office (ITO) conducts official trademark searches to identify identical and/or confusingly similar word and/or device marks. The official searches are conducted on the ITO's database with respect to registered and pending marks; they do not include common law searches, which may be run independently

on the Internet, on relevant databases and, if required, through use investigations.

When clearing trademarks relating to drugs, it is also recommended to search the Drug Registry at the Israeli Ministry of Health Portal (www.health.gov.il/english/).

Examination

Class headings are not accepted with respect to most classes, unless the applicant confirms that all goods/services are within the purview of the applicant's business. Specifically with respect to Class 5, it is usually necessary either to limit the goods to the key ingredients incorporated in the drug or to limit the goods based on the drug's intended treatment.

A broad specification of goods in Class 5 may be maintained only in the following cases:

- The proposed mark is intended to be used as the applicant's house mark;
- The proposed mark is intended for a complete line of pharmaceutical products; or
- The pharmaceutical preparations for

which the proposed mark is intended are still being developed and thus cannot yet be specified. In such a case, upon submitting suitable evidence, the broad list of goods will be maintained.

However, the applicant will be required to restrict the specification of goods within five years of the application date.

Apart from the strict examination of the specification itself, likelihood of confusion with earlier registered and/or pending marks is also examined. The examiner will further consider whether the trademark is distinctive for the relevant goods/services. Usually, the examiner conducts different internet searches in order to determine whether the mark is distinctive and, as such, may issue a refusal based on existing international non-proprietary names.

Three-dimensional trademarks

It is not easy to obtain a three-dimensional registration, as the ITO may reject the application as being entitled to design protection. The ITO contends that three-

dimensional objects that are basically the product itself cannot, in most cases, be subject to trademark protection.

The ITO allows the registration of three-dimensional marks only under the following conditions:

- The figure is used as a trademark to identify and distinguish the source of the goods;
- The figure does not hold a substantial or functional role; and
- The figure has acquired distinctiveness through use of the three-dimensional object as a mark.

Slogans

In the past few years it has been difficult to register slogans in Israel. Slogans were reviewed based on their distinctive nature and their use as a trademark, rather than as an advertising slogan. New case law now established that the registrability of slogans should be examined similarly to the way that the registrability of any other mark is examined, without an *a priori* assumption of the slogan's incapability to be considered inherently distinctive.

Parallel imports and repackaging

Parallel imports do not *per se* constitute trademark infringement, as the courts view them as healthy competition that results in reduced prices.

The Supreme Court reaffirmed this approach in *Bristol Myers v Minister of Health*, where it concluded that parallel importing is a legitimate practice in relation to pharmaceutical preparations and drugs.

Nevertheless, it may be possible to prevent parallel imports under the Unjust Enrichment Law, Commercial Torts Law and/or Contracts Law where:

- the importer demonstrates bad faith; and
- a contractual obligation has been breached.

In *Joop Perfumes*, the district court stopped distribution of parallel imports because the importer removed the bar code labels attached to the perfumes. The court concluded that the importer had constructive knowledge of the existing contracts between the manufacturer and the licensed distributors; thus, it caused the manufacturer to breach its contracts with its authorised distributors. Further, the court concluded that the importer had removed the bar code labels in bad faith, thereby allowing the plaintiff to obtain damages from the importer on the basis of unjust enrichment.

Repackaging

The Pharmacists Ordinance prohibits the sale of pharmaceutical preparations that are not in their original packaging, except if the preparations are issued in a pharmacy by a pharmacist on the basis of a prescription from a doctor.

Anti-counterfeiting and enforcement

Criminal prosecution

Trademark infringement may constitute a criminal offence if registered trademark rights are involved. In 2003 the Israeli police established a specialised IP unit that may act based on information obtained as a result of either its own investigations or a complaint from a rights holder. In criminal prosecutions initiated by the state/police, a representative of the rights holder may be expected to give testimony and appear as a witness before the court.

