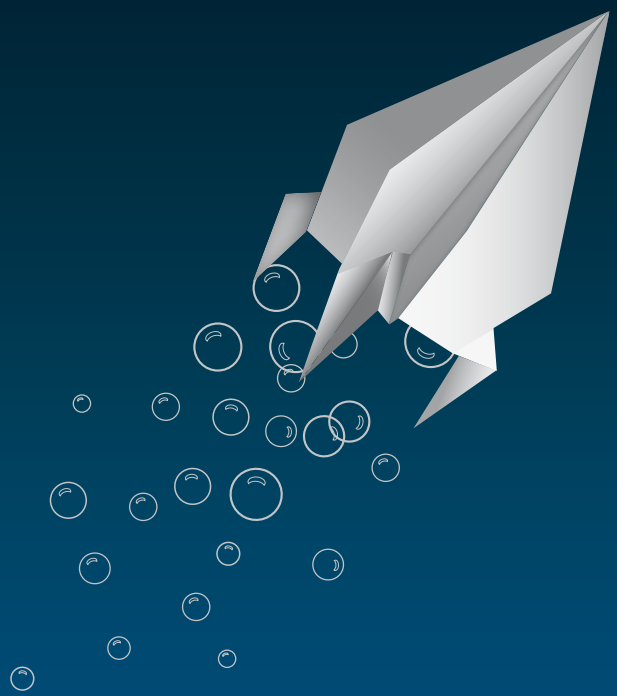
State of Israel
Ministry of Justice

The Israel
Patent Office

Israel Patent Office
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2015



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State of Israel
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Greetings from the Minister of Justice

Technological innovation underpins the economy of Israel, which invests considerable resources in tracking and implementing new developments. Innovation puts Israel alongside the world's leading countries in technological progress.

There is a strong link between technology, economy and law, as evidenced by the tools offered in Israel for the protection of intellectual property. The Israel Patent Office and the important service it provides form an integral part of this fabric. The quality of the services provided to the public is a vital element in Israel's integration in the international community. This integration is manifested, inter alia, by Israel's membership in international treaties, such as the PCT and the Madrid Protocol, treaties which are used extensively by the Israeli public that engages in the field and require service having the highest degree of quality.

The range of activities and achievements set out in the Annual Report of the Israel Patent Office for 2016 attests to the extensive activity carried out in connection with the registration of rights and to the ongoing enhancement of the service rendered to users, in terms of the streamlining of work and shortening of pendency and examination times and in terms of the creation of new technological capabilities and expansion of the range of services offered.

The Israel Patent Office works to promote and stabilize Israel's global standing via the forging and bolstering of numerous collaborations with leading patent offices throughout the world, and by sharing information and data regarding industrial intellectual property in Israel.

I extend my congratulations to the entire staff of the Israel Patent Office for their tremendous work and important contribution to the advancement of intellectual property in Israel and the world.

Sincerely,

Ayelet Shaked

The Israel
Patent Office

State of Israel
Ministry of Justice
Director General

Re: Greetings from the Director General of the Ministry of Justice

The activity of the Israel Patent Office (ILPO) has always been perceived as innovative and unique among the various areas of responsibility of the Ministry of Justice. The regulation of intellectual property rights requiring registration plays a key role in the economy, and the ILPO, which is responsible for the registration and regulation of patents, trademarks and designs, is an important governmental entity in this age of technological innovation, where proper and smart management of legal rights serves as an incentive for creative development as well as an economic growth engine.

Given the global aspects of intellectual property activity, the ILPO must meet high international standards and establish mechanisms for coordination with corresponding bodies around the world, including state patent offices and the World Intellectual Property Organization of the United Nations (WIPO). The ILPO's actions at the international level bolster Israeli intellectual property and help promote Israel's standing in the international arena.

During 2015, the ILPO implemented the steps required for the transition to work in a fully online service environment. Online service systems were completed at the Trademarks and Patents Departments. Concurrent with the development of said systems, the ILPO partnered in the task of adapting the legislation to enable the use of technological means, and on at the organizational level adapted its human resources structure and composition to the new tasks at hand. To this end, the appropriate administration sections were assigned to handle the project, and with the cooperation

State of Israel
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of the Ministry's management staff, the comprehensive process was made possible. In addition, during the past year, the ILPO continued to consolidate its activity as an international searching and examining authority, enhancing its activities vis-à-vis U.S. applicants, who in their growing numbers expressed confidence in ILPO's capabilities.

In the coming year, the ILPO is expected to start implementing many measures planned in the framework of a lengthy and in-depth Regulative assessment process, which identified bottlenecks and processes. Streamlining and enhancement of regulation could lead to significant improvement in the service provided to users and the general public.

The high level of professionalism characterizing the ILPO's work, and its ability to measure with precision the scope of its activities and to institute control and enhancement processes, are a source of pride to the Ministry of Justice. My congratulations to the entire staff at the ILPO, under the stewardship of the Office's Director, Adv. and Patent Attorney Asa Kling, and wishing you great success in your continuing important endeavor.

Sincerely,

Emi Palmor
Director General
Ministry of Justice
State of Israel

Preface

The Israel Patent Office (ILPO) is responsible for providing the public with the means to achieve the registration of patents, designs, trademarks and appellations of origin, which provide adequate legal protection for industrial intellectual property in Israel. This is obtained by professional, efficient and high-standard substantive and formal examination procedures. The aim is to ensure that the exclusive right conferred by the registration granted to the applicant will maintain fair balance with the legal rights of others.

2015 was marked by a continuation of the steady growth seen in recent years in the number of registration applications filed in all of ILPO's main areas of activity – patents, trademarks and designs. 2015 also witnessed a significant rise in the number of international patent applications filed under the Patent Cooperation Treaty (PCT).

In 2015 the ILPO started to take part in the Regulation Impact Assessment project, which involved mapping the burdens on the public in relation to the ILPO services. The mapping was carried out by an external body after consultation with the ILPO staff, the Ministry of Justice and public organizations. Following this process, recommendations were drawn up regarding the reduction of burdens, and these were incorporated into the 2016 plan. Some of these tasks, such as reducing the number of Commissioner's Circulars, started to be implemented already in 2015.

Despite the increasing scope of work, great efforts have been made to continue reducing pendency times at all ILPO departments. Thus, for example, at the Designs Department the first examination pendency was shortened to 5.5 months, while the average overall examination time at year-end stood at 13.5 months – the shortest time in the past 8 years.

The pendency and examination times at the Patents Department were significantly reduced in recent years. However, pendency and examination time reduction rate attained by other leading patent offices around the world overtook the ILPO time shortening efforts, by increasing the examination manpower. Therefore, it has been decided by the Committee for the Setting and Evaluation of ILPO's Goals headed by the Justice Ministry Director-General and Finance Ministry Director-General, with the participation of public representatives, to lay out a multi-year goal to reduce first examination pendency to 24 months within 3 years, via and subject to the allocation of addition appropriate manpower examination resources.

2015 was the first full year in which the ILPO implemented a new incentive wage plan, incorporating, inter alia, a personal differential component coupled with an employee group performance-based component. For example, a targeted analysis of several parameters reveals that the new incentive wage plan has contributed to a shortening of the continued examination times. It is evident that continued implementation of the incentive wage program and its ongoing adaptation to changes in the different departments' operations will contribute even further to streamlining the work processes and their periods.

Streamlining measures have been implemented in all ILPO departments. These include the identification of files and types of files whose handling has been delayed for various reasons, as well as the improvement of the examination procedures communicated to the public in keeping with ILPO's commitment to transparency. At ILPO, an emphasis is placed not only on

time-based streamlining but also on the quality of examination throughout its departments. In 2015, the ILPO continued to maintain its compliance with the quality management standard – ISO 9001. Quality perception at the ILPO, as a knowledge based organization, brought about placing great emphasis training programs assisted by the wealth of information garnered by ILPO's personnel, investments were made in the procurement of courses and invitation of external lecturers.

In 2015 the ILPO's scope of work as an International Searching and Preliminary Examining Authority under the PCT, continued to increase. The rate of ILPO designations by Israeli applicants of their PCT applications rose to 62%. 2015 was the first full year in which the services of the International Searching and Preliminary Examining Authority were rendered also to U.S. applicants. Initially only a handful of applications were filed, but towards the end of the year, the number of designations by U.S. applicants approached the limit of 75 applications per quarter established for such applicants.

In the framework of ongoing efforts to improve the Authority's services, 2015 was marked by a significant advance in online capabilities. A new fully online services and correspondence system was launched at the Trademarks Department in June, while a comprehensive online services and correspondence system went into operation at the Patents Department in December.

In 2016, ILPO plans to complete the transition to fully online work at all its departments. Likewise, work will begin on a new operational system for the Patent Examiners Department, which will improve the formal examination process at the department and streamline the work of the substantive patent examiner. In keeping with ILPO's transparency policy, online display and perusal of all the Trademarks Department's files will be made available online in 2016.

The transition to online work necessitated considerable adjustments to the various regulations through a legislative process advanced by ILPO's Legal Department in partnership with the Intellectual Property Unit in the Legislation and Legal Counsel Department of the Ministry of Justice. Apart from the advancement of said legislative processes, a new Designs Bill was also promoted, which passed its first reading in the Israeli Parliament – the Knesset, in 2015. Enactment into law of the Bill, deliberations over which are expected to be completed in 2016, will enable Israel to join the Hague Agreement concerning the international registration of industrial designs in multiple countries.

In 2015 the ILPO maintained its international standing. It is involved in international patent examination initiatives, such as PPH and GPPH[1], shares its databases with leading offices and organizations, and participates in projects for streamlining examination processes through international collaborations such as the WIPO CASE2 system, which Israel was among the first countries to join. By virtue of this international profile, ILPO is invited to participate in numerous international meetings and also hosts many delegations in Israel. Thus, for example, in 2015 ILPO hosted delegations from the U.S., France, Poland, Tajikistan and the European Patent Office.

[1] PPH – Patent Prosecution Highway; GPPH – Global PPH.

[2] CASE – Computer Aided Search and Examination.

In general, 2016 is expected to be a year in which the Patents and Trademarks Departments considerably expand their human resources. The training process of examiners at ILPO is a lengthy one, requiring substantial input on the part of the veteran mentoring examiners. The ILPO will be facing the challenge of fulfilling these training tasks, while meeting the set output goals under its continued commitment to quality.

This year, for the first time, this report presents preliminary financial data. This data presentation is required in view of ILPO's independent status as a trading fund executive agency. Since the ILPO was not empowered to independently manage its budget and funds till now, the scope of the data presented at this stage is limited.

This report describes the main activities of ILPO's professional departments during 2015. The many achievements presented herein are the product of the ILPO's entire staff, by dint of their involvement, commitment, and ability to accommodate themselves to the ever-changing needs and conditions of an ever evolving global IP world. This report is truly their work.

Sincerely yours,



Asa Kling
Director of the Israel Patent Office
Commissioner of Patents, Designs & Trademarks

The Israel
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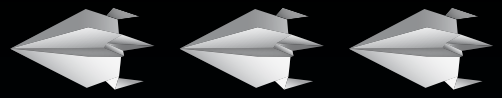
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The Israel
Patent Office

Chapter 1

Patents and PCT Department



In 2015 the Patents Department achieved the ambitious targets set for it by the Committee for the Setting and Evaluation of ILPO's Goals. This includes 5,731 first examinations, examination of 1,075 applications within the framework of the International Searching Authority, and performance of 10,123 continued examinations. Of the total number of first examinations carried out, 419 were conducted through accelerated processes. The result is that in many cases the Israeli examiners are the first to review the invention.

At the end of 2015, average first examination pendency stood at 30.4 months. Continued examination pendency increased to 5.5 months due to the priority given to applications pending a response for over 10 months.

In 2015, the Patents Department underwent a significant organizational change, marked by completion of staffing of the middle-management tier (team leaders) which was initiated in 2013. New professional and managerial powers were defined for the team leaders, including the assumption of direct responsibility for the quality of examination. The effects of this organizational change on the quality of examination, output rates and examination time are expected to be evident in the coming years.

The end of 2015 saw the launch of an online service and correspondence system that fully supports all manner of communications submitted to the Department and enables the electronic transmittal of all notices issued by the Department to applicants who so wish. In addition, a new task management module was incorporated into the internal operational system that allows for quick and efficient processing of all communications submitted to the Department.

2015 was also marked by continued efforts to improve the quality of examination by increasing the number of regular and periodic quality checks. Accordingly, efforts focused on improving the work guidelines concerning the examination of patent applications, placing emphasis on issues arising from the quality checks. During the year, an instruction program was also put in place to deal with the professional needs identified following the periodical and regular ongoing quality checks.

During the year, two editions of the examination guidelines were released. The guidelines pertaining to Sections 2 and 9 of the Patents Law, which deal with overlapping claims, greatly enhanced the level of reasoning provided by examiners in such regard. Moreover, a change in the guidelines regarding the amount of independent claims resulted in a decrease in the number of communications exchanged in such cases.

2015 was also marked by continued efforts to improve the search capabilities of the patent examiners. Instruction sessions on the use of new tools developed for the search databases the ILPO is subscribed to, were held, and the budget for procuring professional publications from proprietary databases was increased.

2016 is projected to be a year of renewal, during which 15 new patent examination cadets are expected to start training at the Patents Department. To this end, a new and up-to-date training program has been prepared. Furthermore, owing to the great importance of the training process, for the first time since the ILPO has begun recruiting cadets, the examiners designated to coach cadets will attend a course titled "Mentor's Toolbox" aimed at providing tools for the training of cadets at the ILPO.

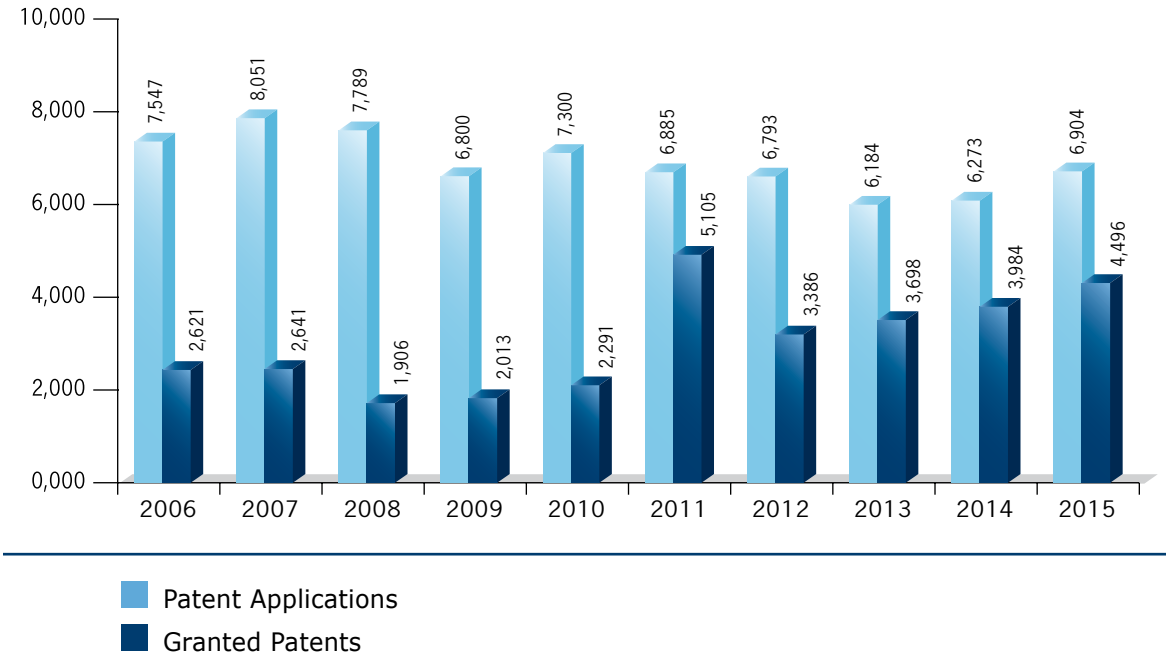
Following the identification by the new team leaders of professional needs, two professional courses on the topics of pharmaceuticals and electro-optics, respectively, will open in 2016 and be taught by lecturers from leading Israeli academia.

Also, at least one new edition of the work guidelines is expected to be published in 2016, which will deal primarily with issues concerning treatment of the human body, industrial applicability and unity of invention.

2016 is expected to be a year of technological renewal, with the Department embarking on a process of specifying a new operational system meant to fully support both the formal and substantive examinations in a manner meeting the high requirements of the Israel Patent Office in the digital age of online information.

A. Examination Data

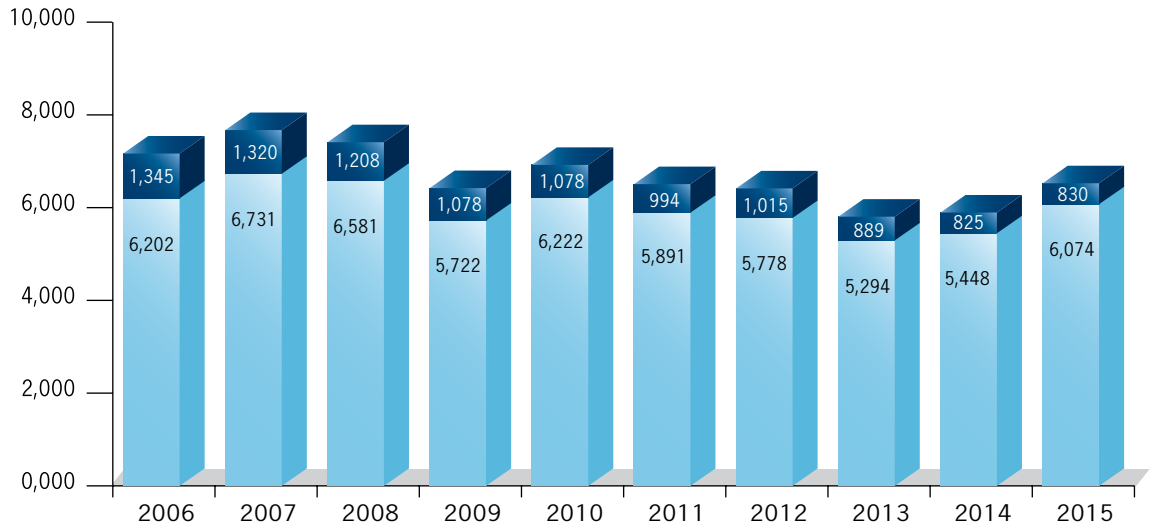
| Chart 1 | **Patent Applications Filed vs. Patents Granted in 2006-2015**



In 2015 total applications filed in Israel rose by 10%, resulting in the highest annual number of applications filed since 2011.

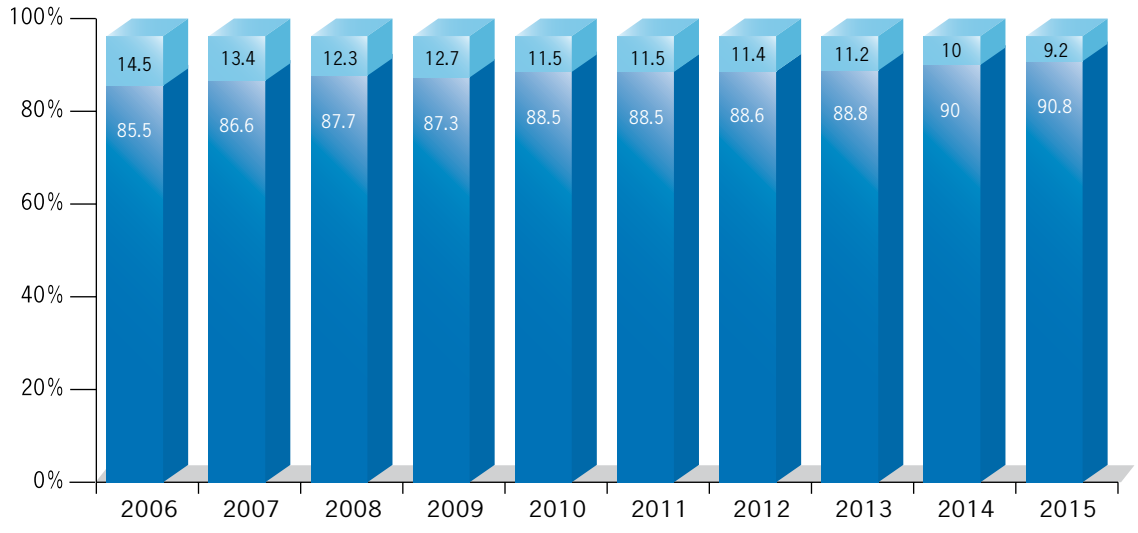
The number of patent applications culminating in a patent grant has grown steadily since 2011. In 2015 the number of patents granted increased 12% over the previous year. This increase may be attributed to the priority given in the past year to completing the processing of applications the examination of which began over 5 years ago. In addition, in 2015 notices of refusal started to be issued via the Department's computerized systems in respect of applications that had undergone 4 examination rounds and failed to meet the conditions for allowance. As a result, many more applications reached the allowance stage sooner than in previous years. Moreover, the issuance of new guidelines pertaining to Sections 2 and 9 of the Patents Law led to a reduction in office actions and the amount of correspondences conducted in such regard.

| Chart 2 | **Patent Applications Claiming Priority Right Filed at the ILPO in 2006-2015**



The number of applications filed first in Israel remained steady in 2015, while the number of applications filed in Israel under the PCT or Paris Convention rose by 11%. It should be noted that only a small portion of the applications filed first in Israel are submitted in light of the requirements in Sections 98 or 103 of the Patents Law, which restrict the right to file outside Israel with respect to inventions pertaining to Israel's state security.

| Chart 3 | **Israeli Applicants vs. Foreign Applicants in 2006-2015**



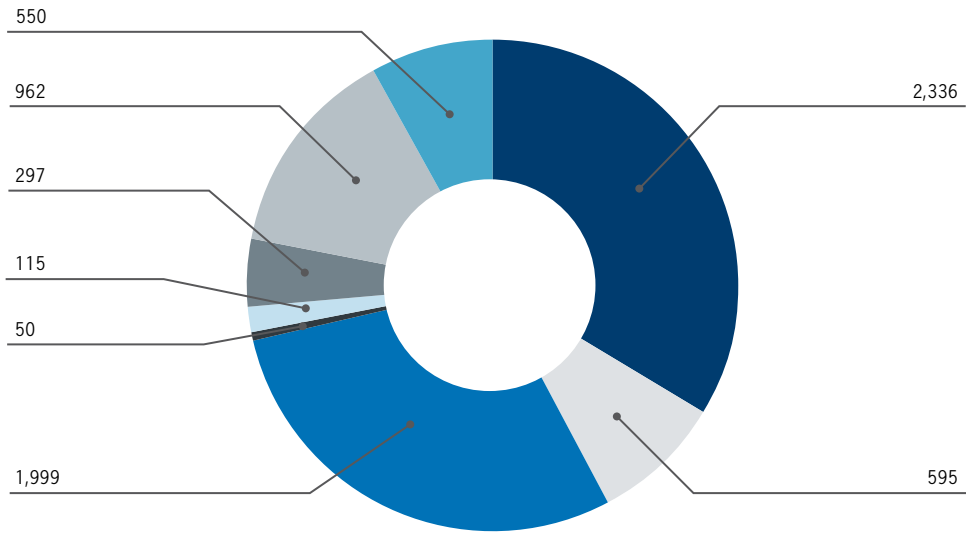
A slight but steady decline is noted in the proportion of Israeli applicants, while a steady rise is observed in the proportion of foreign applicants wishing to secure their rights in Israel. It is anticipated that the changes introduced at the end of 2015 enabling the option to file electronically may positively affect the filing habits of the Israeli applicants.

| Chart 4 | **Patents Granted to Israeli Applicants vs. Patents Granted to Foreign Applicants in 2006-2015**



It should be noted that due to pendency times and examination duration, patents granted in 2015 are the outcome of applications filed several years ago. Therefore, a comparison should actually be made between the proportions of patents granted in 2015 to the proportions of applications filed by foreign and Israeli applicants several years earlier (2010-2011).

