

regulation@justice.gov.il
Ministry of Justice? Patent Office?

November 10, 2022

Re: "Call For Comments" posted October 20, 2022

To whom it may concern:

I write in response to the "kol koreh" for comment on regulating the orch patentim profession, posted on October 20, requesting comments by today. The comments here are similar to comments I submitted in September 2016, as neither the situation nor my views have changed significantly since then. By way of background, I am licensed as both a lawyer and patent practitioner in both Israel and the USA. I represent clients before both patent offices. Because of insufficient time given to prepare comments (see the following section), I write in English; I reserve the right to resubmit these comments, in their present form or in a supplemented form, in Hebrew.

Insufficient Time to Respond; Need to Publicize and Respond to Comments

As an initial matter, the time allotted for the collection of comments is too short. Although the notice was posted on the Office's web site, most of us do not check that site for notices regularly, and we were first informed of the kol koreh by email on October 23, less than three weeks before the deadline. By way of comparison, the USPTO recently asked for suggestions on regarding a variety of topics; it provided a period of over two months for parties to comment, and has recently extended this to over three months, not a mere 21 days.

Additionally, the notice referred to proposed ethics rules from 2014, and to comments received on those draft rules, but did not contain a link to the proposed rules or the comments received in response. The notice also stated that the office had undertaken a thorough review of the draft rules and comments, and had completed a comparative study of patent practitioner ethics rules elsewhere, but there were no links to those documents either. It is difficult to respond to documents that the Office keeps hidden from the public.

I also submit that all the comments received should be made public. This is a public process, affecting the public, and the public has a right to know who is advocating for what positions, and thus which parties are looking out for whose interests. Again, by way of comparison, when the USPTO solicits comments on proposed rules, *all* of the comments received are posted on its website for public review, usually within a day of being received.¹

Similarly, the MOJ/Office should publicly relate to all the comments received. Once again, by way of comparison, when after the USPTO receives comments on proposed rules, it relates to the comments when it promulgates the final version of the rules, explaining what concerns were raised, which ones were incorporated into the rules and how, and which ones were considered but not incorporated and why.²

¹ See, e.g. <http://www.uspto.gov/patent/laws-and-regulations/comments-public/comments-changes-require-identification-attributable>, which contains comments submitted by me and by many others

² One need look no further than the ILPTO's online filing system to understand the danger in the ILPTO or MOJ developing things on their own, without public input or oversight. Had the ILPTO availed itself of the wisdom of people who have used the USPTO's online filing system extensively in the past, or input from users of WIPO's ePCT filing system, Israel's electronic filing system might have been more intelligently designed.

Substantive Comments

A. Too Much Formalization

Turning to substance – to the extent that I can provide comments in the small amount of time allotted – I start by noting that the MOJ's (or is it the PTO's?) initiative (ייוזמה) appears to be part of a larger trend to try to regulate and formalize many things connected to patent practice in Israel. This trend has been going on at least since Meir Noam was the *rasham*. I don't believe this is a good thing. As one who practices before the USPTO, I can say that the formalization of the practice there is one borne of necessity, as the USPTO receives hundreds of thousands of patent applications each year, has several thousand examiners many thousands more employees who work in other capacities. The formalization of the practice imposes a significant cost on my clients, as dealing with the USPTO often requires significant amounts of time to address administrative issues when mistakes are made (which happens, unfortunately, far more often than it should).

Israel is a much smaller country with a much smaller patent office. One of the nice things about the Israel PTO in the past was that if one had a problem – say a warning letter that was sent out erroneously, or an examination report that wasn't clear – it was easy to get the problem resolved. While this is still true in many cases, it is becoming less so with the passage of time, and this is a direct result of efforts by the ILPTO to increase the degree of formalization in both its internal workings and its interactions with the public it serves. I'm not convinced that that's a good thing.

The present call for comments about the regulation of the patent practice in Israel is, by its own admission, be an expansion upon proposed ethics rules for patent practitioners that were published by the ILPTO/MOJ in December 2014, but not (yet) adopted.

B. Why Is This Necessary? Who Is Being Served?

I must admit some confusion regarding the desire to increase regulation of the profession in Israel, on two levels. First, normally, when a change in the status quo is sought, it is in response to a need. But I haven't seen any disasters in Israel patent practice that suddenly necessitate heightened regulation of the profession, or that could be cured by such. Second, who is meant to be served by such heightened regulation – the public that utilizes the services of patent practitioners? The large firms that dominate the local market in such services? Or the employees of the PTO itself, who don't like practitioners such as myself telling them how to do their jobs?