Plaintiffs must prove that the defendant used the registered trademark without the rights holder's authorisation or approval, in a manner that may deceive a third party. If found guilty, defendants face imprisonment for up to three years, a significant fine and/or the forfeiture and destruction of the goods.

In light of the immense possible risk posed by counterfeit pharmaceuticals, criminal proceedings against counterfeiters of pharmaceutical preparations are prosecuted in Israel by the state, mainly based on the general penal causes of action and not necessarily on the criminal provisions provided by the Trademark Ordinance. Furthermore, since the courts view pharmaceutical counterfeits with great severity because of the significant risk that these present to public safety and health, the courts are not deterred from delivering prison sentences in addition to penal fines and conditional imprisonment sentences.

Private criminal complaint

Filing a private criminal complaint is possible in cases where the state prosecution has chosen not to investigate or prosecute a specific case. The complaint will be filed with the magistrates court and in some cases may be turned over to the state prosecution. The same proceedings, remedies and jurisdictions apply to private complaints as to state criminal prosecutions.

A verdict in a criminal complaint may be used as *prima facie* evidence in a civil case where the defendant is found guilty and the verdict is final.

Civil enforcement

Legal actions in trademark cases are based

on registered trademark rights and/or common law rights (well-known marks, passing off, unjust enrichment and consumer protection). Actions relating to trademarks are generally filed with the district courts. However, if the monetary value of the disputed goods is relatively low and there is no request for interlocutory relief, the claim should be filed with a magistrates court. Appeals against decisions of magistrates courts are filed with the district courts. District court decisions may be appealed to the Supreme Court.

Remedies

A preliminary/permanent injunction is the most common remedy granted to the owner of a registered IP right. A preliminary injunction may be issued if the rights holder can provide apparent proof of cause, convince the court of the urgency of the matter and, in most cases, provide a bank guarantee. The court usually holds a comprehensive hearing to consider the case at hand. Similarly, permanent injunctions may be granted within the framework of a lawsuit.

Further remedies include an Anton Piller order, which is a seizure order under which the court empowers a party (usually the plaintiff) to enter the premises of a third party to search and seize infringing goods and evidence of the infringing activity, monetary damages, legal expenses and destruction of the infringing goods.

In recent trademark infringement cases regarding counterfeit drugs and pharmaceutical preparations (eg, *Lilly Icos LLC v Finkelstein*), the courts have been inclined to award high damages to plaintiffs due to the inherent risk to public safety and health posed by counterfeit drugs.

Customs proceedings

According to the Customs Ordinance, Israeli Customs is entitled to detain imported goods that are suspected of infringing trademarks.

Customs is authorised to seize suspected goods (whether as a result of a complaint filed by the rights holder or of a random examination of shipments arriving in Israel) and, once seized, inform the rights holder of the seizure.

If the rights holder would like to stop the goods from being released into the marketplace it must, in most cases, submit a bank guarantee to Customs. Only after the bank guarantee is submitted will Customs advise the rights holder of the importer's details and allow it to obtain a sample of the seized goods.

Where the goods are indeed infringing, the rights holder can either settle the matter amicably with the importer or file a lawsuit against it within a short period of time (up to 20 working days).

Should the rights holder choose not to take action at any given time, the goods will be released.

In some cases Customs may agree to destroy the goods based on a written opinion submitted by the rights holder and an undertaking to compensate the importer for any financial damage that may be inflicted as a result of the seizure, as well as to join Customs in any lawsuit initiated by the importer. Such circumstances include:

- small shipments
- shipment of several brands' goods;
- when the shipment is suspected of violating the rules of legal imports; or
- when the goods arrive in a parcel through the mail.

Customs acts in conjunction with the police and other official bodies in order to protect the greater public from the inherent threats and dangers of counterfeit pharmaceuticals. As such, Customs conducts independent searches for counterfeit pharmaceuticals with the police, in order to locate and seize counterfeit drugs and pharmaceuticals.