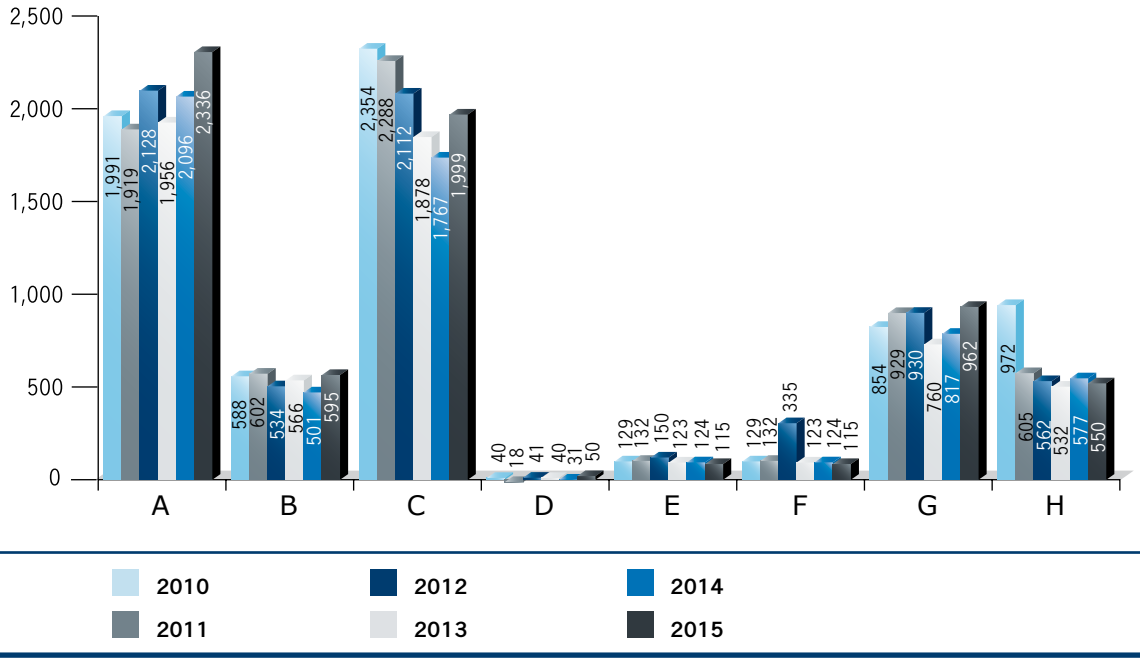
| Chart 5 | Patent Applications Filed in 2015 (by fields)



- A - Human Necessities
- B - Performing Operations; Transporting
- C - Chemistry; Metallurgy
- D - Textiles; Paper
- E - Fixed Constructions
- F - Mechanical Engineering; Lighting; Heating; Weapons; Blasting
- G - Physics
- H - Electricity

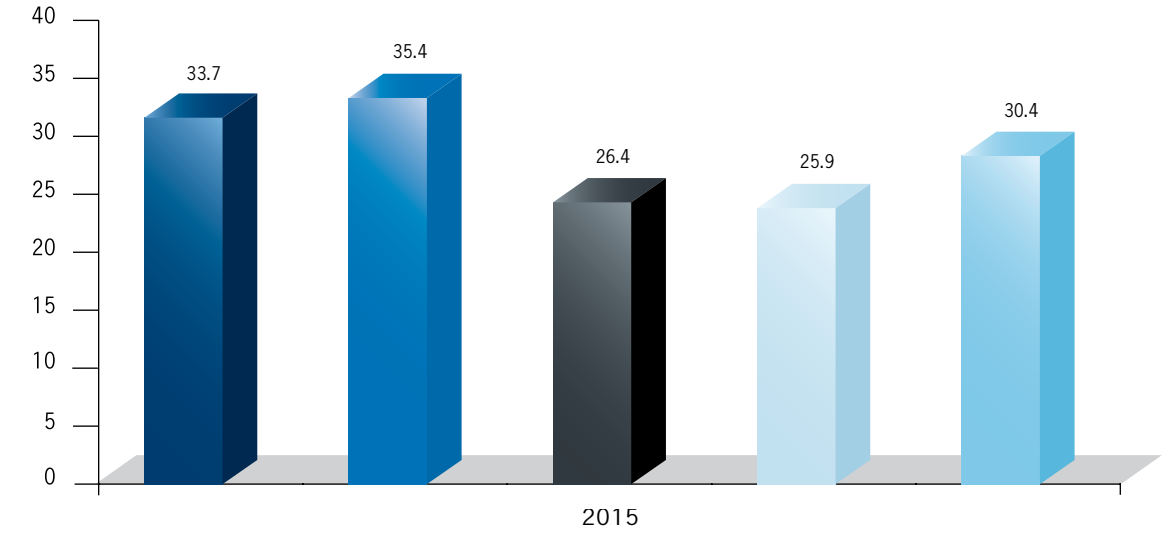
The list of fields was taken from the WIPO website - http://www.wipo.int/classifications/ipc/en

| Chart 6 | Patent Applications by Fields in 2010-2015

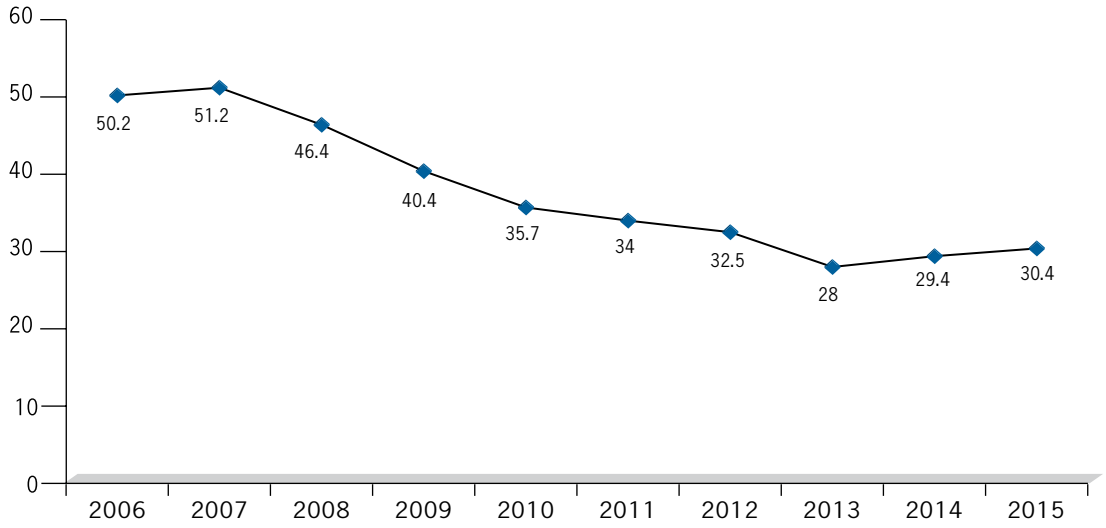


Due to the rising number of applications filed in Israel, an increase is evident in most fields, with the most significant increases noted in the Life Sciences (Field A), Chemistry (Field C) and Computers (included under Field G). These fields showed an upsurge of 11% compared to 2014, consistent with the global trends in types of applications (see the Annual Report of the European Patents Office, https://www.epo.org/about-us/annual-reports-statistics/annual-report/2015/statistics/patent-applications.html?tab=3#all-tech-fields).

| Chart 7 | **Average Pendency (months) for First Examination in 2015 (by Departments)**



| Chart 8 | Average Pendency (months) for First Examination in 2006-2015*



* This year the data collection method was changed due to a change in the organizational structure of the Patents Department. Previously, fields were divided into 3 departments (Chemistry and Pharma; Biotechnology; Mechanics, Electronics, Computers and Medical Devices), whereas today in order to allow for more accurate measurement of data, the examinations are divided into 4 departments (Chemistry and Pharma; Biotechnology; Mechanics and Physics; Computers, Electronics and Medical Devices). Thus, comparing the classifications' data with those from previous years (as had been done in reports from previous years), is irrelevant and only an average is presented.

The data shown in this chart include also applications the examination of which has been accelerated (in the various ways discussed in Chart 17 below).

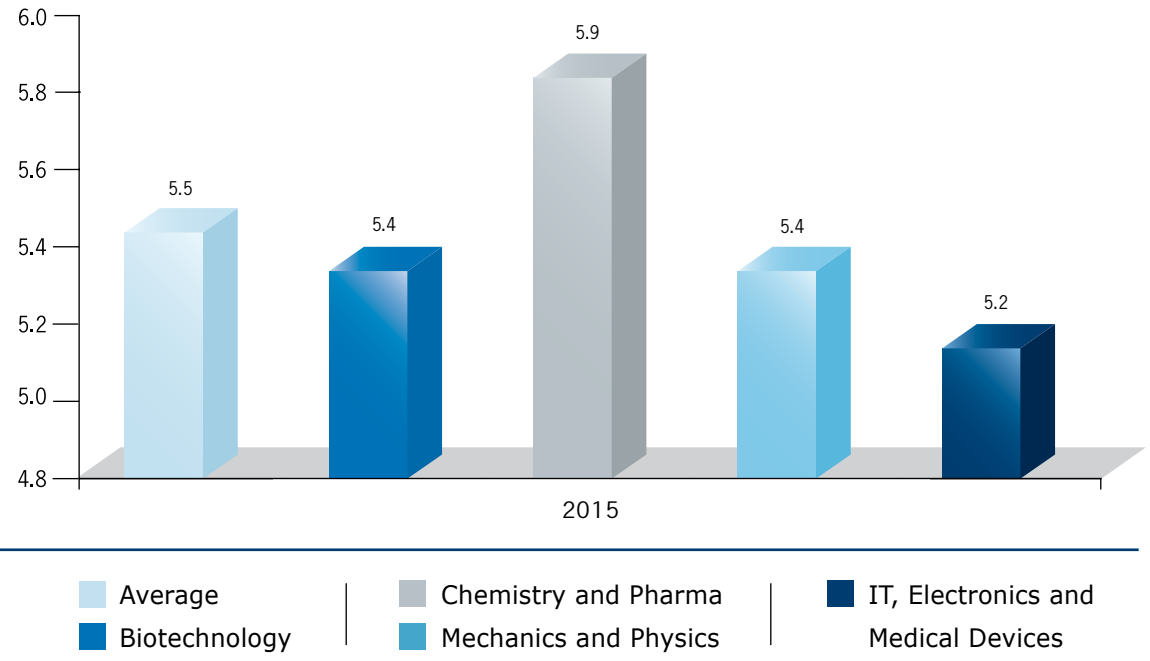
On average, in the fields of Chemistry, Pharma and Biotechnology, the examination begins after about two years, and in the other fields – within 30 months. In the upcoming recruitment of patent examiners, emphasis will be placed on the fields with longer pendency times – Mechanics, Physics and Computers.

The public is invited to follow the First Examinations Status Report posted quarterly on the ILPO website –

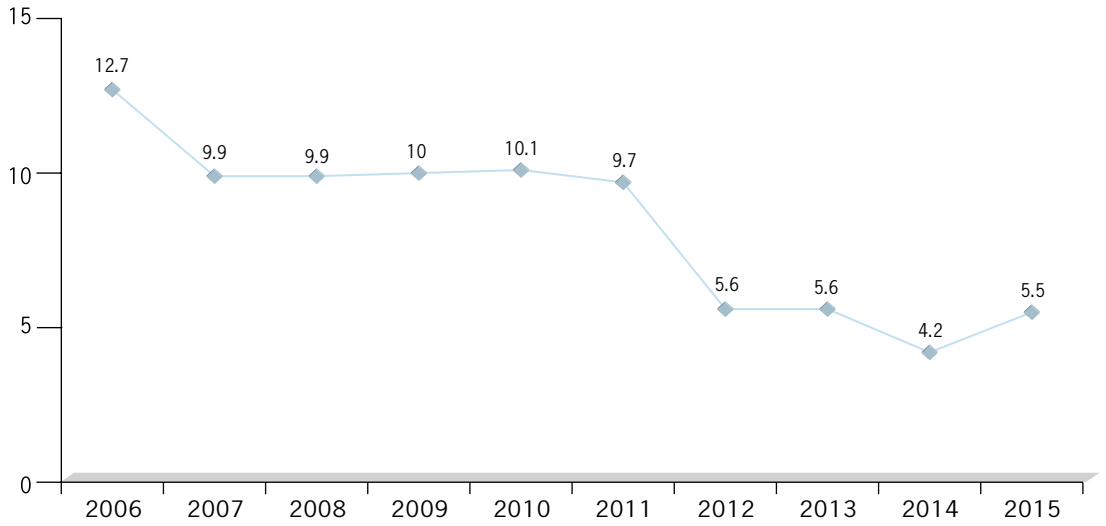
http://www.justice.gov.il/Units/RashamHaptentim/Units/patent/DochBchinot/Pages/default_.aspx

For 2016, the Committee for the Setting and Evaluation of ILPO's Goals has set for the first time an average first examination pendency target. Obtaining such goal will be subject to the completion of additional manpower recruitments.

| Chart 9 | **Average Pendency (months) for continued Examination of Applications in 2015 (by Departments)***



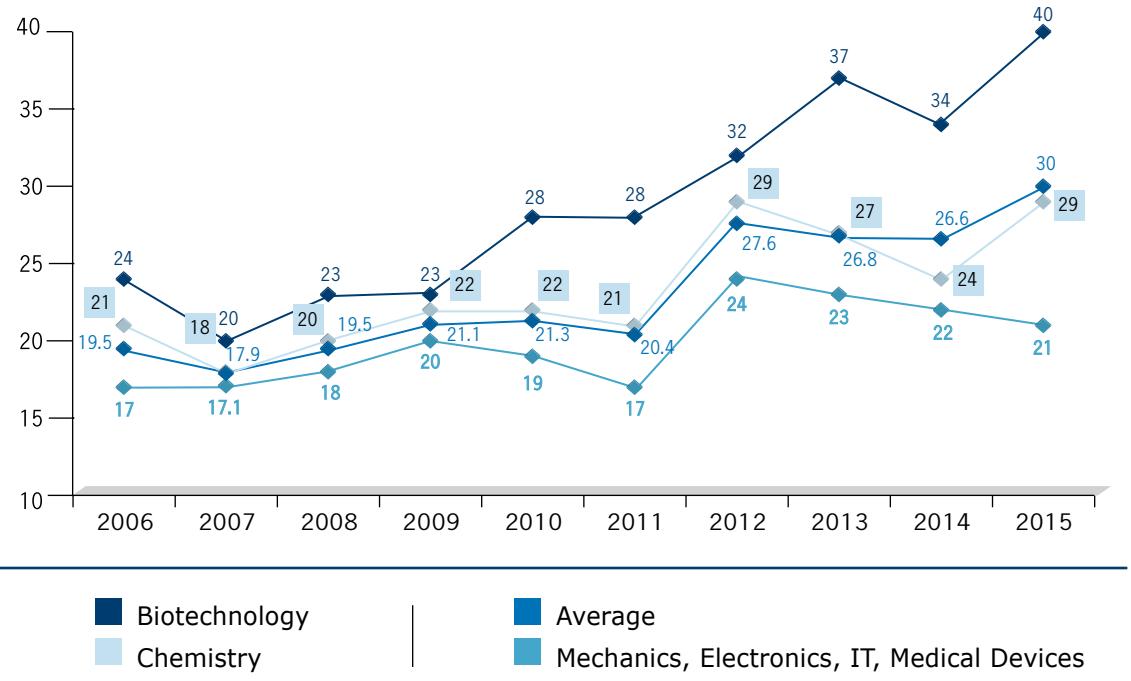
| Chart 10 | **Average Pendency (months) for continued Examination of Applications in 2006-2015***



In 2015, patent examiners carried out a total of 10,123 continued examinations, some 600 fewer than in 2014. Average pendency for continued examination met the maximum target of 6 months set by the Committee for the Setting and Evaluation of ILPO's Goals for 2015.

The status of the continued examination may be checked via the ILPO website at URL – http://www.justice.gov.il/Units/RashamHaptentim/Units/patent/DochBchinot/Pages/StatusBochanim_NEW.aspx

| Chart 11 | **Average of Total Examination Time (months) in Patent Application in 2006-2015 (by Departments)****



Overall examination duration is measured from the start of the first examination until the end of the examination rounds (ending in allowance or refusal). Said data do not include first examination pendency time and the time needed to review an opposition in the event such is filed after allowance.

** Despite the organizational change the ILPO underwent, this chart is still shown with 3 departments and not according to the new division into 4 departments, since the data retrieved according to the new division would not faithfully reflect the former situation.

The increase in the average overall examination duration stems from the allocation of resources to the International Searching and Examining Authority operations, as well as the result of priority given in 2015 to completing the processing of applications whose examination started over 5 years earlier and thus are on the verge of allowance. Moreover, in 2015 the Department underwent an organizational change which led to a temporary decline in outputs, but which is expected to ultimately boost outputs and reduce examination duration over the coming years.

| Table 1 | **Patent Applications Filed with and Granted by the Israel Patent Office in 2015 – by Country of Origin**

Country	National Phase of PCT Applications in Israel		Patent Applications*	
	Filed	Granted	Filed	Granted
European Patent Office (EPO)	1,203	924	0	0
United States	2,911	1,640	96	130
Japan	194	169	4	9
Israel	414	301	771	422
International Bureau (IB)	454	192	0	0
China	61	22	7	1
South Korea	38	14	1	0
Other countries	626	580	124	88

Total applications: 6,904

Total patent applications*: 1,003

Total PCT applications: 5,901

Total patents granted: 4,492

Following patent applications*: 650

Following PCT applications: 3,842

Similar to previous years, most of the applications filed and most of the patents granted in Israel originated in the United States and the European Patent Office (EPO).

* Patent applications first filed in Israel or claiming priority under the Paris Convention.

| Table 2 | **Leading Israeli Applicants in Filing Patent Applications in 2015**

Rank	Company Name	Applications in 2015	Applications in 2014
1	Biosense Webster (Israel) Ltd.	52	64
2	Israel Aerospace Industries Ltd.	37	36
3	B.G. Negev Technologies and Applications Ltd., at Ben-Gurion University	23	31
4	Yeda Research and Development Co. Ltd.	21	33
5	Teva Pharmaceutical Industries Ltd.	20	18
	Iscar Ltd.	20	24
6	Technion Research and Development Foundation Limited	18	3
7	Elbit Systems Ltd.	16	12
	Yissum Research Development Company of the Hebrew University of Jerusalem Ltd.	16	18
8	Smart Medical Systems Ltd.	13	0
9	Verint Systems Ltd.	10	8
10	Omrix Biopharmaceuticals Ltd.	9	7

| Table 3 | **Leading PCT Applicants at the ILPO as a Receiving Office in 2015**

Rank	Name	Applications in 2015	Applications in 2014
1	Yissum Research Development Company of the Hebrew University of Jerusalem Ltd.	52	29
2	Yeda Research and Development Co. Ltd.	46	32
3	Technion Research & Development Foundation Limited	29	20
	B.G. Negev Technologies and Applications Ltd., at Ben-Gurion University	29	7
4	Ramot at Tel-aviv University Ltd.	27	22
5	Israel Aerospace Industries Ltd.	22	21
6	Corning Optical Communications Wireless Ltd.	18	7
7	Oridion Medical 1987 Ltd.	14	2
8	Tel Hashomer Medical Research Infrastructure and Services Ltd.	14	6
9	Iscar Ltd.	13	22
10	Elbit Systems Ltd.	13	7

The Israel academic institutions' Technology Transfer Offices maintained their leading position in the use of the PCT system in 2015.

| Table 4 | **Leading Foreign Applicants in Filing Patent Applications to the ILPO in 2015**

Rank	Company Name	Applications in 2015	Applications in 2014
1	Facebook, Inc.	136	15
2	Dow Agrosciences LLC	95	74
3	Raytheon Company	72	41
4	F. Hoffmann-la Roche AG	65	50
5	Novartis AG	63	68
6	Sanofi	60	38
7	Basf S.A.	52	72
8	Genentech, Inc.	44	63
9	The Regents of the University of California	40	19
10	Johnson & Johnson Vision Care, Inc.	35	55
11	Colgate-palmolive Company	34	7
	Regeneron Pharmaceuticals, Inc.	34	31
12	Bristol-Myers Squibb Company	33	20
13	Bayer Pharma Aktiengesellschaft	32	23
14	Nestec S.A.	31	43
15	Merck Patent Gmbh	29	29
16	Qualcomm Incorporated	27	84
17	Bayer Cropscience Aktiengesellschaft	26	21
18	Philip Morris Products S.A.	25	42
	Abbvie Inc.	25	31

Facebook, which did not appear among the top 20 applicants last year, occupies the top spot this year, after displacing the telecommunications company Qualcomm, which dropped to the 16th place.

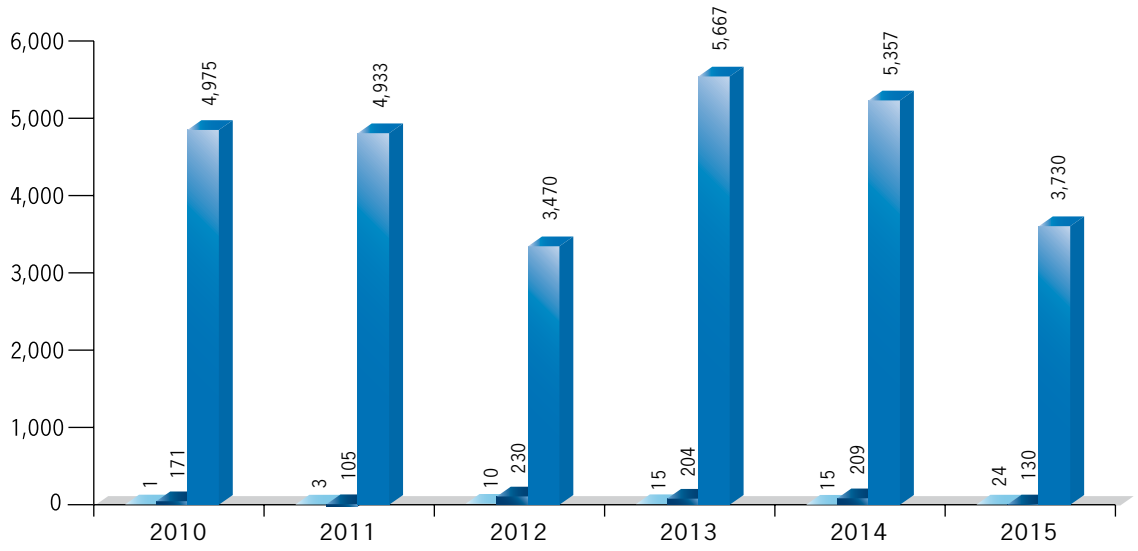
| Table 5 | **Top Israeli Applicants who Obtained Patents in 2015**

Rank	Company Name	Patents in 2015	Patents in 2014
1	Yeda Research and Development Co. Ltd.	31	19
2	Israel Aerospace Industries Ltd.	21	13
3	B.G. Negev Technologies and Applications Ltd.	18	12
4	Yissum Research Development Company of the Hebrew University of Jerusalem Ltd.	20	10
5	Verint Systems Ltd.	16	5
	Iscar Ltd.	16	23
6	Biosense Webster (israel) Ltd.	14	9
7	Elta Systems Ltd.	12	9
8	Rafael Advanced Defense Systems Ltd.	11	14
9	Elbit Systems Ltd.	8	10
	Teva Pharmaceutical Industries Ltd.	8	5
	Technion Research and Development Foundation Limited	8	9
10	The Stanley Works Israel Ltd.	7	3

| Table 6 | Top Foreign Applicants who Obtained Patents in 2015

Rank	Company Name	Patents in 2015	Patents in 2014
1	Qualcomm Incorporated	70	69
	Raytheon Company	70	40
2	Sanofi-aventis Deutschland GmbH	59	24
3	Bayer Intellectual Property GmbH	56	17
4	F. Hoffmann-la Roche AG	42	49
	Genentech, Inc.	42	24
	Janssen Pharmaceutica NV	42	26
5	Merck Patent GmbH	38	26
	Microsoft Corporation	38	33
	Microsoft Technology Licensing, LLC	38	0
6	Novartis AG	37	43
7	Bayer Cropscience Aktiengesellschaft	32	15
8	BASF SE	29	26
9	Boehringer Ingelheim International GmbH	28	20
10	Thales	25	11
11	Telefonaktiebolaget LM Ericsson (publ)	23	1
12	Interdigital Technology Corporation	22	44
13	Nestec S.A.	21	15
14	Astrazeneca AB	20	2