C. Reining In Non-Israeli Practitioners Drafting Patents For Israelis

Since I don't see a pressing need for ethics rules, or for changing the way in which practitioners are licensed, I will save my comments on those matters for the end, and address what I *do* consider to be a pressing matter, namely the infiltration of non-Israel practitioners, particularly from the USA, into the business, and the failure of the authorities to do anything about it.

I start by noting, first, that patent applications can in principle be drafted by anyone anywhere. Typically, a single patent application is prepared (usually a PCT application) that is subsequently entered into all jurisdictions of interest. So an Israel practitioner could prepare that application as easily as a US practitioner could.

Second, there is a natural asymmetry between the USA and Israel: Israel is a much smaller country with a smaller market, and consequently, the USA is a much more important target for obtaining patent protection, even for Israel-based clients. This means that, beyond the drafting of patent applications, US patent practitioners can provide a service, viz. representation before the USPTO, that is more in-demand than the corresponding service provided by Israeli patent practitioners. So while theoretically, an Israeli practitioner could seek US clients for patent drafting work, a US company is more likely to want to work with a US practitioner because, aside from physical proximity, that person will be able to represent the company directly before the USPTO, which is a more valuable service than representation before the ILPTO.

Third, there is a *legal* asymmetry between the two countries: the USA has significant legal controls on the export of technology. These controls include exporting out of the USA data and information to be used in drafting a patent application. While in many cases the export of such data and information will not be a problem *post facto*, the attendant criminal penalties if the export of the data is subsequently proved to be impermissible are usually sufficient to dissuade potential US clients from exporting their patent-drafting activities out of the USA. Israel, in contrast, has a less cumbersome and less menacing export limitations, at least as reflected in the patent statute (maximum of 2 years' jail term or 20,000 lirot (!)), which applies to a more limited group of goods.

These factors combine to make it much more attractive for Israeli inventors to work with US patent practitioners to draft their patent applications than for American inventors to work with Israeli patent practitioners to draft their patent applications, and much easier for American patent practitioners to obtain patent drafting work from Israeli clients than for Israeli practitioners to obtain patent drafting work from US clients (despite the significantly larger number of inventive entities in the USA as compared to Israel).

And in fact, since 2008-2009, when the US economy crashed, US patent firms set their sights on Israeli inventive entities, and they've had some success doing so.³ When I looked into the matter in 2016, a search in WIPO's Patentscope database for PCT applications published since the beginning of 2010 in which at least one of the applicants is both an Israeli citizen and an Israeli resident yields 12405 results. Of those, 8996 (72.5%) are applications in which the legal representative is based in Israel, and 1864 (15%) are applications in which the legal representative is based in the US. That's a significant percentage of PCT applications being filed on behalf of Israeli applicants by US firms. (Applications having an applicant which is a US citizen and US resident during that same period numbered 368630, of which 334447 (90.7%) were filed by US practitioners and 426 (0.1%) were filed by Israeli practitioners.)⁴ (In the coming weeks I will revisit these statistics to see how they have changed, if at all, in the past six years.)

³ As a member of the American Intellectual Property Law Association (AIPLA), I was approached by the president of the organization in 2009 about chairing a new committee in formation, the "Israel Practice Committee". For various reasons, I chose not to do so, but the committee was eventually formed and organized trips to Israel for US practitioners in 2013, 2014, 2016, 2018 and 2020. Presumably the interest of the participants is not primarily to learn about Israel law to be able to better advise their clients.

⁴ Obviously, the conclusions drawn from those numbers are rough, but they do starkly illustrate the practical implications of the asymmetry discussed above.

US firms have been able to achieve this by directly marketing themselves to potential clients. And this points to yet another level of asymmetry that will come into play if the profession in Israel is regulated in such a way that only Israel practitioners are subjected to the regulations: the rules for advertising for US practitioners are far less onerous than those for Israeli lawyers, or than the rules proposed for Israel patent practitioners in 2014. US lawyers, for example, may target potential clients by direct mail. Thus the adoption of the proposed ethics rules would give US firms a further competitive advantage in competing for patent drafting work.