Advertising

Drug advertising is highly regulated in Israel. In non-scientific or non-professional publications, advertisements for prescription drugs may include the trademark and/or packaging only upon approval from the Ministry of Health. Ads for over-the-counter drugs may include the trademark/packaging under certain conditions.

According to the Pharmacists Regulations, even when advertising is permitted, producers are prohibited from advertising a preparation and/or its packaging in such a way that contradicts what is stated in the official registry regarding that particular preparation, or in a way that attributes to the preparation properties that are not authorised in the official registry.

Advertising of drugs for human use in professional publications is authorised under certain conditions and only when the preparation's indication is boldly indicated as approved in the official registry.

Comparative advertising is allowed for over-the-counter drugs under certain limitations and upon approval from the Ministry of Health.

Generic substitution

Not only is generic substitution generally allowed, but the Pharmacists Ordinance states that it is the duty of the pharmacist to inform the consumer of the existence of identical registered preparations available.

The pharmacist is prohibited from altering the wording of the prescription, from changing the active pharmaceutical ingredient, from altering the dosage and from preparing medicaments or drugs not from the required ingredients or according to the required quantities.

Online issues

Dispute resolution

Online issues relating to domain names may be governed by the Israeli courts or by the Israel Internet Association, which operates as the registry for domain names under the country-code top-level domain '.il'.

The association's dispute resolution process is designed to resolve disputes regarding the allocation of '.il' domain names. It is not intended to create or replace judicial precedence or jurisprudence. Agreeing to dispute resolution under these procedures does not constitute an arbitration agreement as defined by the Arbitration Law.

Under the rules for the allocation of '.il' domain names, the dispute resolution process will review third-party challenges to the existing allocation of a domain name by the association on a case-by-case basis. Disputes regarding the allocation of a domain name by a holder may be brought by a third party on the following grounds:

- The domain name is identical or confusingly similar to the complainant's trademark, trade name, registered company name or legal entity registration;
- The complainant has rights in the name;
- The holder has no rights in the name; and
- The application for allocation of the domain name was made or the domain name was used in bad faith.

Courts

Case law relating to specific internet issues is very limited. The criminal and civil proceedings against pharmaceutical counterfeiters mentioned in this chapter involved the sale of counterfeit pharmaceuticals over the Internet. Nevertheless, in the courts' rulings no special remark was made as to that specific aspect of the infringing and unlawful acts on the Internet.

AdWords

In *ML v Crazy Line*, the Tel Aviv District Court dismissed trademark infringement and unfair competition claims against a defendant that used ML's marks to trigger Google AdWords. The court gave considerable weight to the fact that the disputed trademarks were not used in the sponsored links themselves; instead, the trademark use took place "behind the scenes". The court held that such use should not constitute infringement. That said, magistrates courts have declined attempts to dismiss lawsuits *in limine* (ie, before the start of a trial) based on the *ML* decision, indicating that such claims may be heard based on unjust enrichment.

In *Klein v Proportzia Ltd*, the Tel Aviv magistrates court recently ruled that use of a person's name by a separate entity to promote its business using that person's name as a Google AdWords is prohibited. Nevertheless, the judgment considered this case a violation of the plaintiff's privacy rights and of his basic dignity and liberty rights, rather than a trademark violation.

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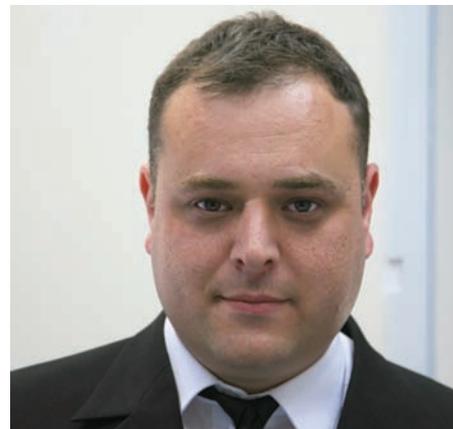
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