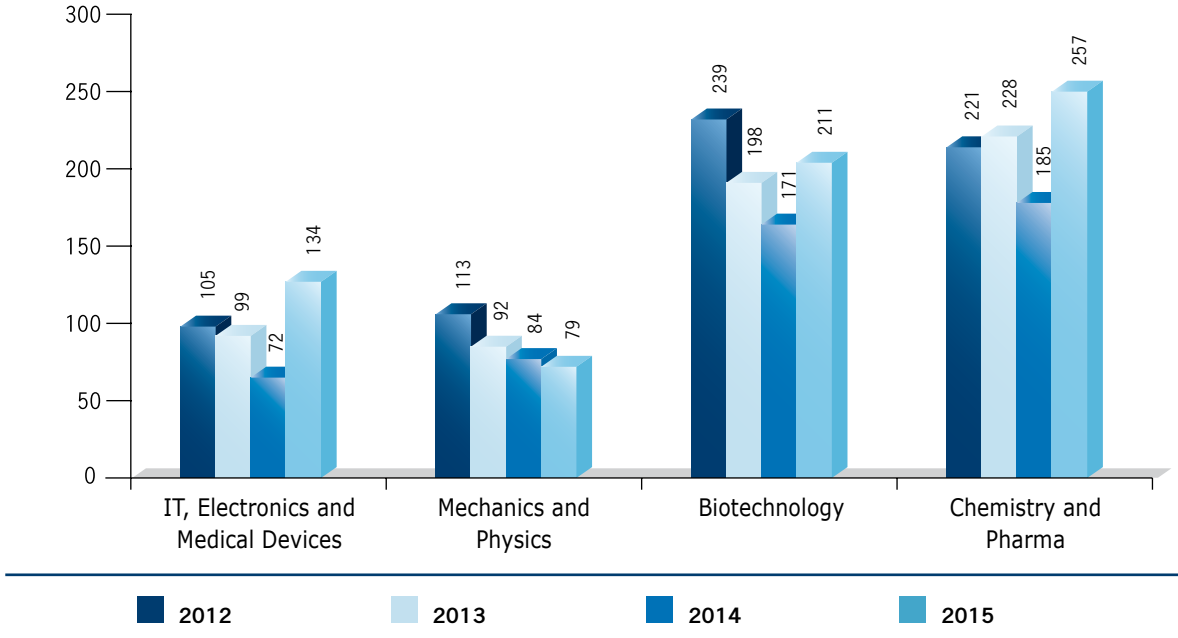
| Chart 12 | **Refused Patent Applications, withdrawn or Abandoned by Applicants in 2010-2015 (Before and After Examination)**



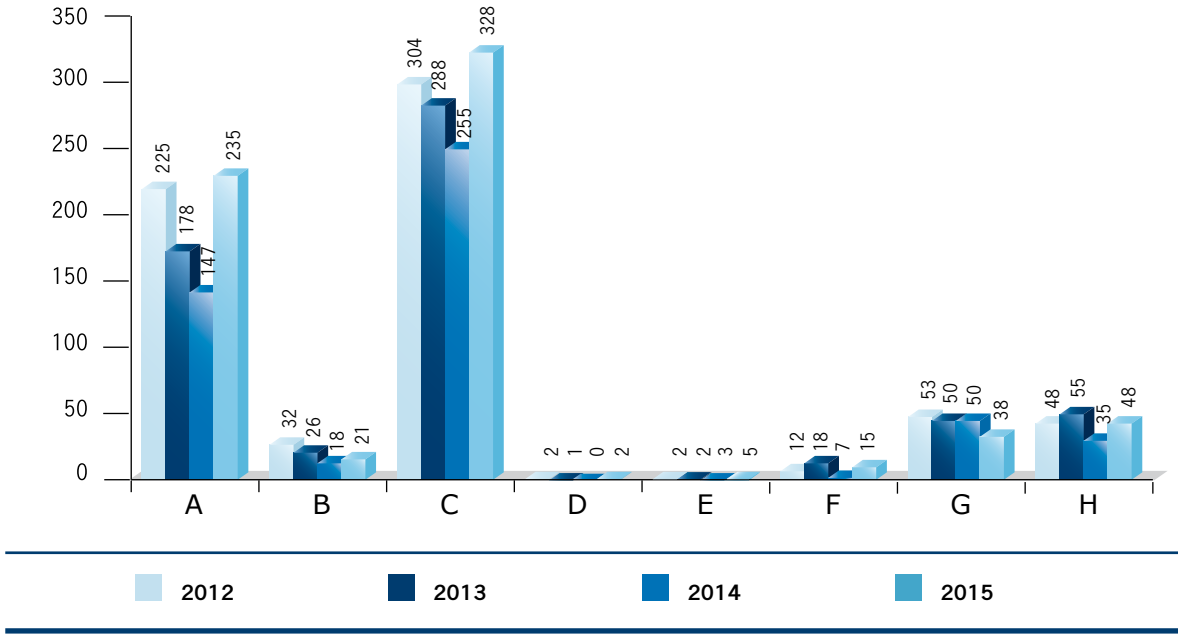
Abandoned applications are considered where the applicant fails to reply to one of the ILPO's notices. In the absence of a response following the issue of a notice of alert to the applicant or its attorney, the application is considered abandoned.

A significant decrease is evident in the number of abandoned applications. It may be deduced that more applicants wish to receive protection in Israel and maintain a sustained response to the ILPO's notices. Furthermore, during the years 2010-2015 a continuing increase is noted in the number of patent applications refused, which is due to the rising standards of the examination at the Department coupled with the reduction of the number of examination rounds to 4 rounds per application.

| Chart 13 | **Divisional Applications according to Section 24 of the Patents Law in 2012-2015 (by Departments)**



| Chart 14 | Divisional Applications in 2012-2015 (by Fields)

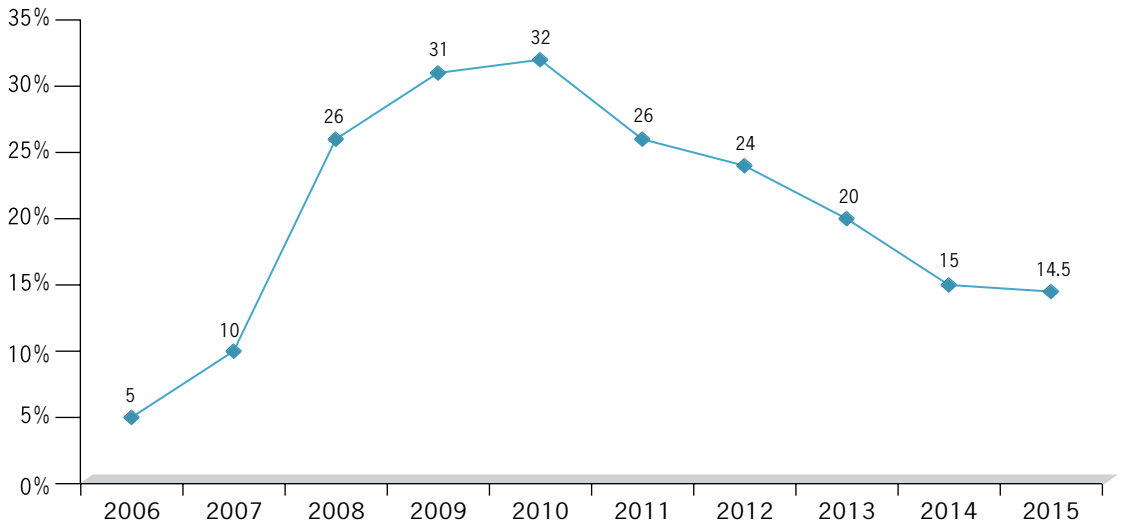


* Legend can be found in Chart 5.

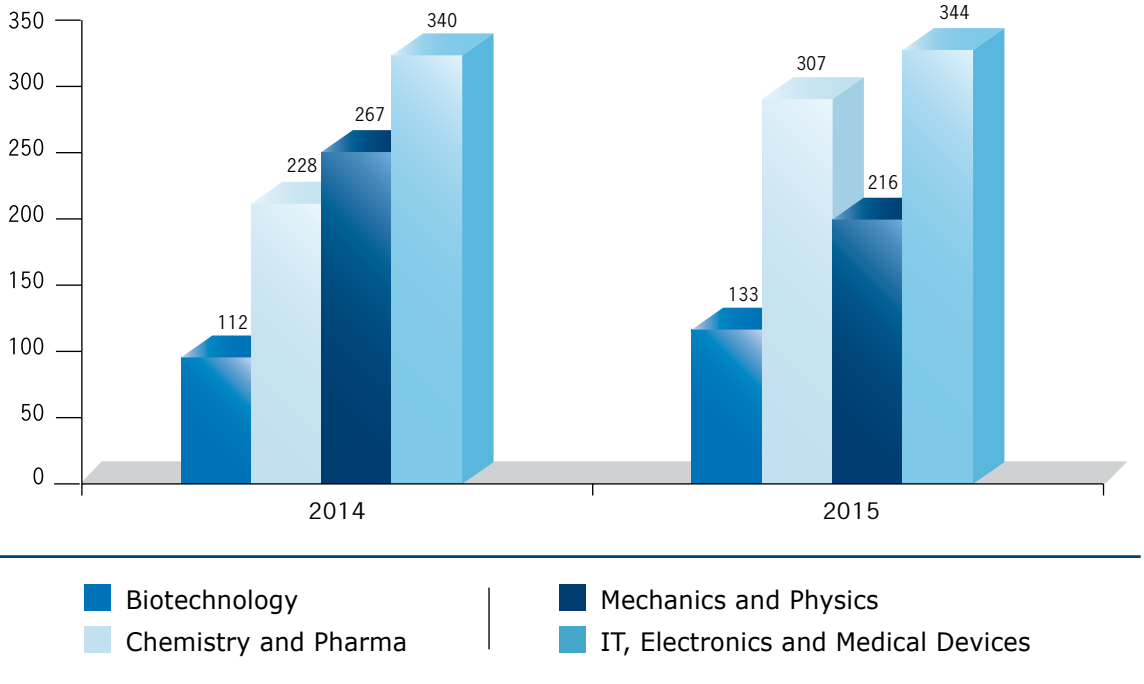
2015 saw increased use of the divisional application option, due, apparently, to the clarification of the rules in this matter through a Commissioner's Decision issued in 2015 and subsequently in the Examination Guidelines.

B. Acceleration of Examination

| Chart 15 | **Applications Received via section 17(c) to the Patents Law vs. All Applications Received in 2006-2015**



| Chart 16 | **Exercise of Section 17(c) to the Patents Law in 2006-2014 (by Departments)***

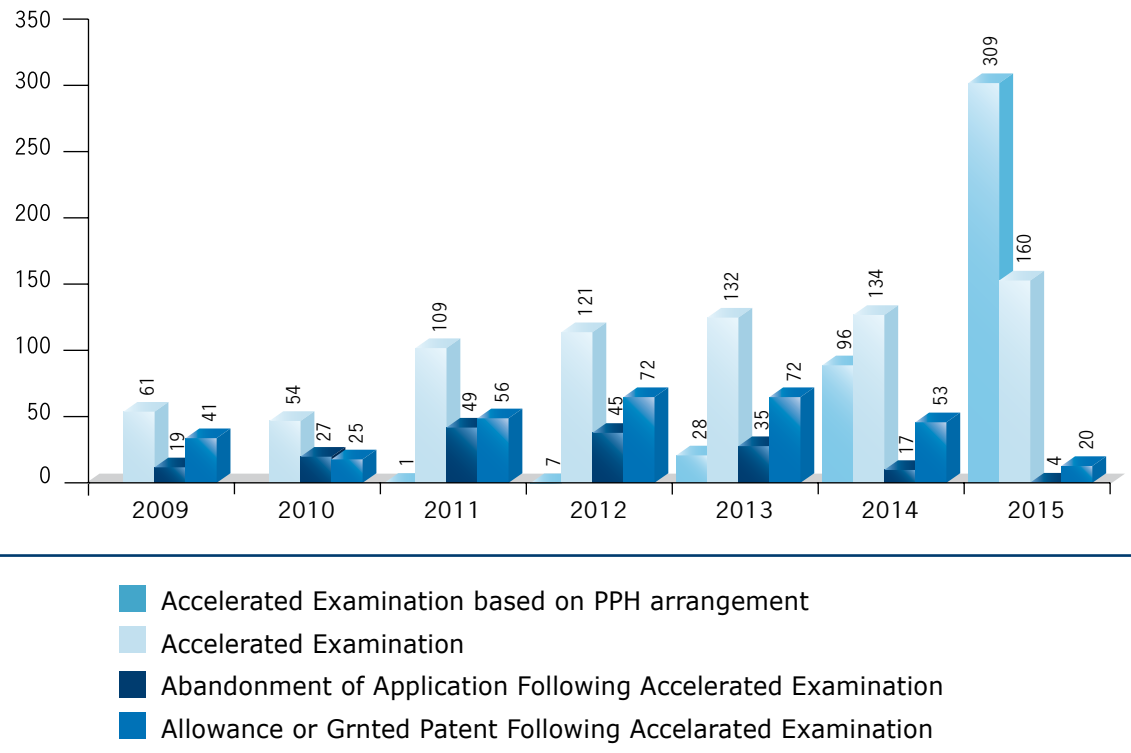


* As per charts 8, 9 and 10, only the years 2014-2015 are shown due to the organizational transition to 4 departments.

Chart 16 shows total applications filed in 2015 requesting to exercise Section 17(c).

In 2015 there was a continuing downtrend in the filing of applications for examination in accordance with Section 17(c) of the Patents Law, owing to the fact that in many cases pendency until beginning of examination at the ILPO is shorter than the time till grant of the corresponding application by one of the patent offices recognized for the purposes of Section 17(c) of the Patents Law. Thus, the impression is that in the examination areas where pendency in Israel is longer (Chart 7 above), greater use is made of the option to exercise Section 17(c) of the Patents Law. Apparently, once the examination has commenced in Israel, the applicants are less inclined to requesting allowance under said section.

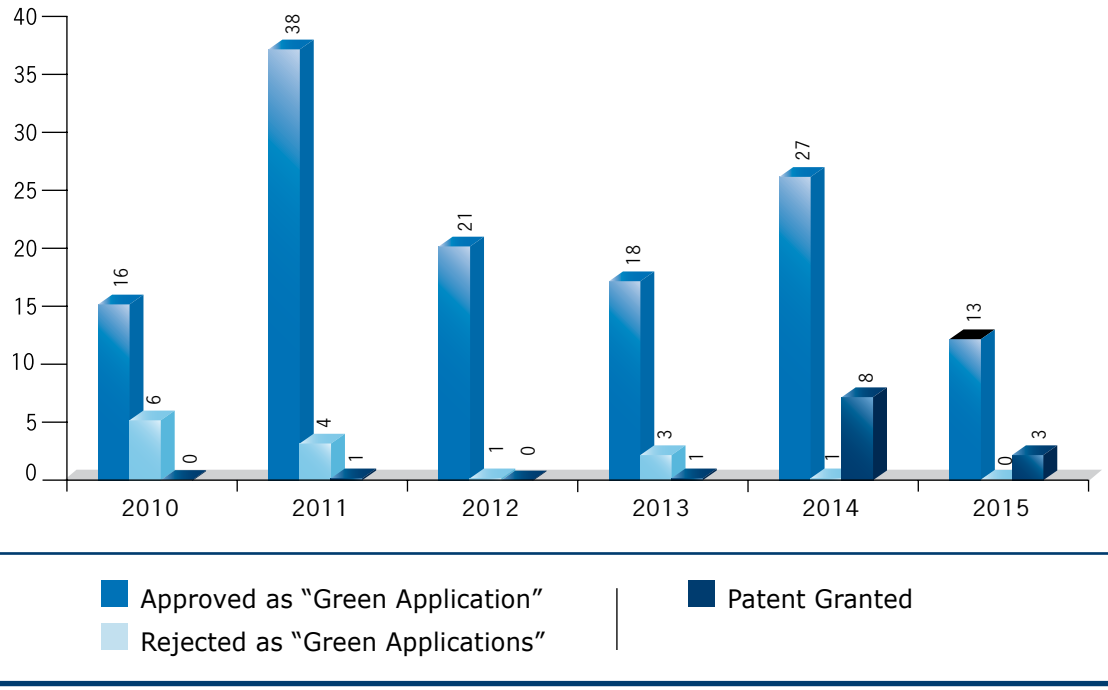
| Chart 17 | **Status of Accelerated Examination of Applications According to Regulation 35 to the Patents Regulations in 2009-2015**



In general, there is an evident increase in the use of the accelerated examination options. The moderate growth in the number of accelerated examination applications is consistent with the moderate rise in total patent applications. At the same time, there is a significant increase in applying for accelerated examination under PPH (see Charts 20-23 below). This significant increase may be attributed to growing awareness among the public – in Israel and around the world – of this means as a tool for streamlining the patent examination procedure. Likewise, greater clarity of the PPH option has been achieved since Israel joined the GPPH program, currently encompassing 21 countries worldwide, which utilizes a single coherent agreement system.

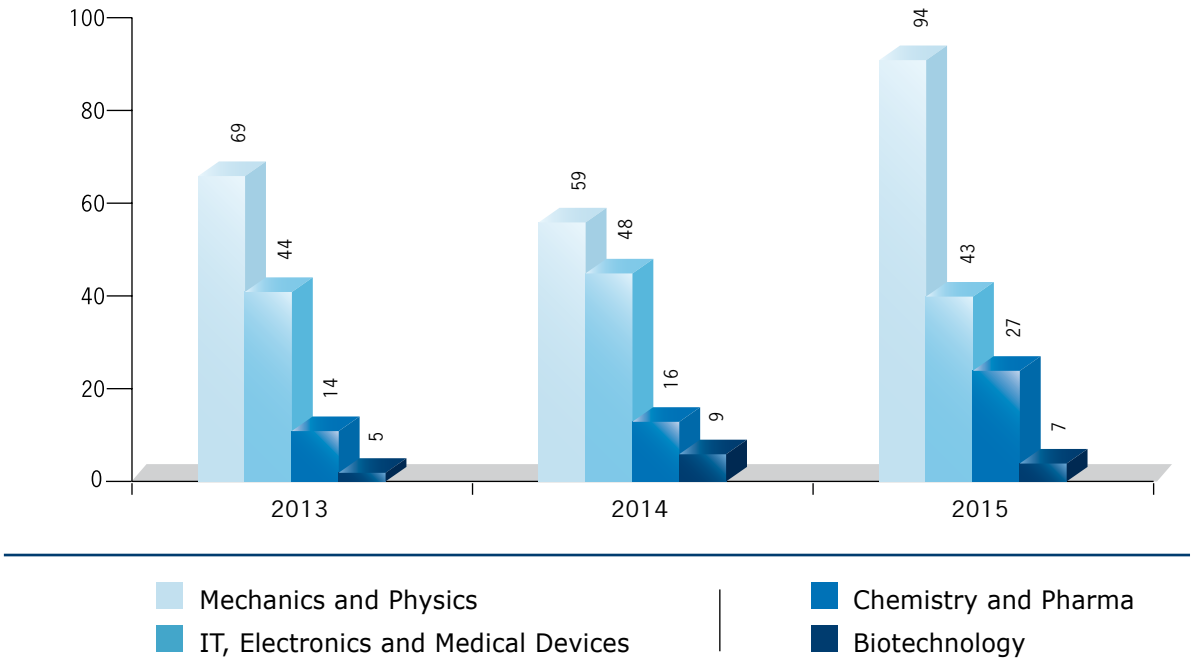
As regards the accelerated examination applications, the upsurge seen in 2015 in the use of this option by virtue of a Commissioner's Notice from October 2010 is attributed to cases involving a first application for an invention first filed in Israel prior to a priority claim in other countries.

| Chart 18 | **Amount of Patent Applications in the Status of "Green Applications" for Accelerated Examinations in 2010-2015**



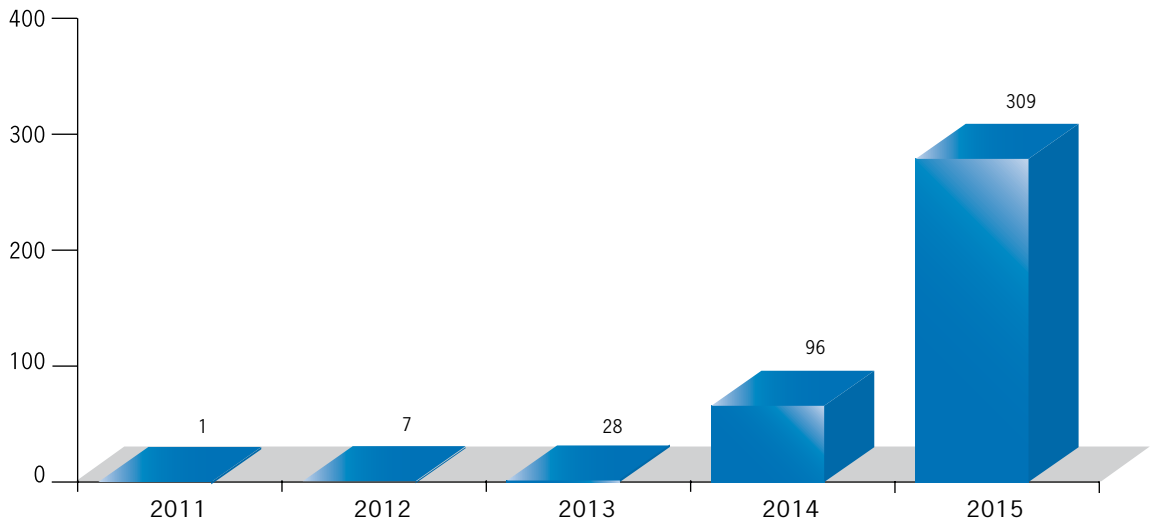
Although there are applications with the potential to be classified as green applications, the public does not make much use of this option for fast-tracking the examination process.

| Chart 19 | **Accelerated Examinations (by Departments) in 2013-2015**



Most applications the examination of which was accelerated were in the field of Mechanics and Computers, fields in which the first examination pendency is relatively longer than in other fields (Chart 7 above). The data indicate growing amount of applicants who wish to receive an Israeli examination report before 12 months have elapsed from the application filing date, so that they should be able to make a decision on how to proceed with the patent application.

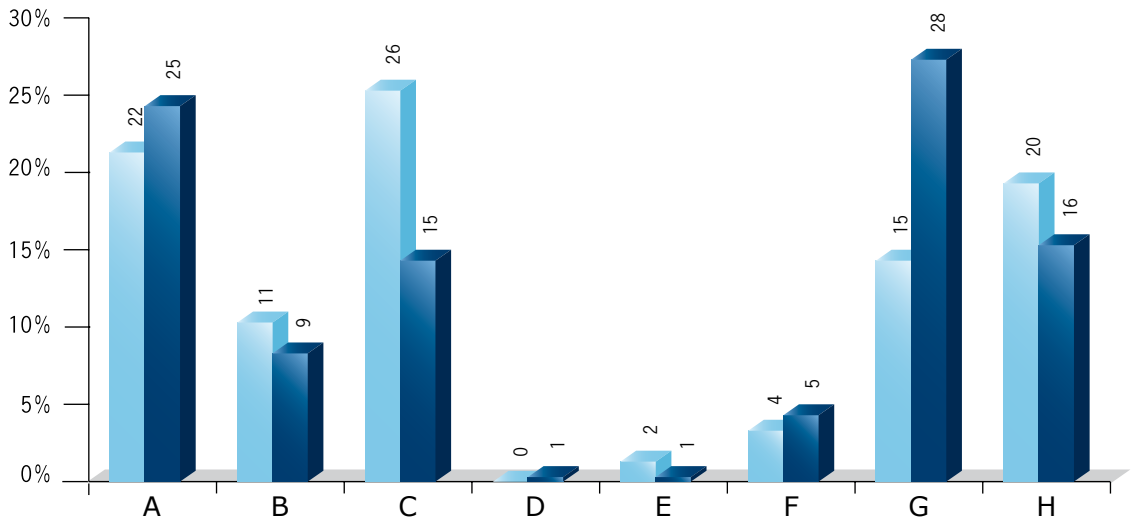
| Chart 20 | **PPH Applications in 2011-2015**



In 2015, a total of 309 applications were accelerated based on the use of PPH arrangements, more than 3 times the number of applications in 2014, signifying a growing public awareness of and familiarity with this track, as well as the accrued ILPO experience. The evident rise in numbers is an expression of increased public awareness and trust of this system, which the ILPO further supported by providing augmented online services.