Do these US firms doing patent drafting work on behalf of Israel clients pay taxes in Israel? I doubt it.⁵ Their employees certainly don't. Nor do the lawyers at these firms or their children serve in the IDF.

The bottom line is that if the relevant statutes and regulations are going to be amended, they should be amended in a way that forces everyone who drafts patents for Israelis to qualify as an *orech patentim* in Israel as well. While I am generally in favor of free markets in goods and services, it is inconceivable that the State of Israel would regulate the patent profession in a way that advantages non-resident, non-taxpaying, non-serving non-citizens over the practitioners who live here and who have tied their future to the future of this state and the Jewish people. The drafting of patents needs to be recognized as a legal service, and thus, in order to be provided for an Israeli, it must be rendered by someone qualified to practice in Israel. And the laws need to be amended to provide both meaningful enforcement and meaningful penalties to those who flout this requirement.⁶

D. Lawyers Should Have To Be Licensed Before The ILPTO In Order to Practice In Patent Matters

In that regard, it's also time to require lawyers who wish to practice in patent matters to have to qualify before the ILPTO, including a technical degree and passing the examinations. That lawyers in Israel are still allowed to practice in patent matters before the ILPTO is a historical mistake, one that should be corrected. As a graduate of an Israeli law school, I can say with 100% certainty that law school teaches one nothing about what it takes to help a client identify what might be patentable and to draft a patent application that will be both allowed while providing commercially meaningful protection. And in the course of my practice, I see that the countries that still allow technically illiterate lawyers to represent clients in patent matters are third-world countries.

E. Allow Partnerships Between Patent Practitioners And Lawyers

At the same time, because patent drafting and prosecution is a subset of the broader legal practice, it's time to allow attorneys-at-law and patent practitioners to partner with each other. This will entail amendment of the statutes and regulations governing lawyers.

⁵ At least one such firm, Greenberg Traurig, has a Tel-Aviv Office; perhaps they are paying taxes in Israel.

⁶ While I have focused on US firms making inroads into Israel, I am also aware of at least one person with dual US-Israeli citizenship who is licensed before the USPTO but not in Israel, who not only established an office in Israel but then hired someone registered in Israel to sign and file documents in Israel on behalf of that office. That's the same as a plumber hiring a lawyer and offering to provide legal services. If there are going to be licensing exams in Israel for patent practitioners, then *all* practitioners in Israel need to pass those exams.

F. Notification Of Clients When Practitioners Move

Another important point concerns the notification of clients when a practitioner leaves a firm. It is not uncommon for a practitioner to stay with a firm for several years, and then for whatever reason choose to leave. Often, there will be several clients for whom the practitioner has done work on a regular basis, and/or for whom the practitioner is still doing work. The client would be best served by being informed of the practitioner's impending departure and his next destination, so that the **client** can decide with whom it wishes to maintain its representation, but I am unaware of any case in Israel in which a practitioner left a firm and the firm informed the clients of the departure of the practitioner with whom the client had worked. Indeed, far from this, some firms include non-compete clauses in their contract with their practitioners to try to prevent practitioners from "taking" clients from the firm – something which may not be in the clients' best interest. This needs to change. The American Bar Association, for example, has made it clear that when a lawyer departs a firm, clients for whom the lawyer does a substantial amount of work need to be informed not only of the lawyer's impending departure but also where that lawyer is going – this in order to allow the client to make an informed decision about who should continue to handle the client's matters. See [ABA Formal Opinion No. 99-414, September 8, 1999](#).

G. No Regulation of Advertising

Lawyer advertising is an area in which Israel lags behind the rest of the world. Since the 1980's, lawyers in the USA have been allowed to send targeted mailings to potential clients, they can take out ads in the newspaper (and not just in a special section for lawyer advertising), and they may advertise on radio and television. The Israel Bar Association seems to think we're still living the 1960's, and as far as I recall the proposed rules from 2014 sought to restrict *orchei patentim* in the same way.

Without advertising, it's difficult for small practices to get their names out there. Under the proposed rules, anyone can afford to spend \$50,000 to sponsor a large conference is in great shape, because that's not considered advertising, it's a "sponsorship". But for practitioners who don't have \$50K lying around, it's tough luck. Targeted mailings are a much less expensive, and much more efficient, way of letting the relevant people know that a small office exists. Obviously, large offices have larger budgets and can crush small offices in advertising war, but at present there are no limits on advertising for *orchei patentim*, and yet most of the large firms avoid blatant advertising, presumably because they want to look classy.

Telling individuals or small offices they can't directly contact potential clients by mail, or take out ads in trade journals, is thus an abridgement of their free speech rights. But it's not just unfair to those offices, it's also unfair to those potential clients, since it effectively reduces their choices. Yes, they're still free to work with whoever they want. But if they don't know of the existence of a small office, and they have to do more research to find that office than they will to find larger, more established offices, chances are those potential clients won't do the research. Advertising allows that information to be put in front of those potential clients.⁷

⁷ As noted above, limiting advertising will also effectively reward foreign law firms at the expense of local ones.

H. No Need For Required Hishtalmuyot

As to continuing legal education (CLE, or *hishtalmut*), it might be useful to offer voluntary CLE courses, but I wouldn't require it. Development of the patent legal landscape in Israel runs sufficiently slowly that *requiring* CLE would be overkill.

I. No Requirement To Join A Particular Professional Association

Another point: I suspect that, as part of this effort at regulating the profession, someone may suggest that membership in *Agudat Orchei Hapentim* be made mandatory, just as membership in the Bar Association is required for lawyers in Israel. That would be a mistake. There are tens of thousands of active lawyers in Israel, whereas there are only a few hundred patent practitioners. Coupled with the fact that there are legal limits on law firm size, no single law firm or group of law firms can control the Bar Association. That is not the case with *Agudat Orchei Hapentim*, which, with far fewer members, is dominated by one or two large firms. Moreover, I see no particular benefit to being a member of the agudah, which is why I have never been a member. It is bad enough that, in order to maintain my law license, I have to pay several thousand shekels every year to the bar association, which does nothing professionally for me and, other than occasionally using its size to negotiate discounts for insurance, does little to nothing for me otherwise. I don't need a second organization foisted on me to eat additional money.

Indeed, the point of a bar association is primarily to self-police a disreputable profession to give it a veneer of respectability (which is why its rules of professional conduct are called "ethics" rules, even though much of what they address has nothing to do with "ethics" in the common understanding of that term). Maintaining such a veneer is not necessary for patent practitioners – patent practice is not despised the way the legal profession is, as reflected *inter alia* in the fact that no one is making jokes based on the dishonesty of patent practitioners the way they make such jokes about lawyers.¹⁰ The fact is that the opportunities for mischief vis-à-vis the client on the part of patent practitioners are far fewer than they are for lawyers.¹¹

Moreover, who's to say another professional organization won't be founded; why should preference be given to the existing one, that has repeatedly proved its irrelevance?

Additionally, one size doesn't fit all: my concerns as the proprietor of a small office are different than the concerns of the proprietor of a large office, which are different than the concerns of an in-house patent practitioner. That being the case, there is no way for such an organization to speak with one voice on behalf of all practitioners, and it is a waste of money to force all such practitioners into a single organization.

J. No Need For A Code Of Ethics or Disciplinary Enforcement

As I wrote to Howard Poliner of the MOJ in 2015, we've lived for over 40 years (now over 50 years) without a code of ethics for patent practitioners. I don't see a need to adopt one now,

¹⁰ See, e.g., <http://www.kalani.net/lawyerjoke.html>.

¹¹ There was, for example, the case that came to a few years ago where an in-house Colorado patent attorney set up a fictitious search company, which then billed his employer for prior art searches that were never conducted; as in-house counsel he signed off on the bills, thus getting paid for work never done. That's not just an ethics offense, it's a criminal offense, and I believe the person did jail time for it.

particularly one like the draft circulated at the end of 2014 that would include such inanities as requiring practitioners to have an office, limiting where practitioners may meet clients, or how they may speak of other practitioners – things that seemed antiquarian seven years ago, and are even more so now in the post-coronavirus, Zoom age. Moreover, such a code would not and cannot address issues such as practitioners whose primary goal is to take money from their clients without providing meaningful service (or as one client said to me about the head of another office, “X makes the most expensive cup of coffee in Israel”).

As to discipline of practitioners, I’m aware of only one case brought in Israel against a practitioner at the ILPTO in the 21+ years I’ve been practicing in Israel (by a disgruntled *pro bono* client). It simply doesn’t occur enough to make it worthwhile to further regulate this area. If it ain’t broke, don’t fix it.