Apart from these measures, the agreement between the ILPO and EPO on a reciprocal PPH arrangement took effect in 2015, winning great popularity among the applicants. External factors influencing this matter were the steady easing of the requirements of the EPO and GPPH, as well as a rising number of member states in the GPPH program, which boosted filing via this arrangement (as detailed below).

| Chart 21 | **PPH Applications in 2014-2015 (percentages - by Fields)**

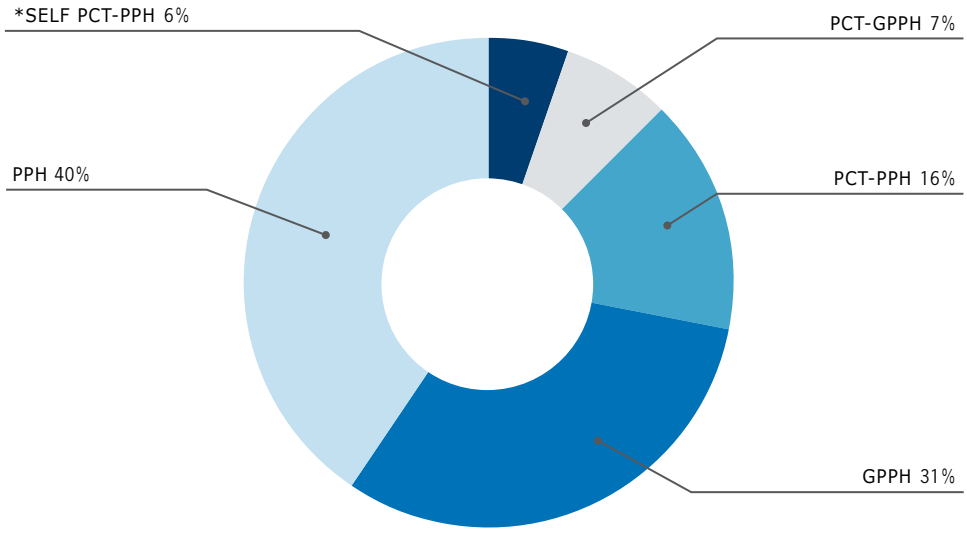


A - Human Necessities
B - Performing Operations; Transporting
C - Chemistry; Metallurgy
D - Textiles; Paper
E - Fixed Constructions
F - Mechanical Engineering; Lighting; Heating; Weapons; Blasting
G - Physics
H - Electricity

The list of fields was taken from the WIPO website - http://www.wipo.int/classifications/ipc/en

Compared to 2014, a very significant increase was registered in the filings under Category G, Computers and Communications – 85 applications in 2015 versus 14 in 2014 (28% of total applications versus 15% the previous year). Also Category A – Pharma and Biotechnology, registered an impressive surge – 78 applications versus 21 in 2014. Category C – Chemistry, posted a 9% decline in the overall number of applications out of total applications this year, despite the fact that the number of applications itself nearly doubled (46 applications in 2015 versus 24 applications in 2014).

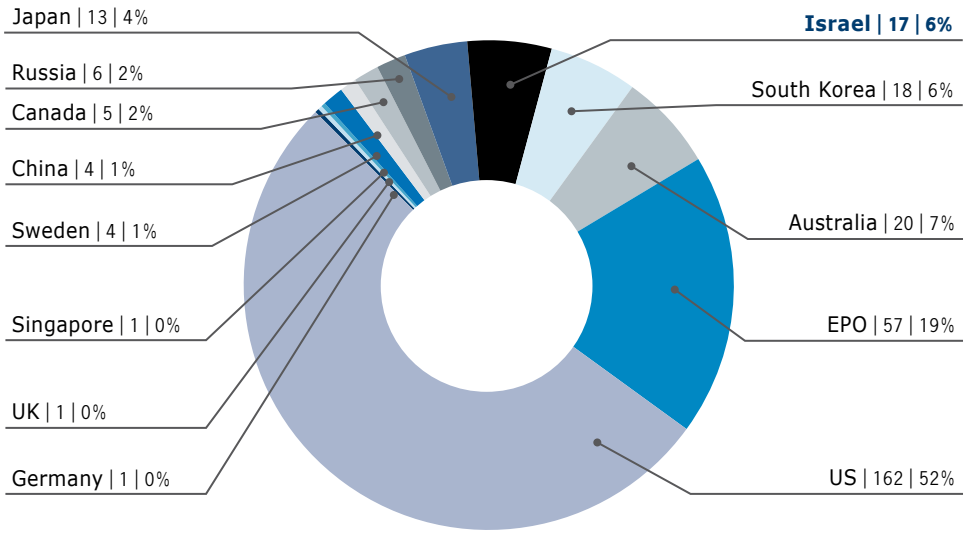
| Chart 22 | **Applications according to PPH Arrangements in 2015**



* Self PCT-PPH – International Applications Examined by the Israeli International Searching and Preliminary Examining Authority*

Compared to 2014, there is a dramatic drop of over 15% in the use of PPH arrangements versus an upsurge in the use of GPPH arrangements. This upsurge is presumably due to the cancellation of bilateral arrangements that expired owing to duplication with the GPPH (vis-à-vis South Korea and Canada). Additionally, there is an evident transition from the use of regular PPH arrangements to heightened use of arrangements making use of PCT work products.

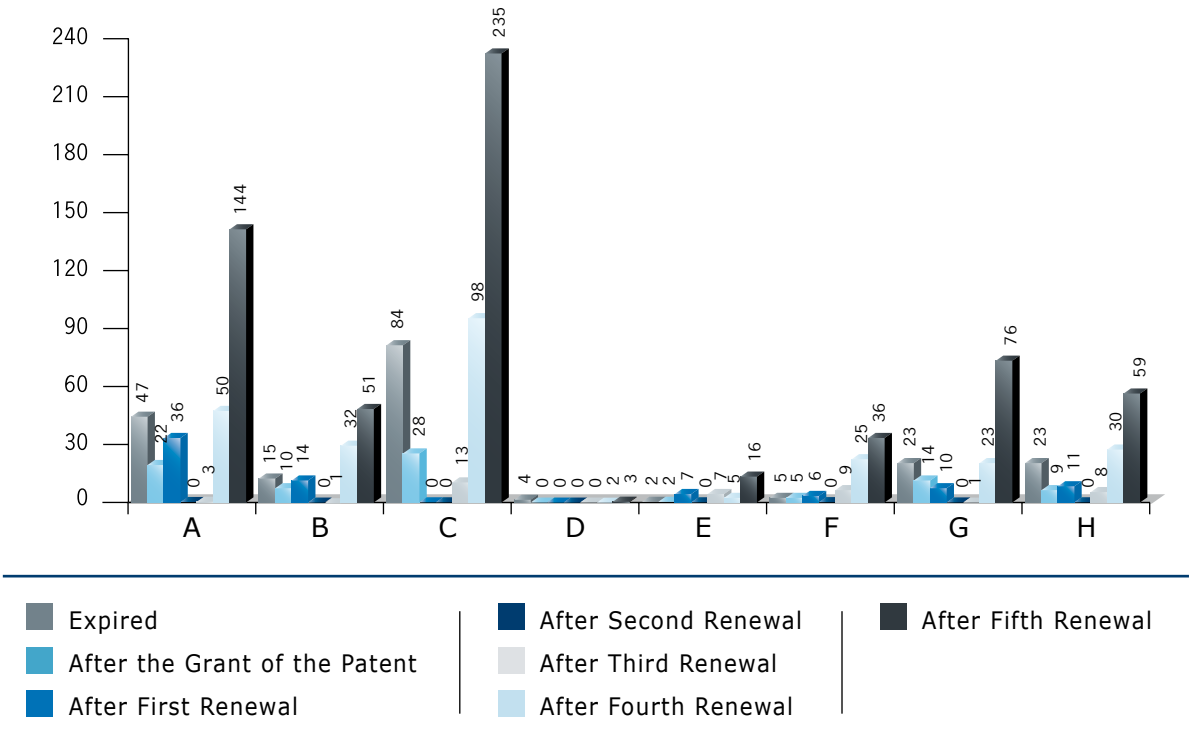
| Chart 23 | **PPH Applications by Receiving Office in 2015**



Contrary to the previous year when a vast majority of the PPH acceleration applications were based on applications from the United States (70% of total applications in 2014 versus 52% in 2015), in 2015 numerous applications arrived from additional offices, led by the EPO. The PPH Agreement with the EPO became effective at the start of 2015 and already accounts for 19% of total acceleration applications.

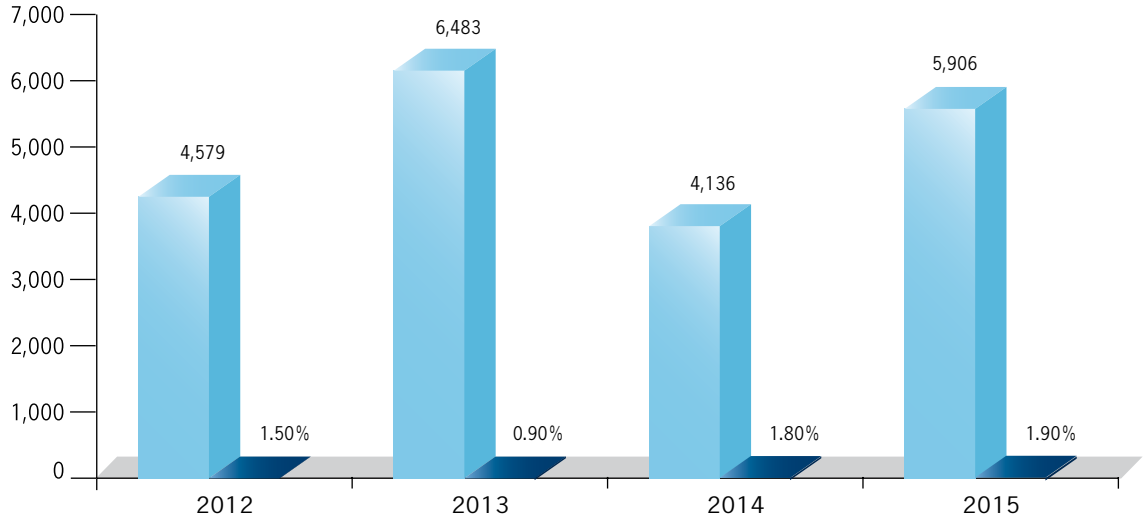
Additionally, following the filing of applications through the GPPH arrangement, a significant increase was noted in the number of countries from which applications arrived. Thus, this year applications came from additional countries, such as Germany, Sweden, Singapore and others. This arrangement, which expanded over recent years, was joined in 2014-2015 by Singapore, Austria, Estonia and Germany, and currently numbers 21 members.

| Chart 24 | **Expired Applications in 2015 (by Fields)**



The list of fields was taken from the WIPO website - http://www.wipo.int/classifications/ipc/en

| Chart 25 | **Approved Requests for Delaying of Examination in 2012-2015, Pursuant the Entry Into Force of Commissioner Circular 05/2011**



Applications for which a response was received in accordance with Article 18

Rate of delays of Examination out of the applications for which a response was received in accordance with Article 18

This chart concerns the suspension of examination in accordance with Commissioner's Circular 05/2011, whereby the examination may be suspended only after the applicant responds to the requirements under Section 18 of the Law.

The data indicate that the public does not make much use of this mechanism, preferring rather to start the examination as soon as possible.

C. Israel's International Profile in the field of PCT

In summing up, the year 2015 was marked by an increase in the number of international applications and a high rate of PCT applications designating the ILPO as an International Searching and Preliminary Examining Authority (ISA/IPEA). This year also saw the PCT Department maintain timeliness, while providing competitive service to Israeli applicants.

During 2015, a total of 1,329 international applications were filed with the PCT Department (Receiving Office) by Israeli applicants. The Israeli receiving Office experienced double-digit growth, namely increase of 10% over the previous year. This figure places Israel in 2014 among the top 15 patent offices in the world in the filing of international applications, with Israel ranked in third place in the world as regards the rate of increase in the filing of international applications. The Israeli Receiving Office coped with this growth in the scope of work while improving its timeliness without increasing its manpower. It should be noted that 96.3% of the applications were filed electronically - online.

In 2014 the Israel Patent Office was ranked first in the world in timeliness of processing PCT applications, presenting impressive figures in respect of scope of processing work, when functioning as a Receiving Office and as an ISA/IPEA. 100% of Israeli applications were forwarded to the International Bureau of WIPO within the required timeframe of up to 4 weeks. It should be noted that in 2015, over 60% of all Israeli PCT applicants designated the Israeli ISA/IPEA. In the course of the year, 128 Israeli applications were submitted to the International Bureau of WIPO, which designated the Israel Patent Office as the ISA/IPEA. In addition, by the end of 2015, 195 international applications were received from U.S. applicants for international search and examination.

During 2015, a total of 1,085 international search reports and 85 international examination reports were established, as compared to 867 search reports and 47 examination reports in 2014.

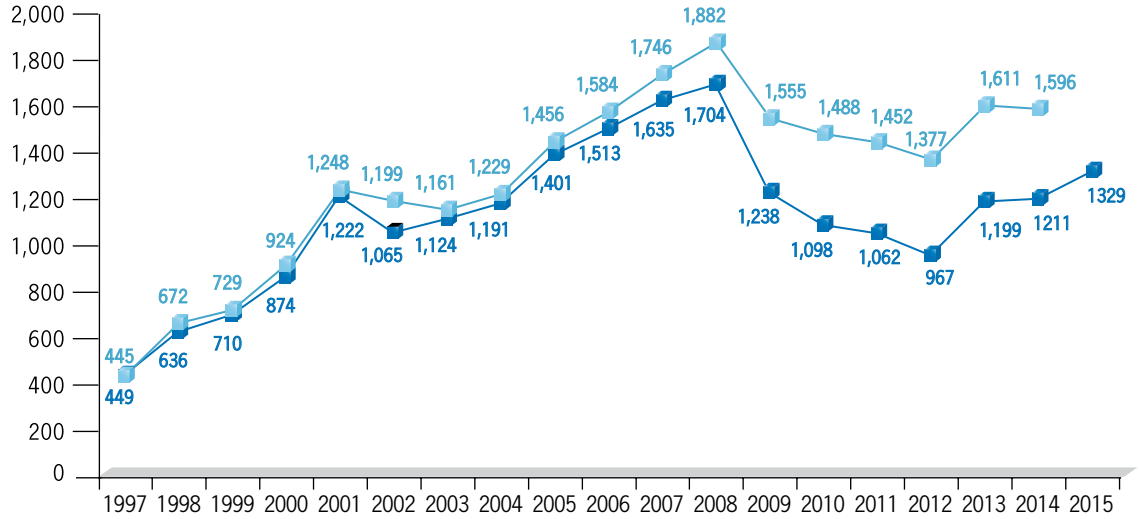
This continuing upsurge in the referral of applications to the ILPO in preference to using the services of the International Bureau or the services of other International Searching Authorities (United States and Europe) attests to the Israeli public's recognition of the ILPO's quality and performance in this field.

In April 2015, the ILPO launched a new pilot service called "PCT Direct", constituting a new track for prosecuting an international application claiming priority from an earlier Israeli application. The ILPO is the second patent office offering such a service, following the launch of a similar service by the EPO in November 2014. During the year 13 international applications were filed under this track.

From a survey conducted by WIPO it emerges that most of the foreign residents choose the PCT route to file applications in Israel. Thus, during 2015, a total of 5,848 international applications entered the national phase in Israel, an increase of over 6% over the previous year.

In 2016, the PCT Department plans to complete the development of its online service and correspondence system as well as improve and upgrade its internal IT system with the aim of streamlining the Department's work and improving its service to the public. The ILPO is also expected to set up a quality control system for the international preliminary examination process.

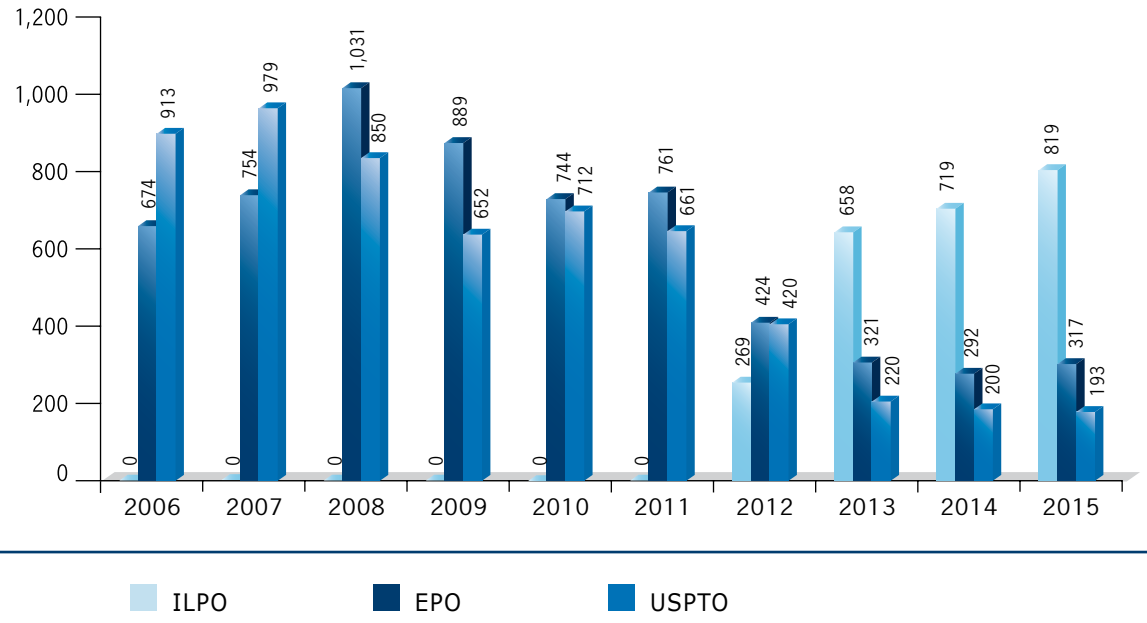
| Chart 26 | **PCT Applications in 1997-2015**



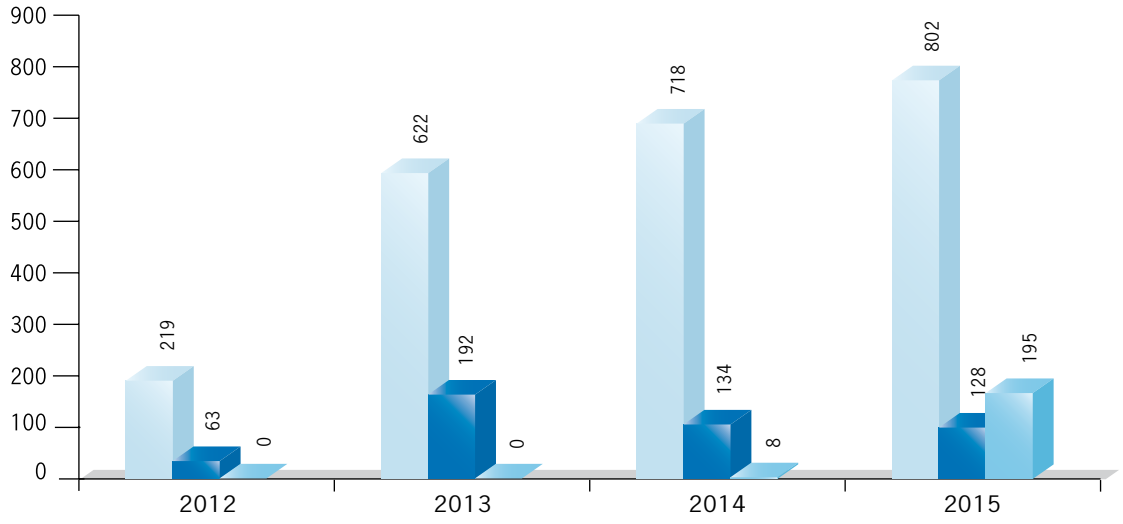
* The figures regarding PCT applications by country of origin were taken from the WIPO database, and are updated for 2014. The other data were taken from the ILPO database, and are updated for 2015.

In 2015, a 10% increase was evident in the PCT applications filed with the ILPO as a Receiving Office. In addition, there was an increase in PCT applications filed by Israelis (with Israel as the country of origin). Starting from 2013 there has been an evident uptrend in application filings.

| Chart 27 | **Designation of the International Searching Authorities by Israeli Applicants in 2006-2015**



| Chart 28 | **Designation of the ILPO as an International Searching Authority in 2012-2015**

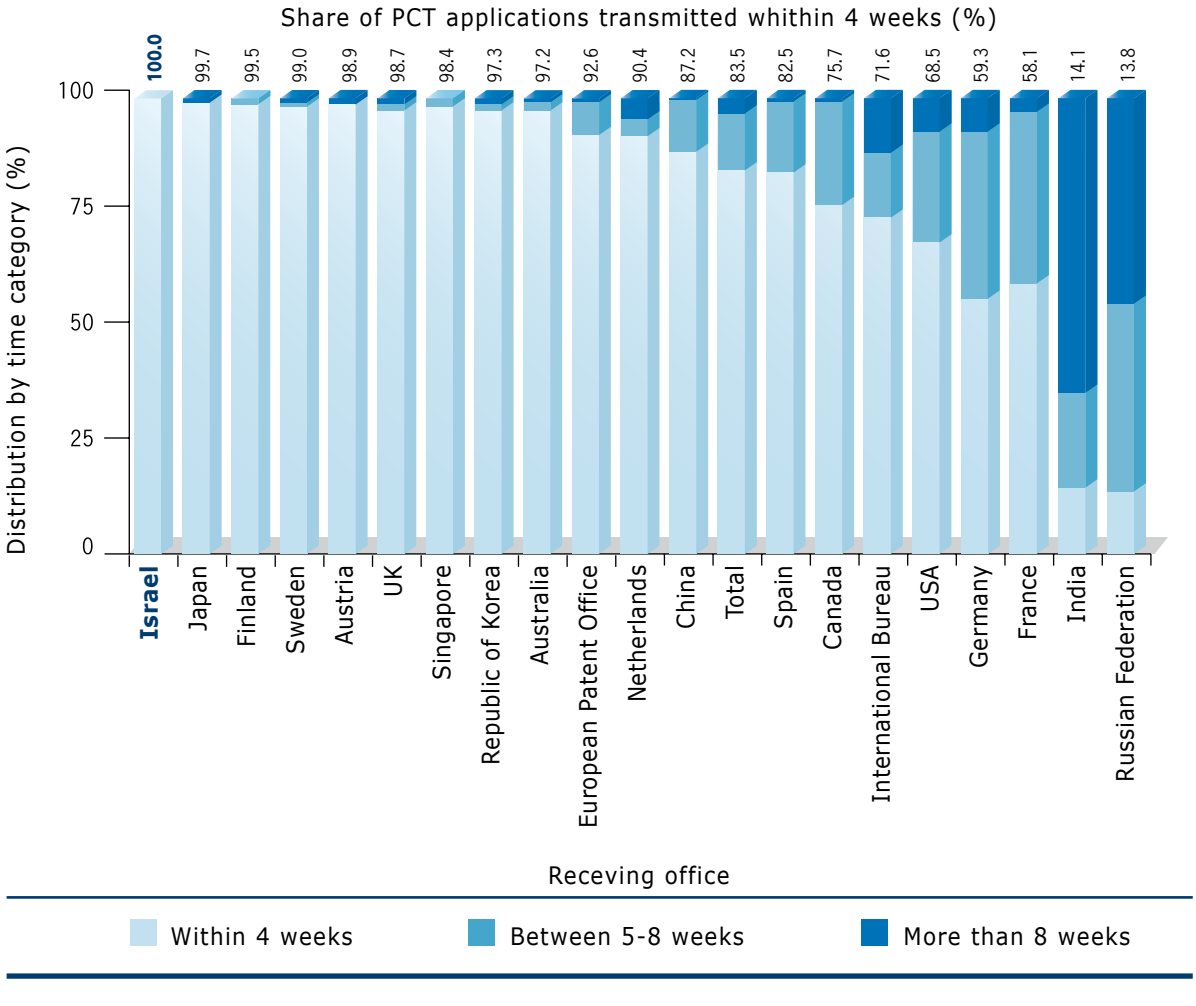


2015 was the fourth year of activity for the Israeli ISA/IPEA. The chart shows that 62% of Israeli applicants designated the Israeli ISA/IPEA, a 3% increase in the number of applicants compared to the previous year. Since 2012, when the ILPO started to function as an international searching and examining authority, a steady rise has been observed in the number of Israeli applicants designating the ILPO. This figure attests to the continued high trust the applicants have in the quality of the Israeli examination process.

The decline in the number of applications received from the International Bureau at WIPO can be attributed to the Israeli applicants' preference for filing international applications directly with the Israeli Receiving Office and not with the International Bureau due to the ILPO's improved online services.

Additionally, during 2015, some 195 international applications for search and examination were received from U.S. applicants, compared to 8 applications alone in the last quarter of 2014, when the ILPO started to provide this service also to U.S. applicants. It is evident that following an initial period in which the ILPO's service was being probed by U.S. applicants, the latter recently started showing increasing interest in the said ILPO services. In 2016 we expect this trend to continue, and intend to expand the service.

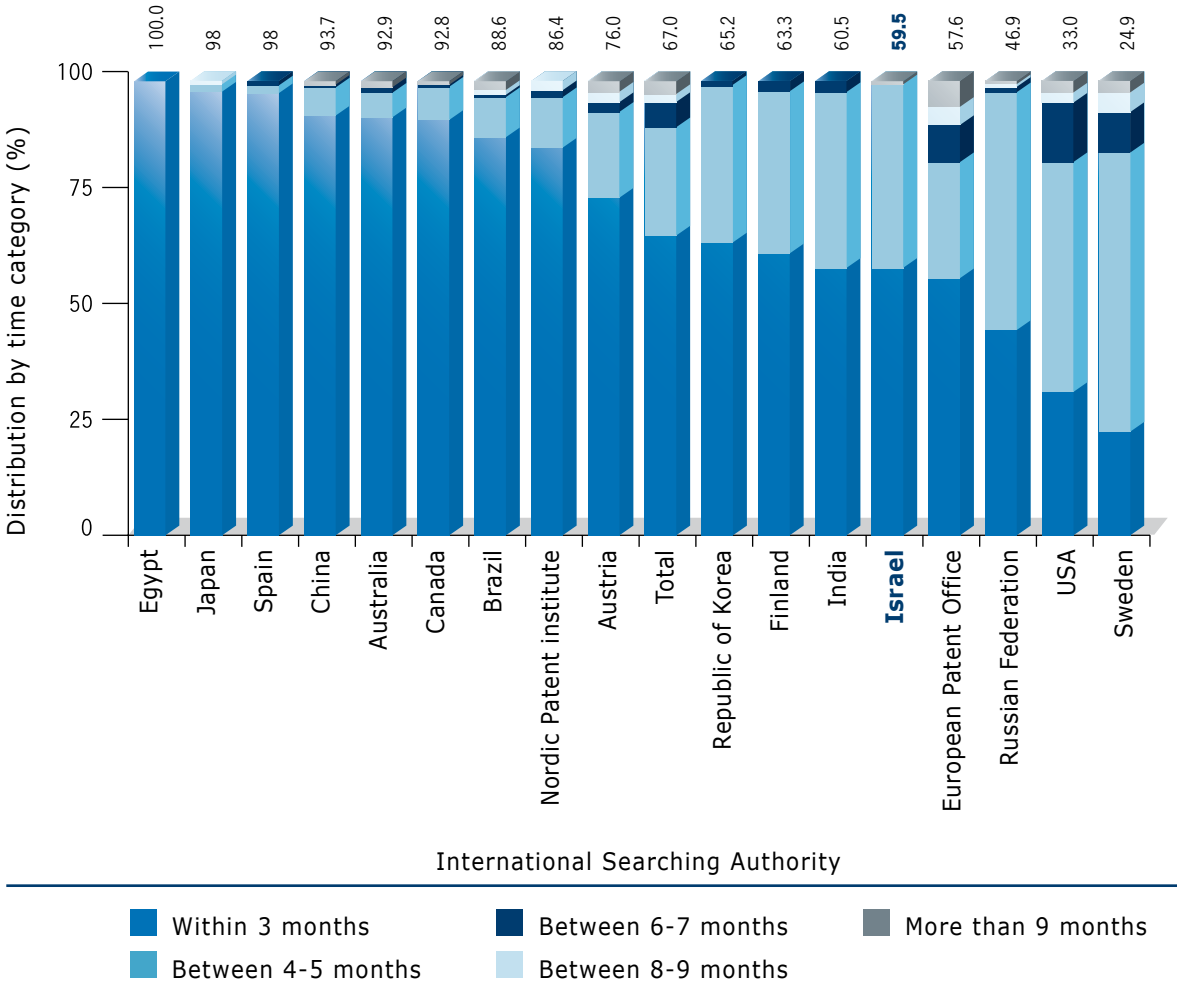
| Chart 29 | **Timeliness in Transmitting PCT Applications to the International Bureau in 2014**



The chart is taken from the WIPO report: WIPO: Patent Cooperation Treaty Yearly Review, 2015 – The International Patent System.

In 2014, the Israel Patent Office was ranked **first in the world** as a Receiving Office in terms of timeliness in processing PCT applications. This means that 100% of Israeli applications were transmitted to the International Bureau at WIPO within the required timeframe of up to 4 weeks.

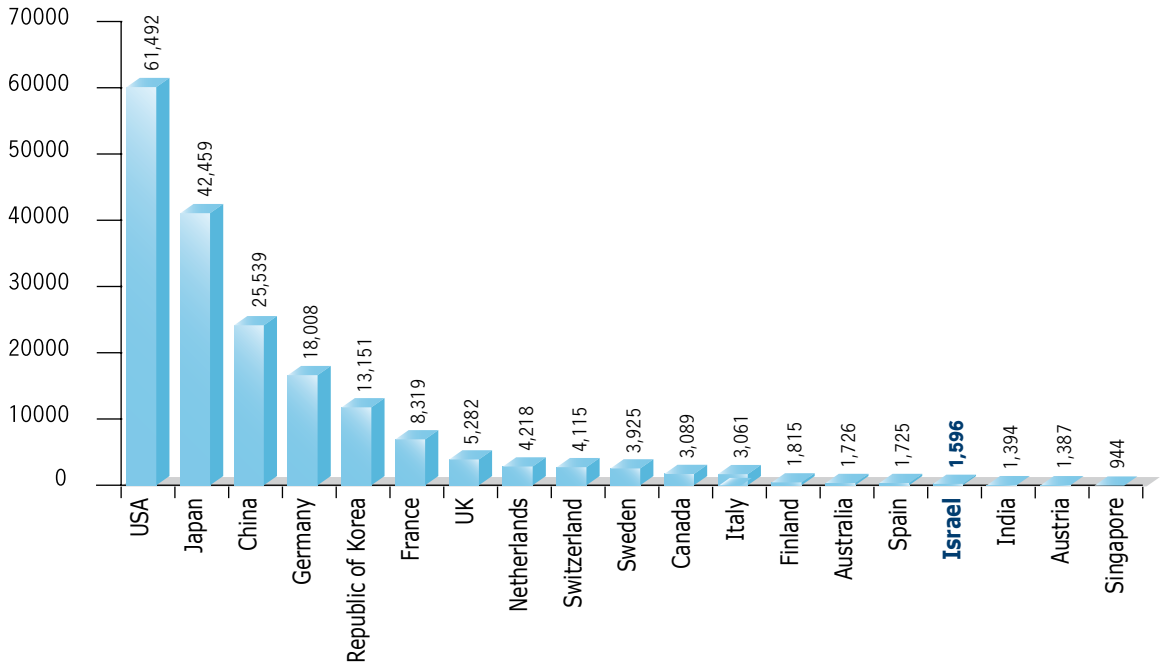
| Chart 30 | **Timelines in Transmitting Search Reports to the International Bureau in 2014**



The chart is taken from the WIPO report: WIPO: Patent Cooperation Treaty Yearly Review, 2015 – The International Patent System.

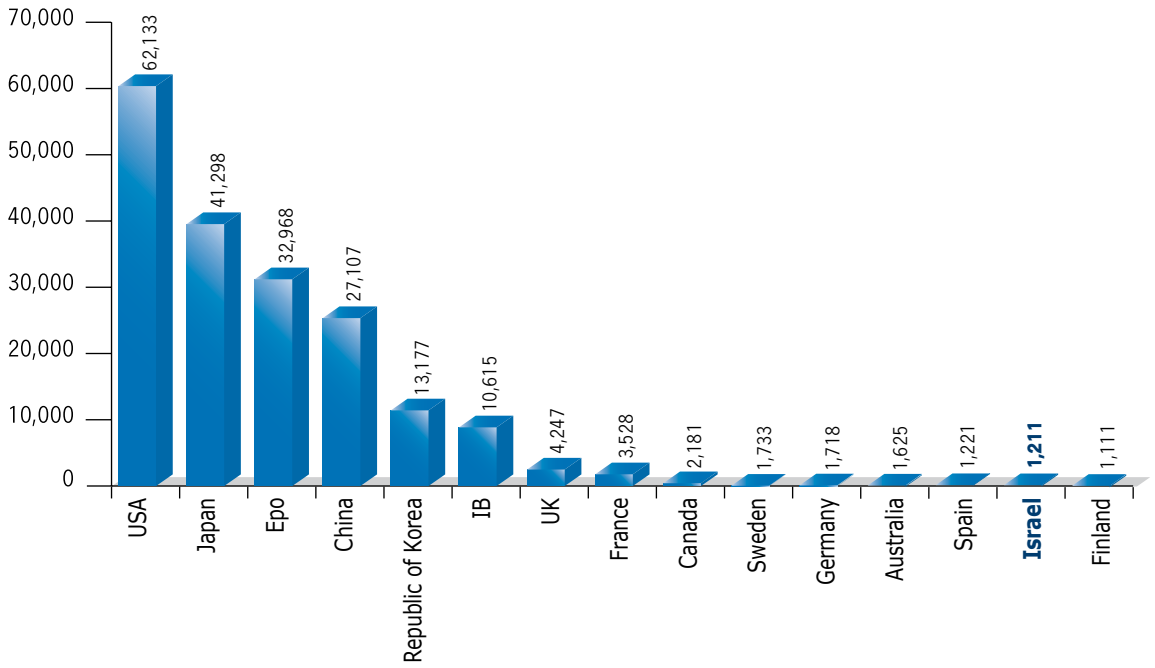
Some 60% of the international search reports were timely transmitted to the IB (three months from receipt of the international search application). Thus, in terms of timeliness, the ILPO ranks ahead of the USPTO and EPO ISAs, which Israeli applicants are at liberty to choose to designate.

| Chart 31 | **PCT Applications Filed in 2014 - by Country of Origin**



Compared to 2013, Israel dropped one place, from 15th to 16th, in terms of international applications filed by Israeli applicants.

| Chart 32 | **PCT Applications Filed in 2014 - by Receiving Office**



In 2014, Israel climbed one spot to 14th place in the world, from 15th in 2013.

The Israel
Patent Office

Chapter 2

Trademarks Department



In 2015, a fully service and correspondence online system was set up in the Department, pursuant to the amendment of the Trademarks Regulations, requiring anyone who is not a private individual to make all applications to the Department online only. Within a short time a high-quality system was characterized and set up, allowing for the submission of new applications and over eighty different types of communications. Since the launch of the system on June 1, 2015 until the end of 2015, a total of 2,541 new applications and 9,017 communications were submitted to the Department through this system.

The Committee for the Setting and Evaluation of ILPO's Goals determined that in 2015 the Department must examine 16,944 categories of goods and services. The Department's examiners met and even surpassed this target, examining a total of 17,597 classes during the year.

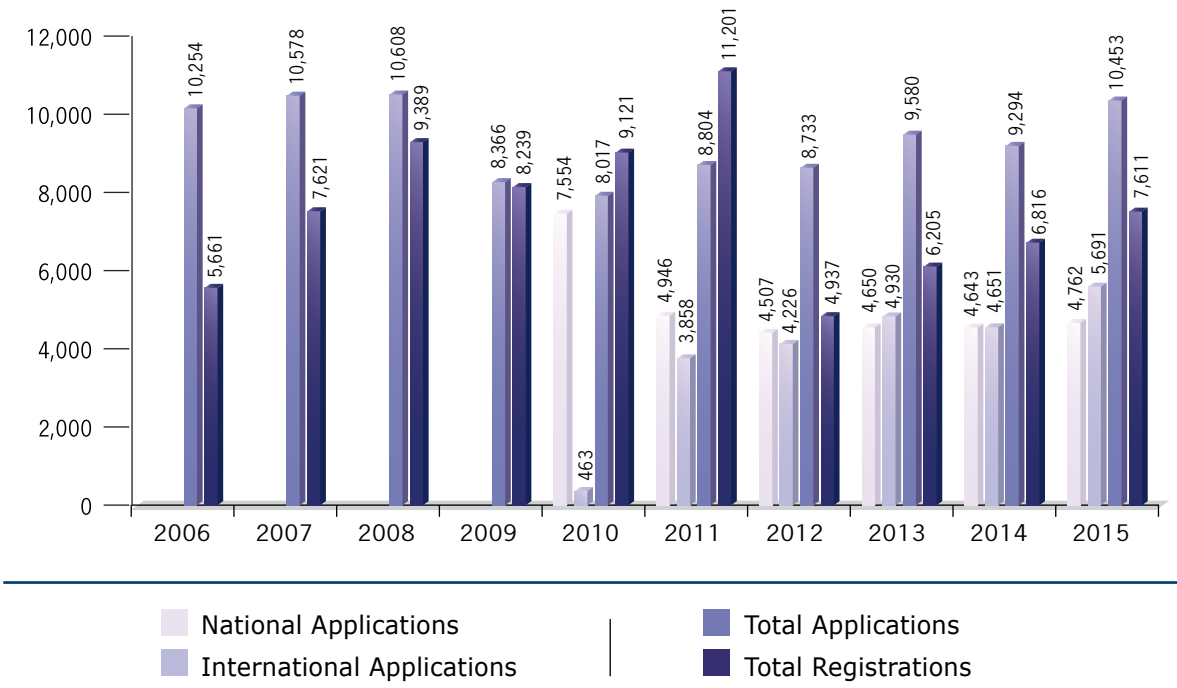
In total, 2015 saw a considerable increase in the scope of work at the Department, with a surge of 12.5% in the number of applications submitted to the Department and an even sharper rise of 19% in the number of classes submitted. In addition, the Department coped with a marked growth in the quantity of tasks transmitted from the International Bureau, the bulk of them being changes in the register of international marks and limitations of specifications (limitation of the list of goods/services).

During 2015, two new cadets continued their training at the Department and are expected to complete their training period in 2016, whereby they will be fully integrated into the Department as examiners.

As an improvement to transparency and service rendered to the public, in 2016 the ILPO is expected to set up an online system for viewing all documents in the trademark files. Additionally, two new cadets are expected to undergo training at the Department, with the aim of meeting the goals set by the Committee for the Setting and Evaluation of ILPO's Goals and maintaining pendency times.

A. Examination Data

| Chart 33 | **Trademark Applications and Registered Trademarks in 2006-2015**

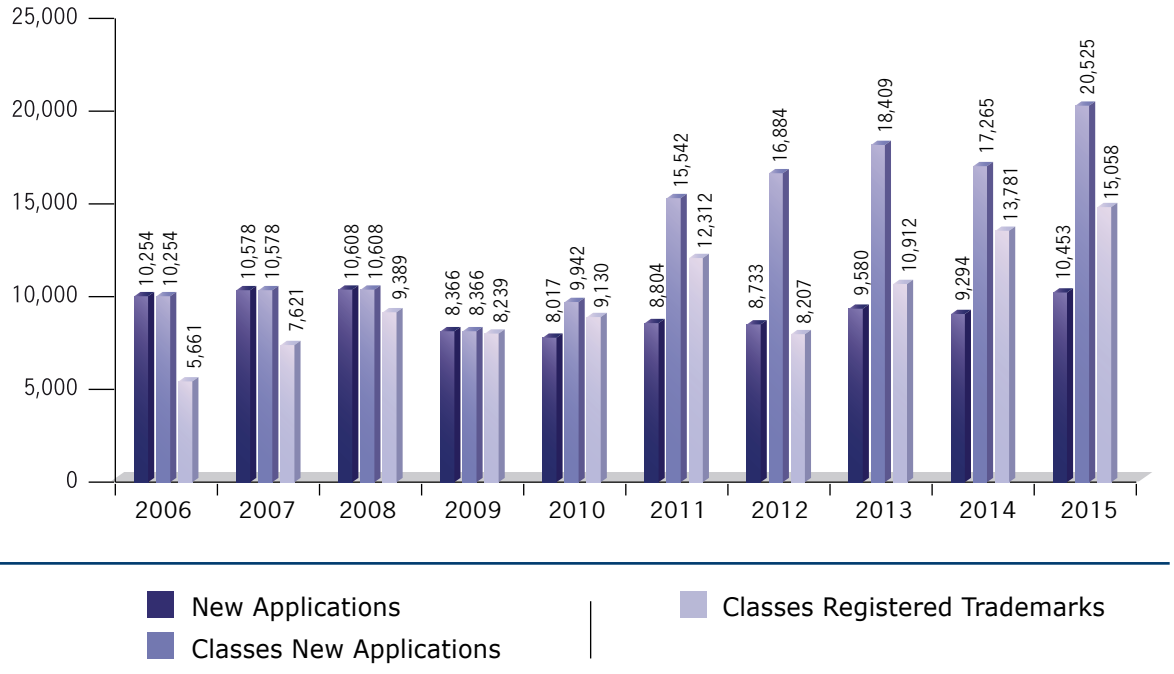


In 2015 there was an upsurge of 12.5% in the number of trademark registration applications and a rise of over 11% in the number of marks registered, owing to the Department's efforts to increase the number of applications examined. While the number of domestic applications hardly changed since 2011, the number of international applications filed in 2015 grew by 23%.

It should be borne in mind that until September 2010 only single-class applications had been submitted to the Israel Patent Office. Since September 2010, when Israel started acting within the framework of the Madrid Protocol for the international registration of marks, it has been made possible to file multiple-class applications.

Therefore, this chart does not fully reflect the steady rise in the scope of work at the Department. A look at the following chart, showing figures for the number of classes filed and registered, will provide a more accurate picture.

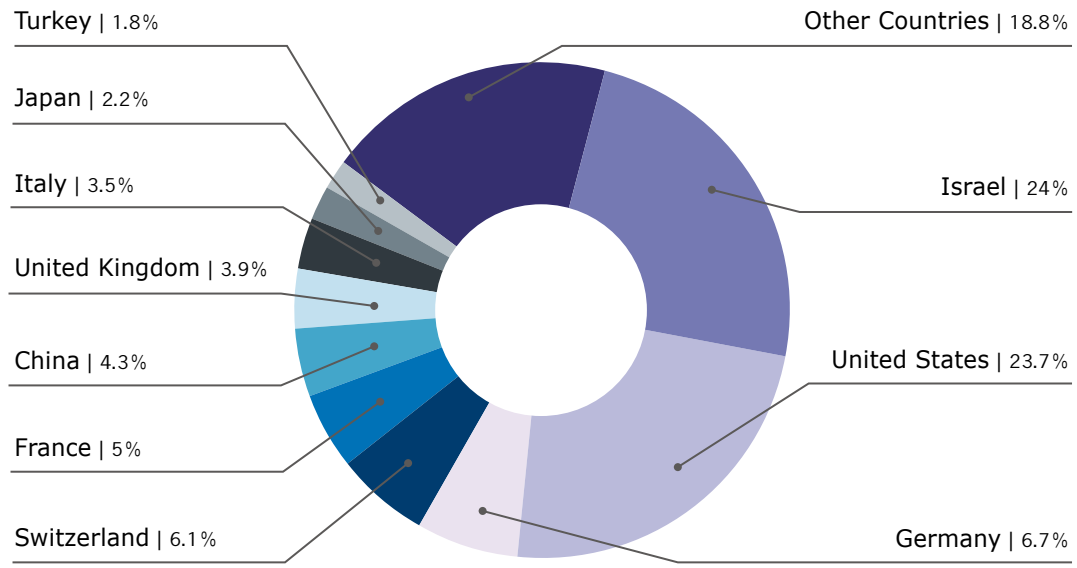
| Chart 34 | **Applications and New Classes Filed and Registered Classes in 2006-2015**



As the total amount of applications rose by 12.5%, the number of categories filed soared by 19%, and a considerable increase was noted in the number of marks and categories registered, all due to the efforts to boost the quantity of applications examined.

This chart reflects the steady expansion of the scope of work at the Department over recent years, with which the Department has had to face, without significant increase in human resources.

| Chart 35 | **Top Ten Countries of origin for Trademark Applications in Israel in 2015 (percentages)**



The data were compiled based on the applicant's address. Israeli applicants account for most of the applications – some 24%, followed by U.S. applicants at 23.7%.

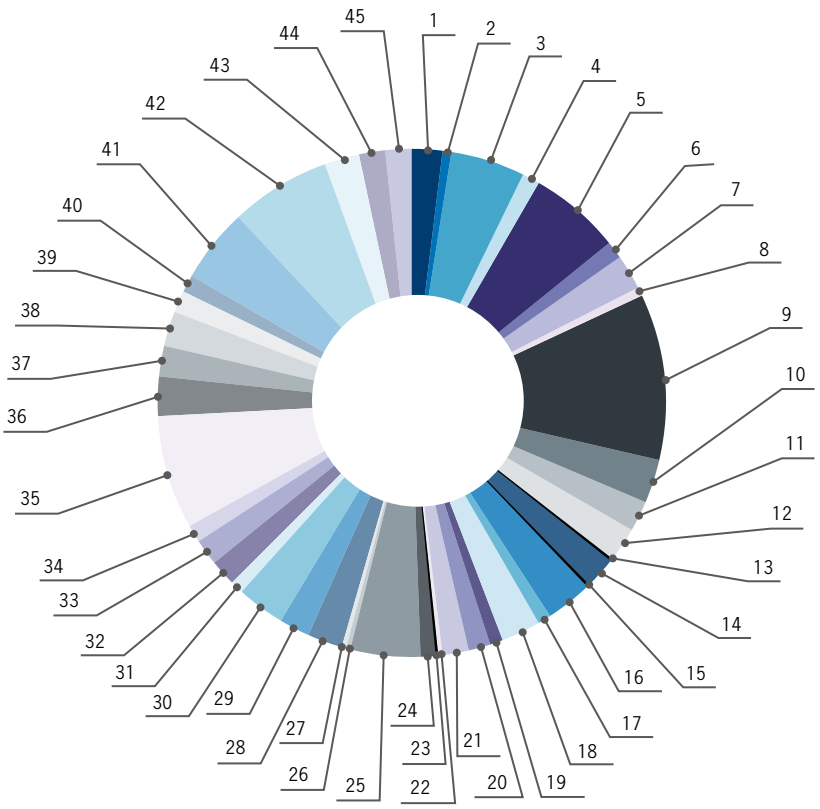
| Table 7 | **Leading Applicants in Filing Trademark Applications in 2015**

Serial No.	Applicant	No. of National Applications	Total No. of International Applications	Total
1	IronSource Ltd.	138	0	138
2	Apple Inc.	72	18	90
3	NOVARTIS AG	56	13	69
4	Johnson & Johnson	65	0	65
5	Philip Morris Products S.A.	28	23	51
6	Abercrombie & Fitch Europe Sagl	1	39	40
7	Unilever PLC	34	3	37
8	British American Tobacco (Brands) Inc.	35	0	35
9	L'Oreal	4	29	33
10	Gilead Sciences Ireland UC	5	25	30
	Syngenta Participations AG	0	30	30
11	Avon Products, Inc.	0	29	29
12	HEWLETT-PACKARD DEVELOPMENT COMPANY, L.P.	28	0	28
	Israel State Lottery	28	0	28
13	MWR Holdings, LLC	0	23	23
14	Bayer Intellectual Property GmbH	6	15	21
15	Google Inc.	10	10	20
16	Merck Sharp & Dohme Corp.	18	1	19
17	Target Brands, Inc.	18	0	18
18	The Procter & Gamble Company	17	0	17
	Bayerische Motoren Werke Aktiengesellschaft	0	17	17
	Omega SA (Omega AG) (Omega Ltd.)	0	17	17
19	Merck KGaA	5	11	16
	Celgene Corporation	2	14	16
	Koninklijke Philips N.V.	2	14	16
	SANOFI	0	16	16
	C.T.S. Ltd.	16	0	16
	Teva Pharmaceutical Industries Ltd.	16	0	16

| Table 8 | **Leading Applicants in Registering Trademarks in 2015**

Serial No.	Applicant	No. of National Applications	Total No. of International Applications	Total
1	**NOVARTIS AG**	127	22	149
2	**Boehringer Ingelheim International GmbH**	56	6	62
3	**Apple Inc.**	9	35	44
4	**Abercrombie & Fitch Europe Sagl**	0	39	39
5	**Hewlett-Packard Development Company, L.P**	34	0	34
6	**The Procter & Gamble Company**	30	0	30
7	**Nissan Jidosha Kabushiki Kaisha (also trading as Nissan Motor Co., Ltd.)**	29	0	29
8	**Avon Products, Inc.**	0	27	27
9	**Bayer Intellectual Property GmbH**	7	19	26
10	**Magpul Industries Corp.**	24	0	24
	King.Com Limited	0	24	24
	GENERAL MOTORS LLC	24	0	24
11	**Millennium Pharmaceuticals, Inc.**	1	22	23
12	**L'OREAL**	2	18	20
	GILEAD SCIENCES IRELAND UC	6	14	20
	JT International S.A.	0	20	20
13	**TAKEDA PHARMACEUTICAL COMPANY LIMITED**	8	10	18
	Teva Pharmaceutical Industries Ltd.	18	0	18