K. Licensing of Olim

Olim should be required to pass the licensing examinations just like everyone else. As is presently the case, if *staj* is not eliminated altogether, then time can be deducted from the required *staj* period in recognition of time spent practicing abroad.

L. Patent Practitioners as Inventors

I recall that the draft rules included something that would prohibit patent practitioners who are inventors from listing themselves as inventors unless the client agreed. This is the height of folly, because in the USA, it is a legal requirement that all inventors be listed. Among other things, the deliberate omission of an inventor from a US patent can result in a finding of patent invalidity or unenforceability. A better way to approach the problem would be to stipulate by statute that unless agreed otherwise, in the situation in which a patent practitioner who during the course of his work for a client becomes an inventor on that client’s patent application, (a) the client is the owner of the invention and the right to file a patent application, and (b) the patent practitioner is required to execute documents confirming the assignment of his rights in the invention and the patent application to the client, at no additional cost.

M. Examinations, Training Periods And The Licensing Process

Turning now to the process of licensing, presently in order to be licensed one needs to complete a training period (“*staj*”) and then pass a written examination as well as an oral examination. In order for the training period to be recognized, the trainer must provide a letter to the ILPTO; failing that, it is the trainee who is punished, by the period of training prior to the sending of the letter not being recognized by the ILPTO. Furthermore, although both exams are administered under the auspices of the patent office, in practice it is a private practitioner who devises the written exam, and the oral exam involves at least one non-patent practitioner (a lawyer).

While I do not believe the present licensing system is either fair or necessarily produces good practitioners, I’m not sure effecting changes in the system will make any difference. First concerning the training period: I don’t think there should be a *staj*, period. Let anyone with the requisite scientific background sit for the exams.

If, however, a training is going to be required, (a) this should be decoupled from the exams, i.e. anyone should be allowed to sit for the exams, whether or not they have complete *staj*; completion of *staj* should only be a requisite for obtaining a license to practice, not for sitting for the exams; (b) there should be **self**-reporting for the beginning of *staj*, i.e. it should be sufficient for the **trainee** to inform the ILPTO that he has begun or will be beginning his *staj* on date X. The term of his *staj* should eventually need to be corroborated, either from a letter from a licensed practitioner under whom he trained, or by other means (e.g. by salary stubs from the firm where he worked).

Second, the oral exam should be eliminated – it's arbitrary and capricious.

Third, the written exam could be expanded to show knowledge of the relevant Israel statutes and regulations. But I'm not sure who would devise the exam, or what would be accomplished. The patent practitioners who know what they're doing tend to be too busy to volunteer to write such exams, let alone grade them, which leaves more clueless practitioners to write the exams. Plus, given the relatively small number of practitioners in Israel, there's a temptation to design the exam so as to fail as many candidates as possible. Alternatively, the ILPTO could draft the exam, as the ILPTO doesn't care about the number of practitioners, but while there are people at the ILPTO who know what the *statutes* say, the very few people at the Office have a grasp of the role of patents in the real world, and how decisions regarding the patenting process are reached by inventors and companies.

Ultimately, the exam will need to test what it already tests, viz. a basic understanding of how to draft claims and disclosure in view of the applicant's own description and the prior art, as well as some understanding of how priority claims work. This could be expanded to test, for example, for knowledge of timing in opposition and cancellation proceedings, for the operation of the committee for *pitzuim v'tamlugim*, for the rules governing patent term extensions for pharmaceuticals, and the like, as well as knowledge of what patents *don't* cover. But I'm not sure how one tests for the truly important aspects of the profession.¹² The biggest mistakes I've seen in recent years in Israel practice would probably not have been prevented by more rigorous practitioner testing – especially since one of them was made by the ILPTO itself.¹³

Summary

That covers a number of things in the short amount of time we've been allotted. As noted at the outset, I reserve the right to supplement these comments with additional comments.



Daniel Feigelson

¹² Theoretically, one could test for non-Israel law. I think that's dangerous, and unprecedented. Knowledge of foreign patent laws, while useful, is beyond the expertise of anyone in Israel (unless they're licensed in the foreign jurisdiction) and shouldn't be part of the licensing exam in Israel.

¹³ See http://www.iliplaw.com/americaisrael_patent_law/2016/08/ilpto-tells-inventor-his-application-wont-publish-then-publishes-the-application-anyway.html.