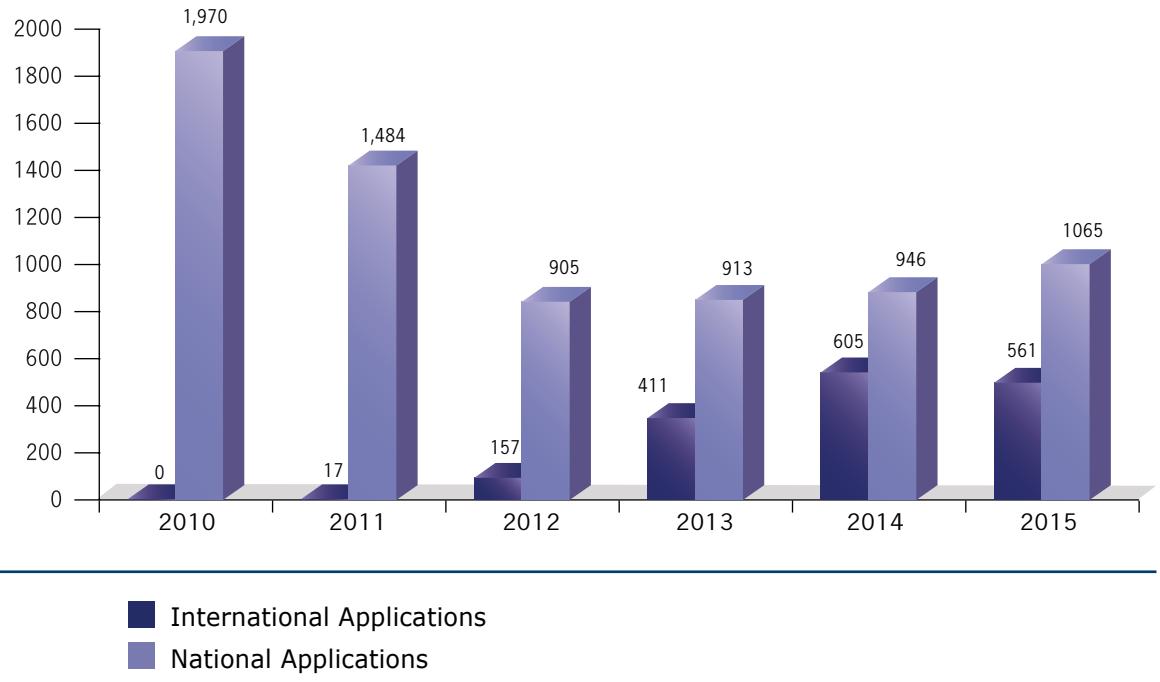
| Chart 36 | **Trademarks Applications in 2015 (by Classes)**



1 - Chemicals
2 - Paints
3 - Cleaning Products, Cosmetics
4 - Industrial Oils
5 - Pharmaceutical and veterinary preparations
6 - Common Metals
7 - Machinery
8 - Hand Tools
9 - Science, Electricity and Computer Instruments
10 - Medical Devices
11 - Light, Cooking, Heating Devices
12 - Vehicles
13 - Weapons
14 - Precious Metals
15 - Music Instruments
16 - Paper and Stationery
17 - Sealing and Insulating Materials
18 - Bags, Leather and Imitations of Leather
19 - Non-Metallic Building Materials
20 - Furniture
21 - Kitchenware, Clearing Materials, Glass
22 - Ropes Raw Textile Materials
23 - Yarns and Threads
24 - Fabrics
25 - Clothing and Footwear
26 - Lace, Embroidery, Buttons
27 - Carpets, Rugs
28 - Games, Gymnastics Items
29 - Milk, Fish, Meat, Canned Food
30 - Bakery Goods, Confectionery
31 - Fresh Fruits and Vegetables
32 - Non Alcoholic Beverages
33 - Alcoholic Beverages
34 - Smokers' Articles
35 - Advertising, Commerce
36 - Insurance and Finance
37 - Construction and Repair
38 - Communication
39 - Transportation and Warehousing
40- Treatment of Materials
41 - Education and Entertainment
42 - Scientific and Technological Services
43 - Provision of Food and Drink
44 - Medical Services
45 - Personal and Social Services

Class 9 has been the leading class in trademark registration applications in the past decade. This class includes goods such as scientific instruments, electrical appliances, computer communication apparatus, software and the like. In 2015, class 9 was requested for registration in 2,250 applications, i.e. in 22% of all applications filed. The leading classes in applications after class 9 are class 35 which includes advertising and business services, class 42 which includes scientific and technological services, class 5 which comprises pharmaceutical products, and class 3 which comprises cosmetics and cleaning products. This trend is quite similar to that observed in 2014, except that in 2014 the order of leading classes was 9, 35, 5, 42, 25, whereas in 2015 the order of leading classes was 9, 35, 42, 5, 3.

| Chart 37 | **National and International Applications closed in 2010-2015**



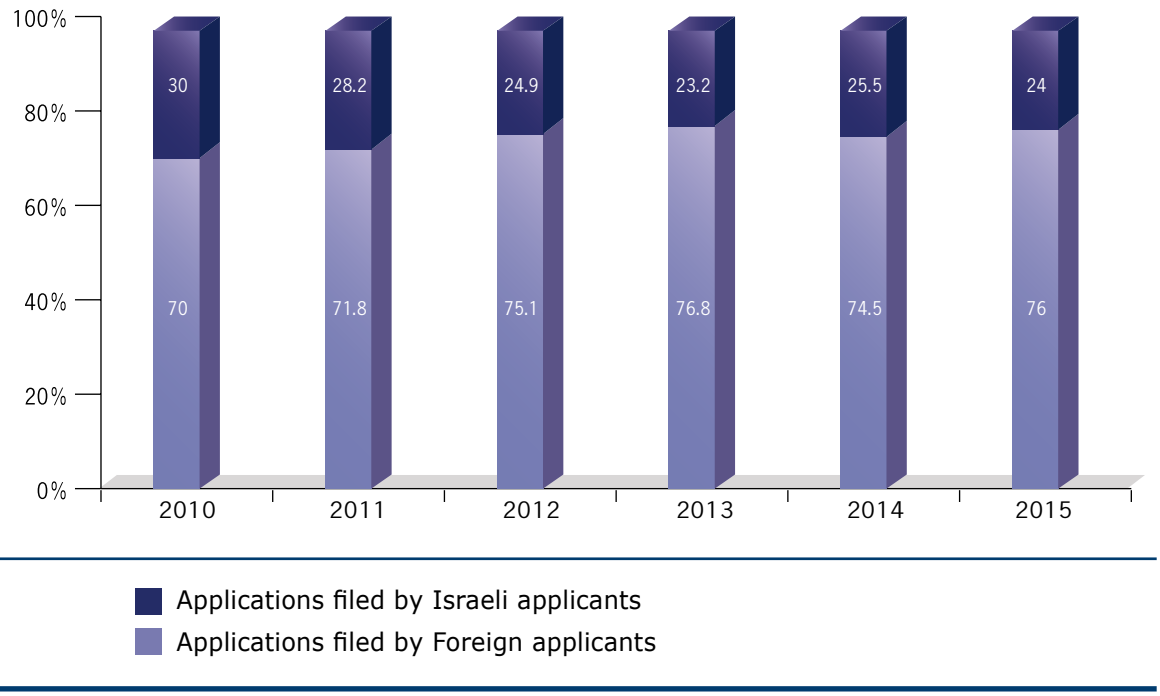
In 2015, the number of national applications abandoned was 1,065 compared to 561 international applications abandoned. That same year, 187 national applications and 20 international applications were reinstated.

In the absence of the applicant's response, national applications are abandoned in their entirety, whereas international applications are abandoned only with respect to goods or services which have been refused. It should be noted that in international applications the client cannot request withdrawal of the application directly from the ILPO, but must file an appropriate written request in this regard with the International Bureau.

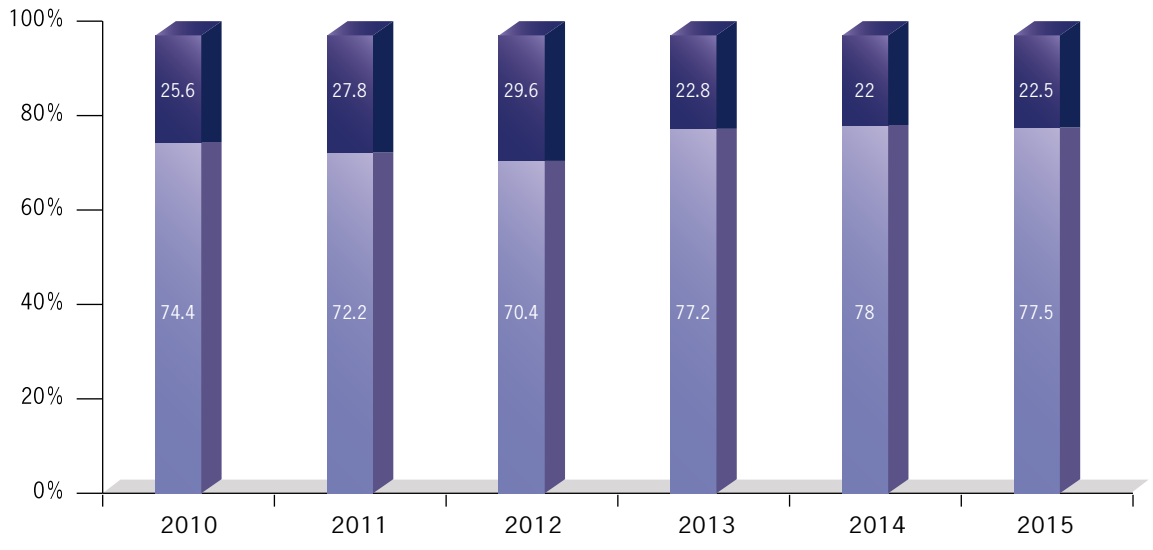
A notice of closure of international applications is received from the International Bureau either following a client's express request to close the application or following closure of the basic application in the country of origin during the 5-year dependence period. It should be noted that the applications abandoned in 2010, 2011 and even in 2012 were for the most part single-class applications. Thus, with the transition to a multi-class system, the number of abandoned applications is expected to go down.

In 2015, a total of 5,145 trademarks were removed from the register due to non-payment of the renewal fee.

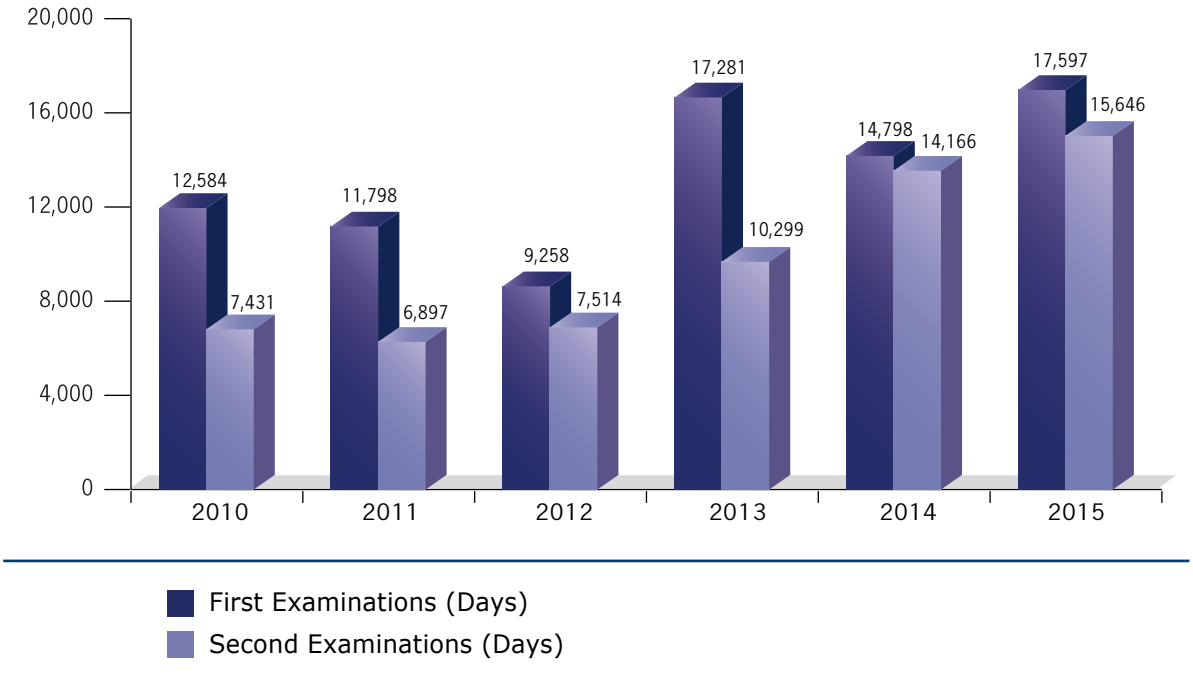
| Chart 38 | **Israeli Applicants vs. Foreign Applicants (Regarding National Applications) in 2010-2015 (percentages)**



| Chart 39 | **Trademarks Granted to Israeli Applicants vs. Foreign Applicants (Regarding National Applications) in 2010-2015 (percentages)**

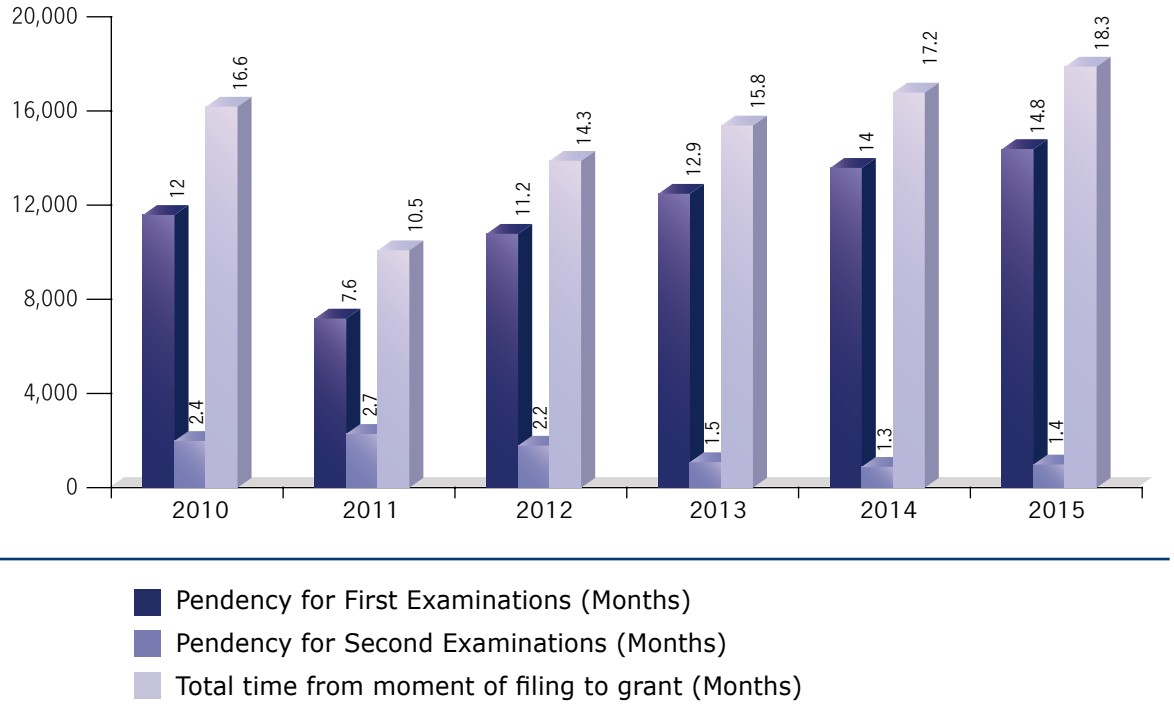


| Chart 40 | **Classes examined in First and Continued Examinations In 2010-2015**



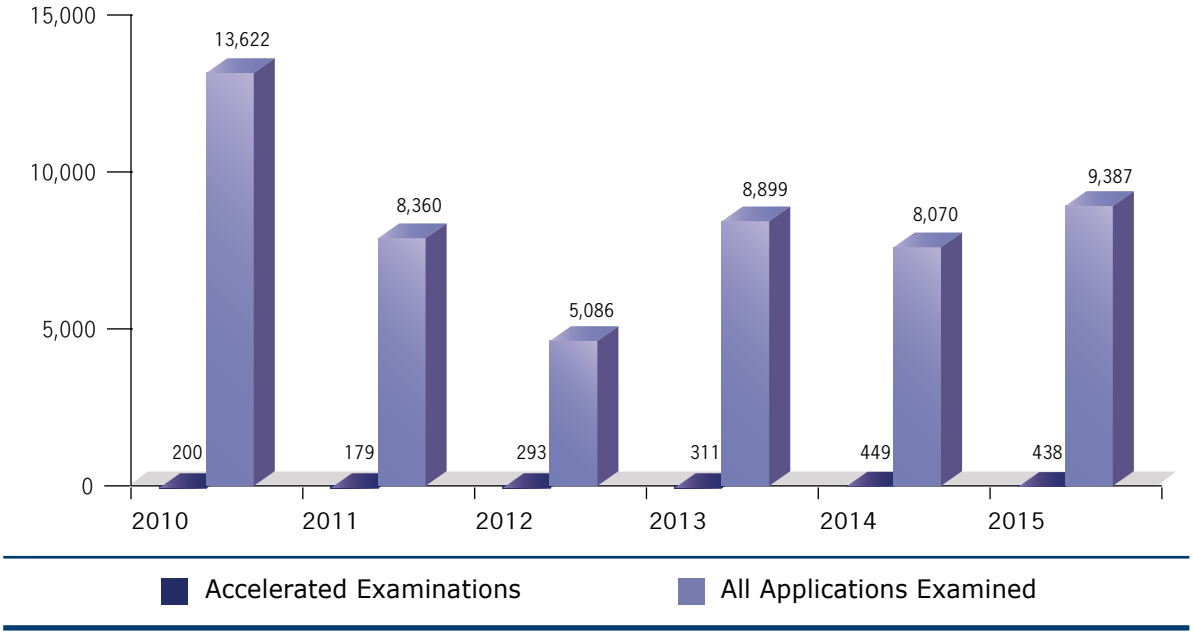
An increase is evident in the number of examinations conducted in 2015, following a special effort undertaken by the Department's examiners to prevent prolongation of the examination pendency time. Likewise, an increase is observed in the number of continued examinations performed over the years.

| Chart 41 | **Pendency (months) for First and Continued Examination and Total Examination Time in 2010-2015**



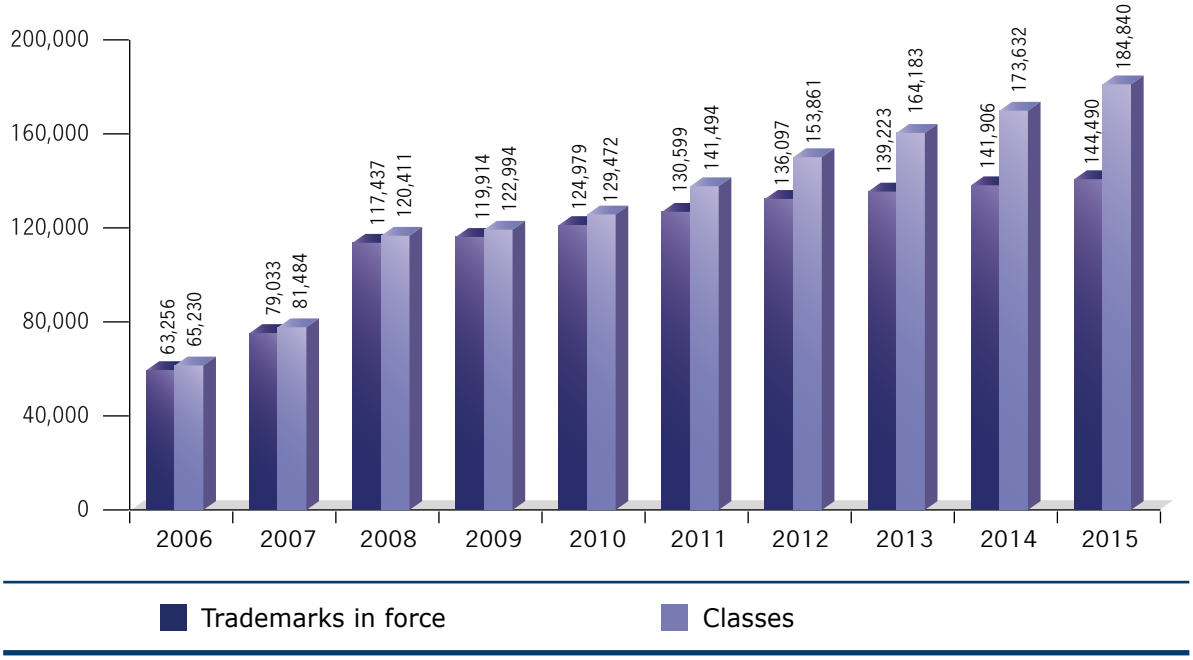
In 2015, there has been a further increase in the pendency time for the first examination, as a result of the growing scope of work at the Department and the increased number of classes filed. Continued examination pendency time remained relatively unaffected.

| Chart 42 | **Accelerated Examinations vs. All Applications Examined in 2010-2015**



In 2015, some 5% of all applications examined had been granted prioritized accelerated examination (most of them national marks).

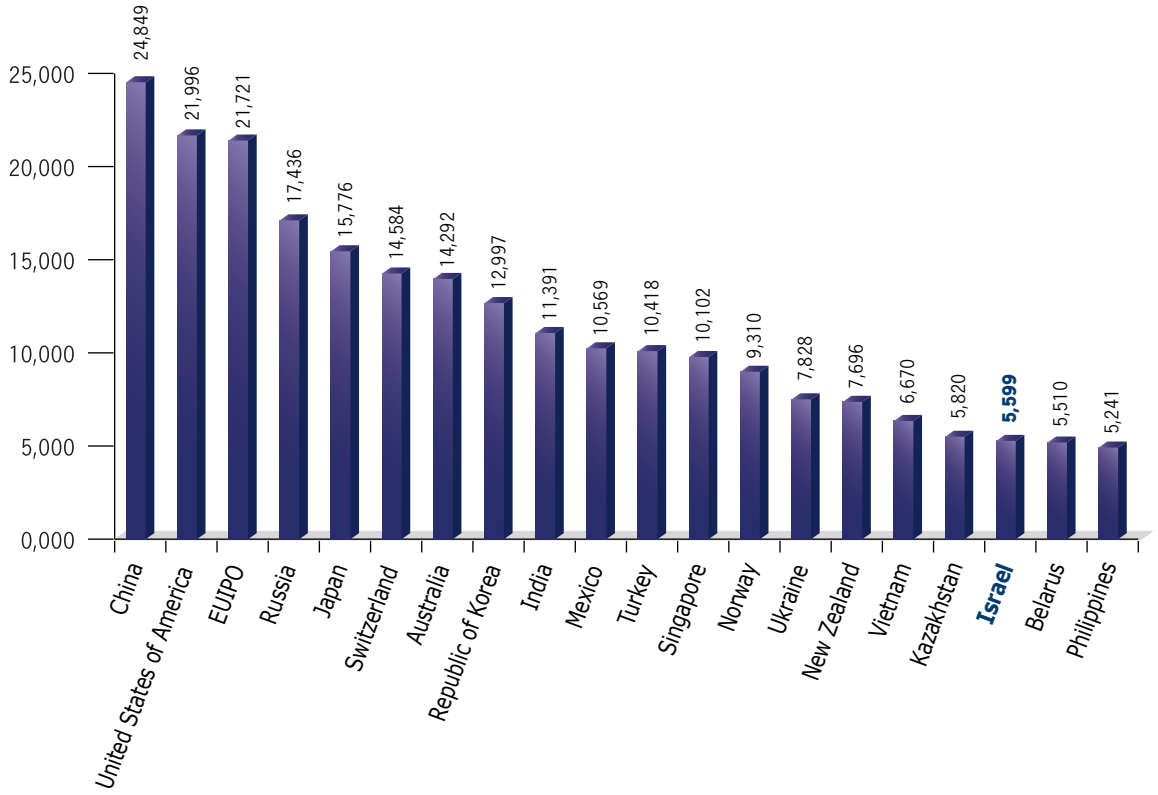
| Chart 43 | **Trademarks in Force including Classes in Israel in 2006-2015**



In gathering the data this year, it was found that the figures presented in previous years were inaccurate due to a fault in the computerized data systems. For this reason the current data differ from that presented in earlier years.

B. Israel's International Profile in the Field of Trademarks

| Chart 44 | **Designation of International Applications Filed in accordance with the Madrid Protocol in 2014 - by Countries**

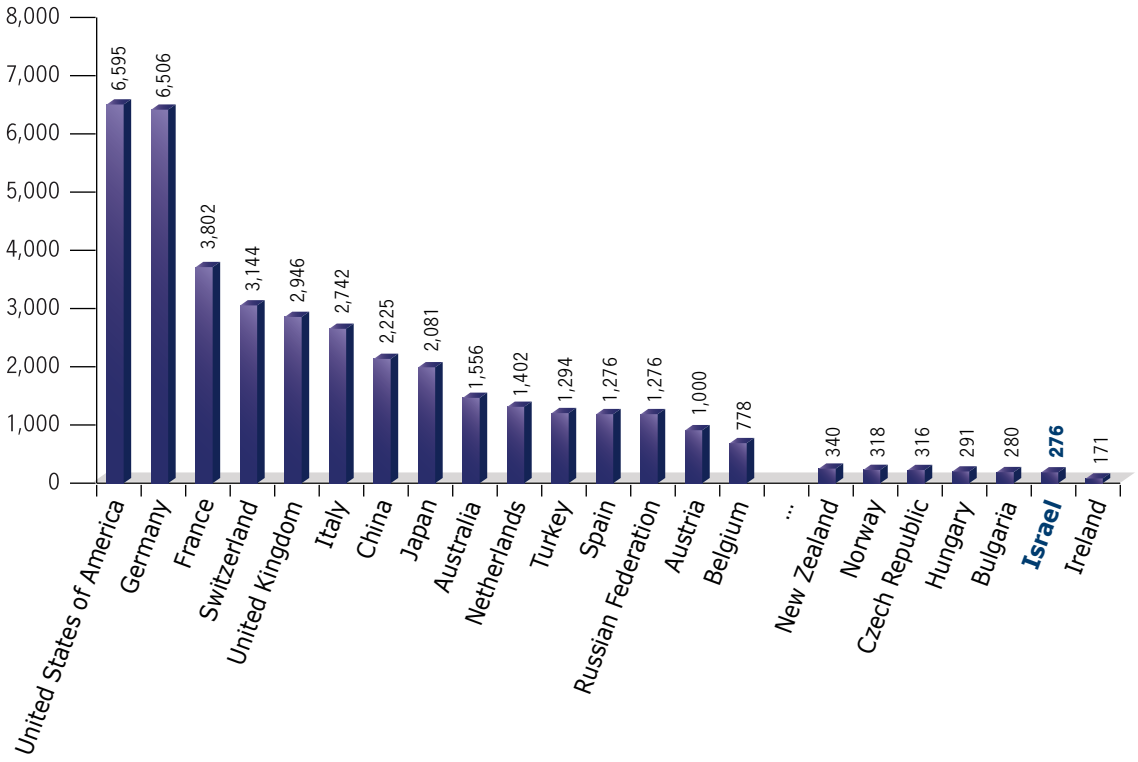


* EUIPO – European Union Intellectual Property Office

he above data are taken from the WIPO database (the data are updated as of January 2015 and relate to the end of 2014)

Compared to previous years, Israel climbed one spot in terms of registration designation requested by residents of foreign countries. This provides a direct estimate of international economic activity in Israel.

| Chart 45 | **International Applications Filed in accordance with the Madrid Protocol in 2014 – by Countries**



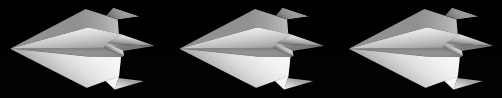
The above data are taken from the WIPO database (the data are updated as of January 2015 and relate to the end of 2014)

Israel climbed two places compared to 2013, when it was ranked 32nd. It is evident that there is a growing awareness among the Israeli public regarding the use of the Madrid Protocol as a means of establishing rights in foreign countries.

The Israel
Patent Office

Chapter 3

Designs Department



2015 was marked by significant changes in the Designs Department.

In the course of the year the Department's work underwent considerable streamlining, reducing examination pendency time to only 5.5 months by December 2015. This pendency time continues to decrease and is expected to go down in 2016 to around three months. In addition, there has been a decrease in the number of notices of deficiencies issued to the applicant during every examination case, thereby reducing overall examination time, which spans from the start of the first examination until time of publication. Thus, today, the average registration process ends in less than a year from the filing date. This rapid processing round contributes significantly to the attractiveness of the registration of designs, which by their very nature have a relatively short shelf-life.

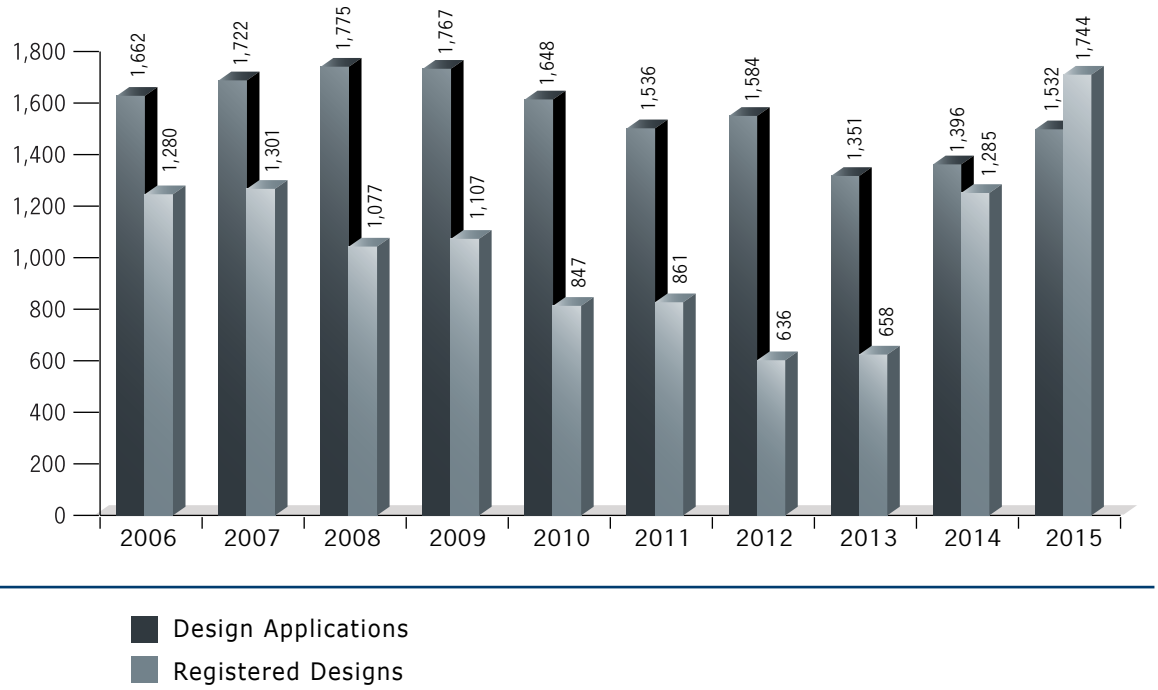
In June 2015 the Designs Department website launched a tool for searching registered designs, enabling the public for the first time to perform an online search and visual perusal of designs allowed for publication. The database search can be conducted in both Hebrew and English by various parameters. Among other things, one can view and download a copy of a registration extract by the click of a button. Deployment of the search tool on the website provides a significant improvement to the service offered to the public in Israel, whom hitherto was compelled to arrive at the ILPO's offices in Jerusalem to perform the search and perusal.

A further significant move expected to greatly impact the Department's work in the future is the passage of the Designs bill in its first reading at the Knesset plenum (the Israeli Parliament) in July 2015, a bill that will be deliberated by the Knesset Economic Affairs Committee during 2016. Said bill, which is intended to replace the Patents and Designs Ordinance from 1924 with an up-to-date law, contains material changes aimed at facilitating the extension of legal protection to designs in Israel and to meet the public's needs in the 21st century. To the extent that the bill is advanced and enacted, Israel will be able to join the Hague Agreement for the International Registration of Industrial Designs in the countries party to the Agreement.

In 2016, the ILPO is expected to set up an online service and correspondence system at the Designs Department, thereby affording applicants the possibility to conduct all dealings with the Department by online means.

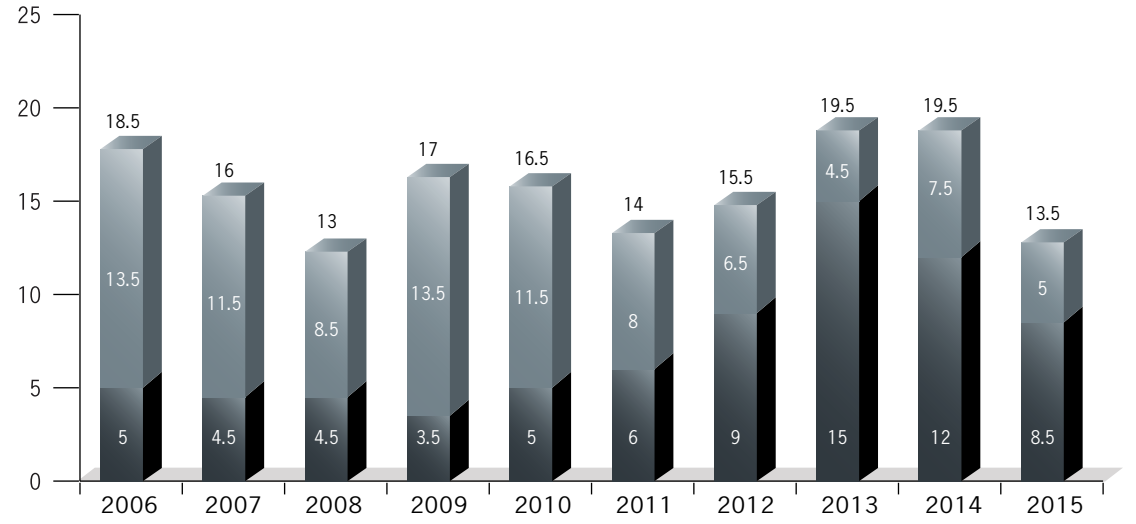
A. Examination Data

| Chart 46 | **Design Applications vs. Registered Designs in 2006-2015**



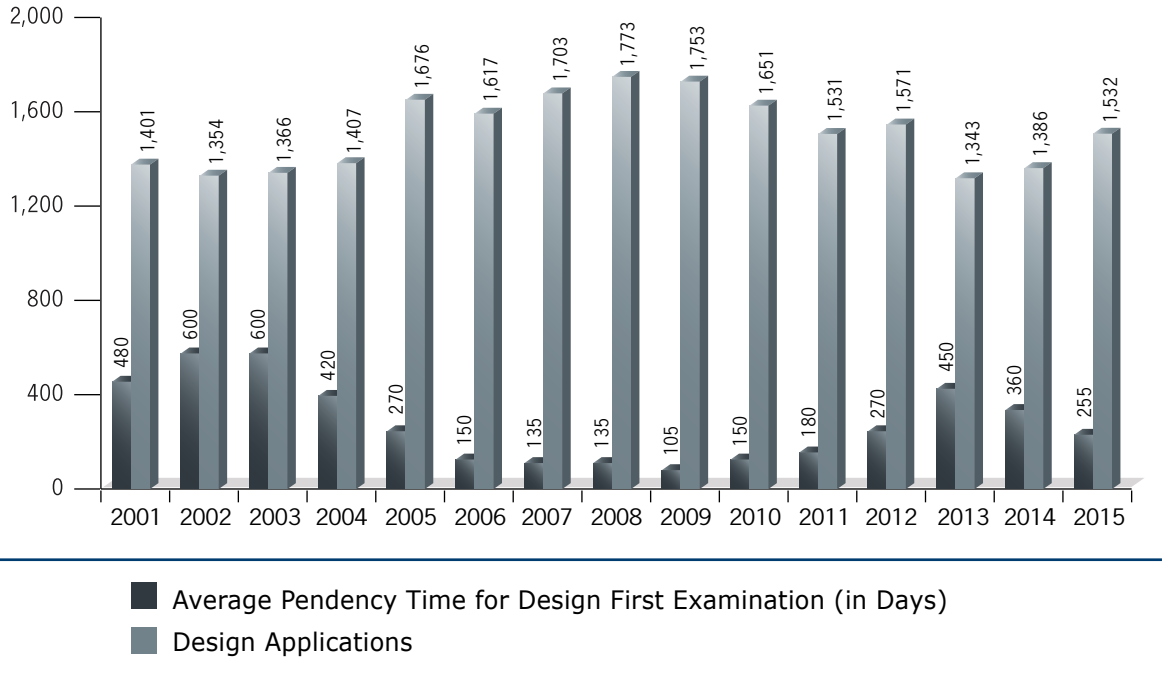
In the years 2014-2015 the Department made great efforts to shorten the examination pendency time. The number of examiners was increased, leading to a significant rise in the number of applications examined, while examination procedures were enhanced to ensure examination quality. Ultimately, this resulted in the number of applications examined overtaking the number of applications filed, this fact being particularly impressive in light of the steady growth for the third straight year in the number of applications filed with the Department.

| Chart 47 | **Average Pendency (months) for First Examination and Total Examination Time (From Beginning of Examination to Publication) in 2006-2015**



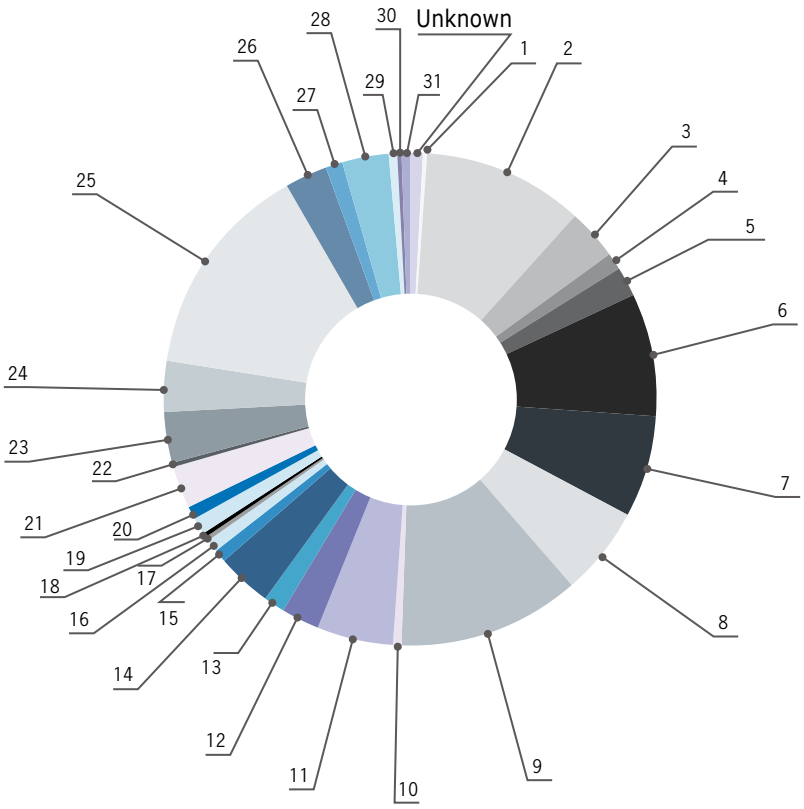
Over the course of 2015, the examination pendency time was shortened considerably to stand at 5.5 months by December 2015. Likewise, substantial efforts were made to streamline the examination and reduce its duration.

| Chart 48 | **Average Pendency (days) for First Examination vs. Design Applications Filed in 2006-2015**



It can be seen that there is an inverse relationship between examination pendency time and the amount of design registration applications filed. As the examination pendency decreases, the amount of design registration applications increases. This trend was evident also in 2015.

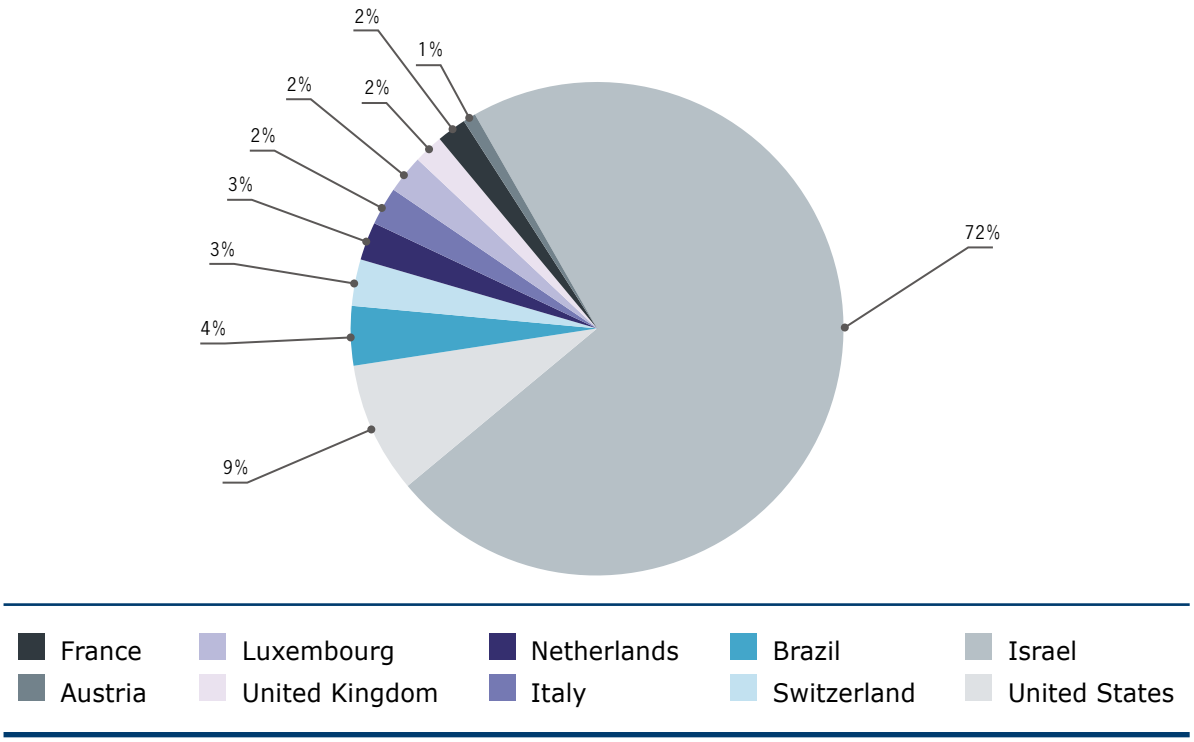
| Chart 49 | **Design Applications Filed in 2015 (by Classifications)**



| Table 9 | **The Five Leading Classes in Design Registration Applications in 2015**

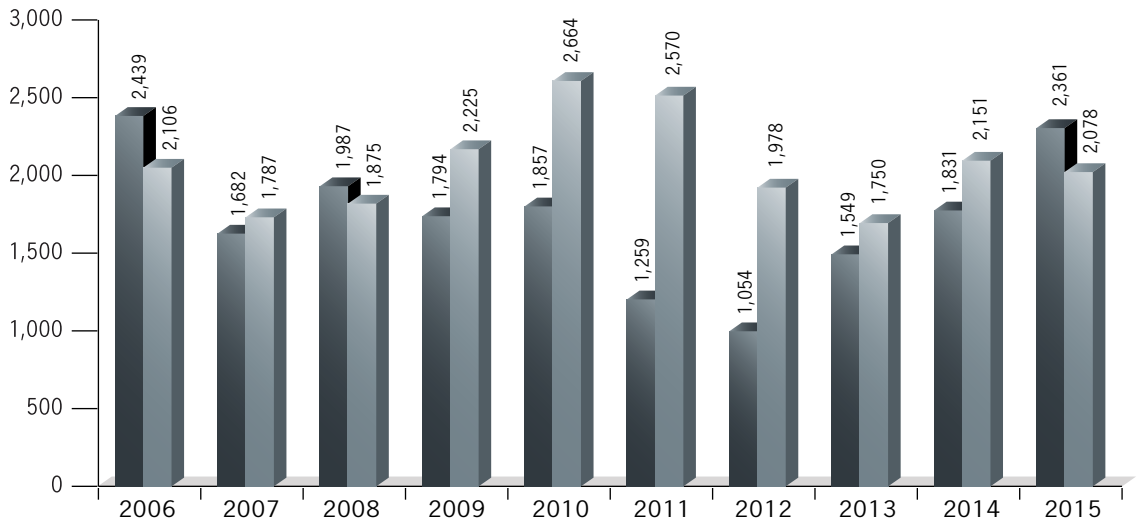
Serial No.	Class	Number of Design Applications	Percentage of Total Design Applications
1	**Class 25** - Building units and construction elements	221	14.40%
2	**Class 9** - Packages and containers for the transport or handling of goods	180	11.70%
3	**Class 2** - Articles of clothing and haberdashery	163	10.60%
4	**Class 6** - Furnishing	125	8.10%
5	**Class 7** - Household goods, not elsewhere specified	105	6.80%

| Chart 50 | **Top Ten Countries of origin for Filings Design Applications in Israel in 2015 (percentages)**



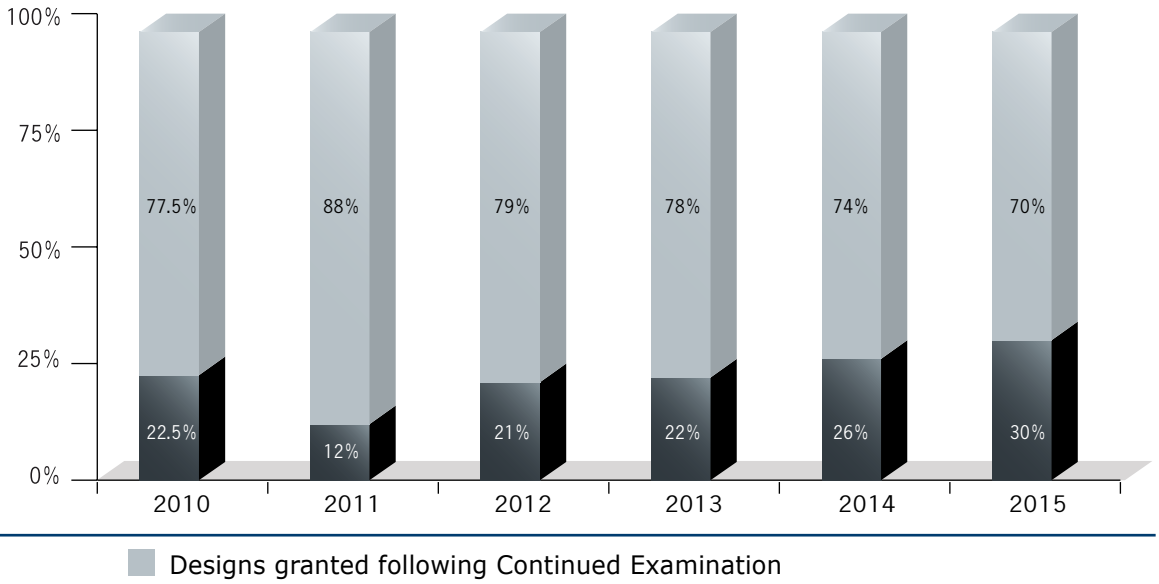
It is clearly evident that the absolute majority of design registration applications are filed by applicants from Israel. Ahead of the anticipated enactment of the new Designs Law, following which Israel is expected to sign the Hague Agreement, it may be assumed that the number of applications filed by foreign applicants will grow, as the use of the Hague system will simplify the filing of applications in Israel.

| Chart 51 | **First Examinations vs. Continued Examinations in 2006-2015**



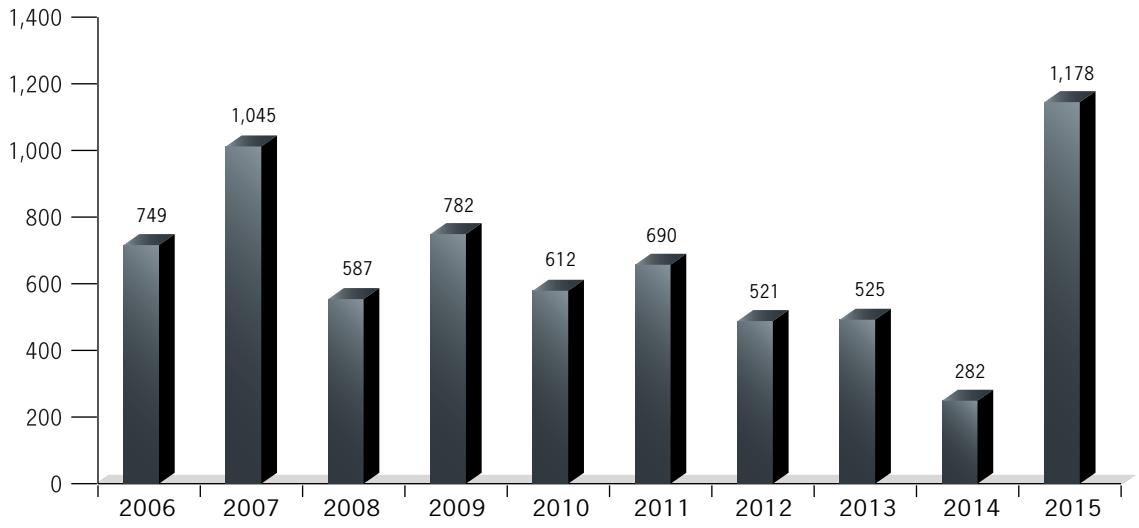
In 2015, for the first time in seven years, the number of continued examinations was smaller than the number of first examinations. This can be explained by the Department's endeavor to streamline the examination and reduce its duration. In addition, a successful effort was made to reduce the amount of continued examinations.

| Chart 52 | **Design Applications Received After the First Examination vs. Continued Examination in 2010-2015**



As of 2012, a steady uptrend is evident in the percentage of applications allowed after a first examination. This rise may be attributed to investment in the Department's website along with replacement and update of the online guides for the applicant, coupled with further clarification of the explanations pertaining to the proper filing of an application, thereby reducing the number of notices of formal deficiencies. It is anticipated that after transition to online filing, which will direct the applicant and prevent technical errors, the number of formal deficiencies will decrease even further, which in turn is expected to boost the number of allowances after a first examination.

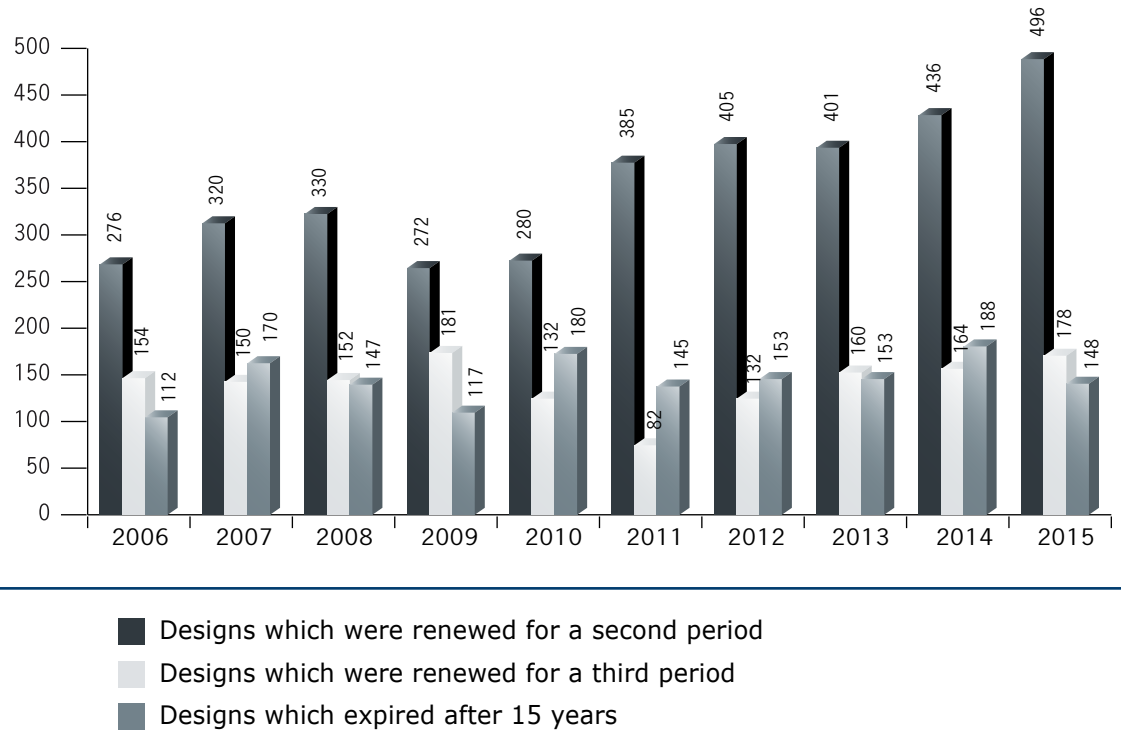
| Chart 53 | **Design Applications Not Registered in 2006-2015**



On July 1, 2014 the amendment to Regulation 28 of the Designs Regulations came into force, stating that the applicant must respond to the examination report within 3 months of its being sent. If the applicant's response is not received within said period, a reminder is sent to the applicant, allowing him a month to request an extension of the aforesaid deadline to respond to the report. If a request for extension of the deadline is not received within this period, the application will be abandoned.

Implementation of this regulation concurrent with implementation of Regulation 31 of the Designs Regulations, whereby processing of the application must be completed within 12 months, led to an increase in the number of applications that were abandoned and did not achieve registration during 2015.

| Chart 54 | **Trends Relating to the Duration of the Designs in 2006-2015**



An interesting trend observed since 2011 is an increasing number of requests for the renewal of registered designs and extension of their period of protection for an additional term, while the number of registration applications did not grow significantly over the preceding 5 years. Thus it may be concluded that as of 2011 there has been a growing awareness of the value of registration, which justifies investing in its continued maintenance.

| Table 10 | **Design Applications Filed and Designs Registered in 2015 – by Class**

	Classification	Applications from Israel		Applications from Abroad		Applications from an Unknown Country*
		Filed	Registered	Filed	Registered	Filed
	Unknown	13	0	0	0	
1.	Foodstuffs	3	3	0	4	
2.	Articles of clothing and haberdashery	120	118	42	55	1
3.	Travel goods, cases, parasols and personal belongings, not elsewhere specified	44	29	8	27	1
4.	Brushware	8	2	6	18	1
5.	Textile piecegoods, artificial and natural sheet material	23	23	6	2	
6.	Furnishing	86	76	39	31	
7.	Household goods, not elsewhere specified	78	63	27	24	
8.	Tools and hardware	65	60	25	26	
9.	Packages and containers for the transport or handling of goods	84	105	96	149	
10.	Clocks and watches and other measuring instruments, checking and signaling instruments	7	11	3	11	

	Classification	Applications from Israel		Applications from Abroad		Applications from an Unknown Country*
		Filed	Registered	Filed	Registered	Filed
11.	Articles of adornment	47	46	31	40	
12.	Means of transport or hoisting	29	45	10	33	
13.	Equipment for production, distribution or transformation of electricity	12	21	10	24	
14.	Recording, communication or information retrieval equipment	24	24	31	35	
15.	Machines, not elsewhere specified	3	2	7	14	
16.	Photographic, cinematographic and optical apparatus	3	2	10	6	
17.	Musical instruments	0	1	1	1	
18.	Printing and office machinery	4	7	0	1	
19.	Stationery and office equipment, artists' and teaching materials	16	26	0	1	
20.	Sales and advertising equipment, signs	14	9	1	1	1
21.	Games, toys, tents and sports goods	29	46	12	20	

	Classification	Applications from Israel		Applications from Abroad		Applications from an Unknown Country*
		Filed	Registered	Filed	Registered	Filed
22.	Arms, pyrotechnic articles, articles for hunting, fishing and pest killing	1	4	4	16	
23.	Fluid distribution equipment, sanitary, heating, ventilation and air-conditioning equipment, solid fuel	29	37	20	27	
24.	Medical and laboratory equipment	14	26	38	47	
25.	Building units and construction elements	221	235	0	7	
26.	Lighting apparatus	37	21	3	3	
27.	Tobacco and smokers' supplies	8	5	9	16	
28.	Pharmaceutical and cosmetic products, toilet articles and apparatus	11	10	37	22	
29.	Devices and equipment against fire hazards, for accident prevention and for rescue	3	2	5	10	

	Classification	Applications from Israel		Applications from Abroad		Applications from an Unknown Country*
		Filed	Registered	Filed	Registered	Filed
30.	Articles for the care and handling of animals	3	2	1	2	
31.	Machines and appliances for preparing food or drink, not elsewhere specified	7	7	0	3	
	Total	1,046	1,068	482	676	4

* "Unknown country" – Error in application filing data which was not corrected

| Table 11 | **Leading Israeli Design Applicants in 2015**

Serial No.	Name	Number of Design Applications
1	KLIL INDUSTRIES LTD.	81
2	Na'ale Naot Agricultural Cooperative Society For Business Ltd.	64
3	MONKEY BUSINESS DESIGN ISRAEL LTD.	34
4	OTOTO DESIGN LTD.	18
5	EXTAL LTD.	17
6	SHAHAM Y. ARICHA AND SONS LTD.	16
	SHL-ALUBIN LTD.	16
	Private applicant	16
	Private applicant	16
7	Private applicant	15
	LIEBLING SHOES LTD.	15
8	THE NEW LINE-GIFTS & POP PRODUCTS LTD.	13
	Peleg Design Ltd.	13
9	KARSHI INTERNATIONAL LTD.	12
	KETER PLASTIC LTD.	12
10	OPEN ART LTD.	11

| Table 12 | **Leading Foreign Design Applicants in 2015**

Serial No.	Name	Number of Design Applications
1	Grendene S.A.	34
2	H. Stern Comercio E Industria S.A.	24
3	Medela Holding AG	17
4	Koninklijke Philips N.V.	16
5	Dyson Technology Limited	14
6	Ferrari S.p.A	12
	Private Applicant	12
	Private Applicant	12
	Private Applicant	12
	Private Applicant	12
7	Dart Industries Inc.	10
8	Apple Inc.	9
	Jardin Netherlands B.V.	9
9	Saverglass	8
10	Furnipart	7
	Janssen Pharmaceutica N.V.	7

| Table 13 | **Israeli Applicants that registered the most designs in 2015**

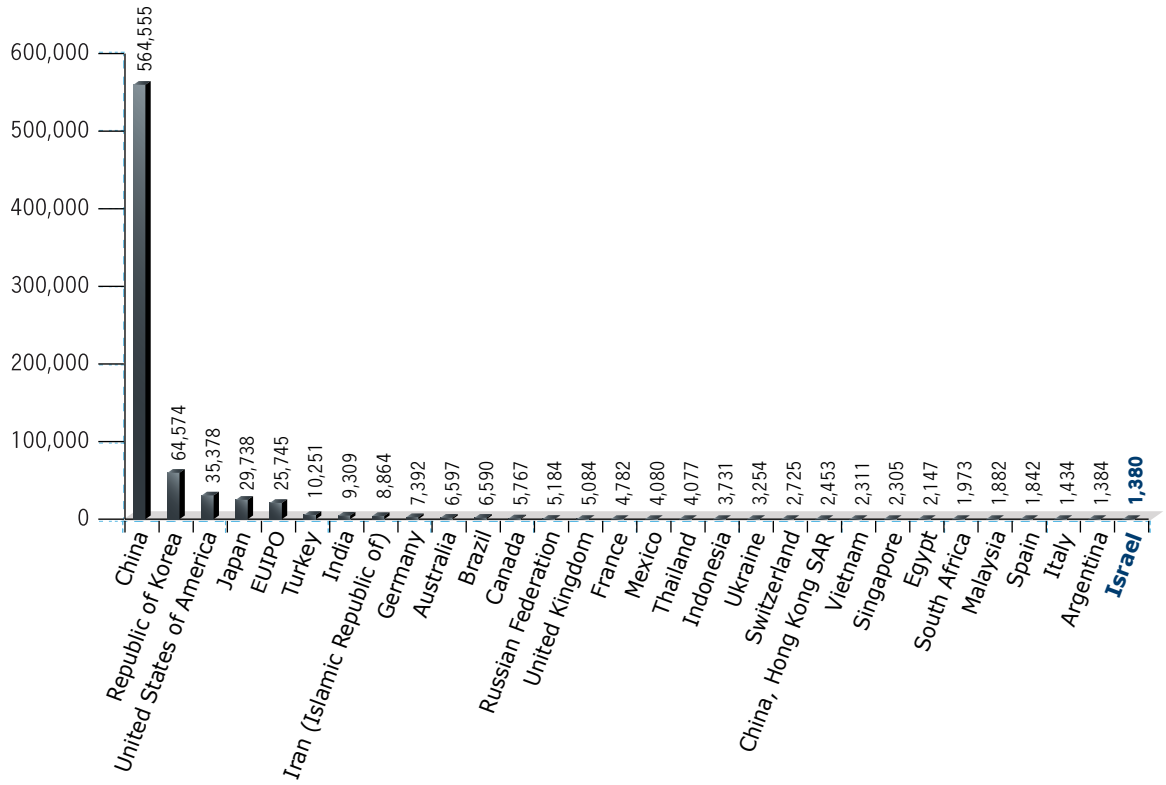
Serial No.	Name	Number of Registered Designs
1	KLIL INDUSTRIES LTD.	76
2	Na'ale Naot Agricultural Cooperative Society For Business Ltd.	54
3	KETER PLASTIC LTD.	36
4	CAESAREA LANDSCAPE DESIGN LTD.	29
5	EXTAL LTD.	26
6	SHOKET ALUMINIUM LTD.	25
7	HADAR ROSEN LTD.	20
8	MONKEY BUSINESS DESIGN ISRAEL LTD.	19
	GLOBAL MARKETING ENTERPRISE (GME) LTD.	19
	BIOSENSE WEBSTER (ISRAEL) LTD.	19
9	LIEBLING SHOES LTD.	16
10	ROLL PROFILE LTD.	15
	Private Applicant	15
	Peleg Design Ltd.	15

| Table 14 | **Leading Foreign Designs Applicants That Registered the Most Designs in 2015**

Serial No.	Name	Number of Registered Designs
1	Grendene S.A.	39
2	H. Stern Comercio E Industria S.A.	30
3	Curver Luxembourg Sarl	29
4	Magpul Industries Corporation	25
5	Dart Industries Inc.	19
6	Colgate-palmolive Company A Delaware Corpor	17
7	Apple Inc.	16
	Saverglass	16
	Koninklijke Philips N.V.	16
8	Altria Client Services Inc.	14
	Clear Lam Packaging Inc.	14
9	Samsung Electronics Co., Ltd.	13
10	Jardin Netherlands B.V.	12
	Ferrari S.p.a	12

B. Israel's International Profile in the field of Design

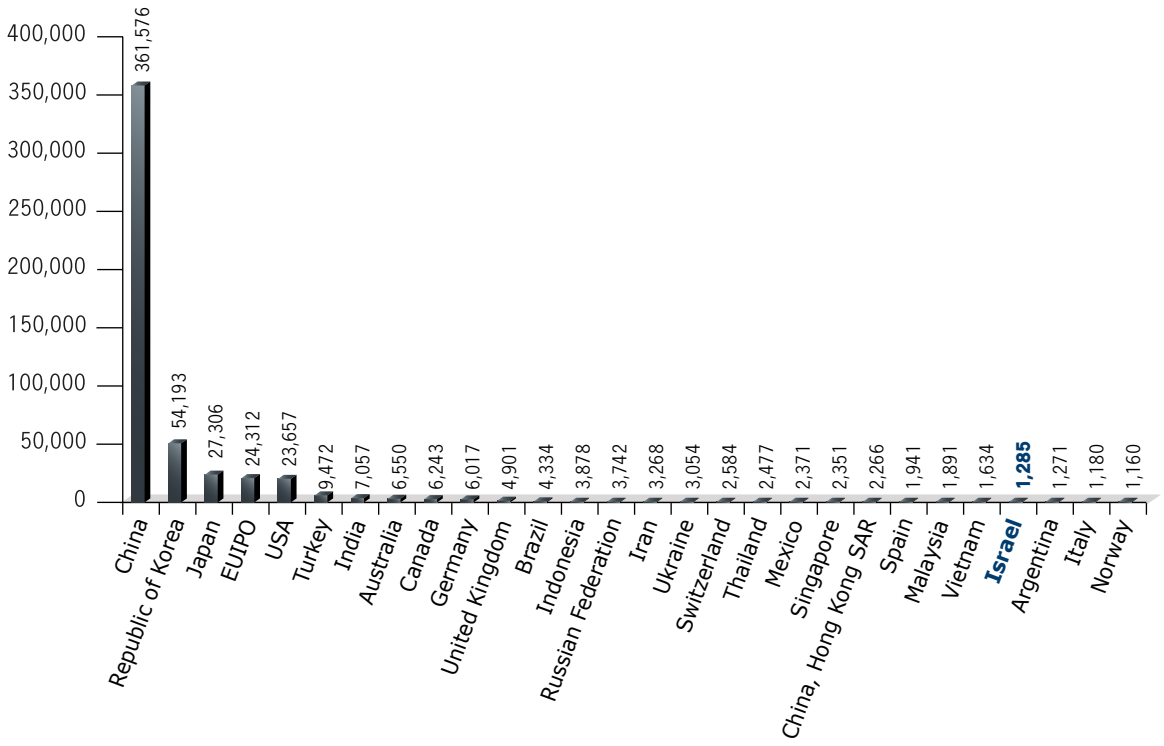
| Chart 55 | **Design Applications in 2014 – by Countries**



* EUIPO – European Union Intellectual Property Office

The above data are taken from the WIPO database (the data are updated as of January 2015 and relate to the end of 2014).

| Chart 56 | **Registered Designs in 2014 – by Countries**



The above data are taken from the WIPO database (the data are updated as of January 2015 and relate to the end of 2014)

In 2014 Israel was ranked in 35th with 658 designs registered that year, while 2015 saw Israel advance 10 places in the ranking with a doubling of the number of registrations.

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Chapter 4

Legal Department



The Legal Department comprises the Commissioner, the Deputy Commissioner and the Intellectual Property Adjudicator, who are assisted by two attorneys at law. The department also includes a secretariat supporting the exercise of the judicial powers of those presiding in the legal proceedings, and provides the services of two legal interns.

The Legal Department is involved in the day-to-day administration of the ILPO vis-à-vis the various government ministries, as well as promotes legislative initiatives pertaining to the ILPO's activities. This chapter describes below the highlights of the legislative initiatives in which the Department was involved in 2015 and presents data/figures regarding proceedings before the Commissioner.

During 2015, the ILPO was involved in Israel's participation at the Diplomatic Conference for Revising the Lisbon Agreement Concerning the Registration of Appellations of Origin and Geographical Indications. The Israeli delegation, led by the Commissioner of Patents, was also joined by the Deputy Commissioner and the Head of the Intellectual Property Unit in the Legislation and Legal Counsel Department at the Ministry of Justice. A synopsis of the subject matter and essential issues raised in the deliberations' outcome is presented later on in this chapter.

The Legal Department's work focuses primarily on the judicial decisions issued by the Commissioner, the Deputy Commissioner and the Intellectual Property Adjudicators. A perusal of the data shows that in the area of patents, the number of new proceedings filed has somewhat declined. Also noted is a significant drop in the number of oppositions and motions for cancellation of patents. On the other hand, there has been an increase in the number of complex proceedings, mainly opposition files, closed this year. The area of trademarks has witnessed a surge in the number of new proceedings filed, while the number of files closed has held steady.

The Commissioner's decisions may be appealed to the District Court. As can be seen from Chart 57, the rate of appeals on the Commissioner's decisions and their rate of success is low.

The substantive judicial decisions are published on the ILPO website[1] and also disseminated to legal databases such as Nevo. All decisions in the area of patents may be perused in the various file-wrappers posted on the ILPO website[2] for public viewing at no charge.

[1] http://www.justice.gov.il/Units/RashamHaptentim/legalinfor/Pages/Rasham_Decision.aspx

[2] http://www.ilpatsearch.justice.gov.il/UI

A. Legal Proceedings

| Table 15 | **Legal Proceedings filed between 2013-2015**

PATENTS								
Year	Oppositions	Motions for Cancellation	Ex Parte Proceedings	Motions for Noting Name of Inventor	Motion for a Ruling Regarding a Service Invention	Oppositions to Grant a Patent Term Extension Order	Oppositions to Patent Reinstatement	Total
2013	42	8	21		1	4		76
2014	50	3	30	1			1	85
2015	38	5	21					64

TRADEMARKS					
Year	Competing Applications	Oppositions	Ex Parte Proceedings	Motions for Deletion from / Cancellation / Correction of Register	Total
2013	24	70	25	27	146
2014	16	86	27	24	153
2015	24	81	15	40	160

DESIGNS			
Year	Motions for Cancellation	Ex Parte Proceedings	Total
2013	3	6	9
2014	2	3	5
2015	2	10	12

COMMITTEE FOR COMPENSATION AND ROYALTIES	
Year	Requests for Determination of Compensation and Royalties
2013	4
2014	6
2015	1

| Table 16 | Legal Proceedings closed in 2013-2015

PATENTS									
Year	Oppositions	Motions for Cancellation	Ex Parte Proceedings	Motions for Noting Name of Inventor	Motion for a Ruling According to article 133 - Service Invention	Service Inventions - Other	Oppositions to Grant a Patent Term Extension Order	Oppositions to Patent Reinstatement	Total
2013	45	5	15		1		1	1	68
2014	41	5	34			1	2		83
2015	45	5	22	1			1		74

TRADEMARKS					
Year	Competing Applications	Oppositions	Ex Parte Proceedings	Motions for Deletion from / Cancellation / Correction of Register	Total
2013	14	77	40	32	163
2014	19	78	21	27	145
2015	19	95	19	21	154

DESIGNS			
Year	Motions for Cancellation	Ex Parte Proceedings	Total
2013	5	4	9
2014	1	3	4
2015	1	7	8

COMMITTEE FOR COMPENSATION AND ROYALTIES	
Year	Requests for Determination of Compensation and Royalties
2014	1
2015	4

| Table 17 | **Pending Legal Proceedings at the end of 2015**

PATENTS				
Opposition	Motions for Cancellation	Ex Parte Proceedings	Oppositions to Patent Reinstatement	Total
82	5	4	1	92

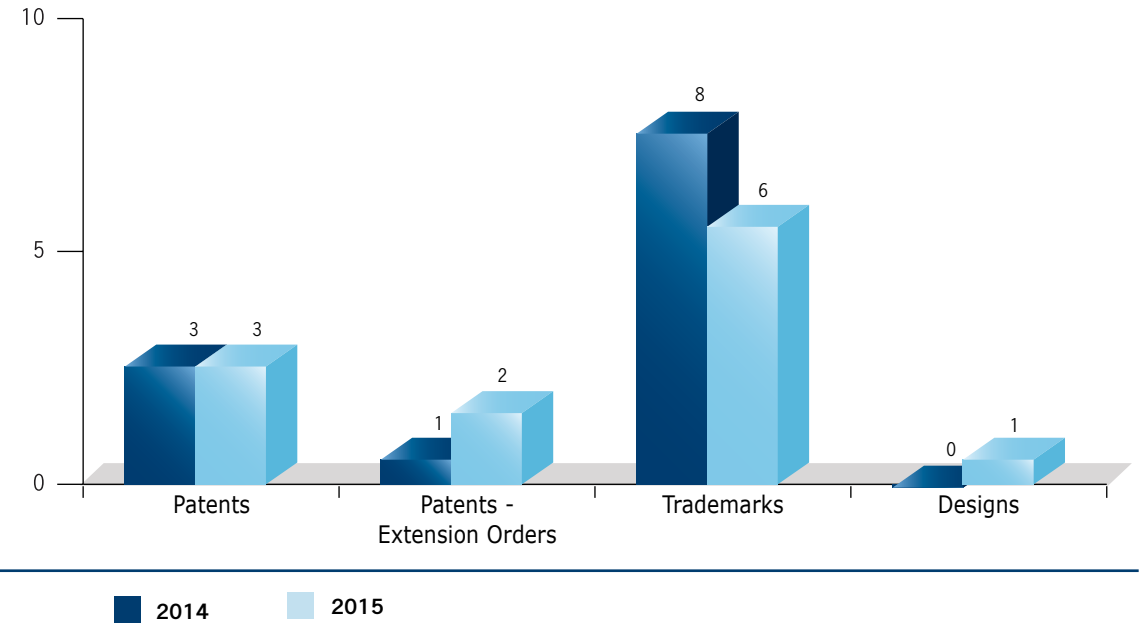
TRADEMARKS				
Competing Applications	Oppositions	Ex Parte Proceedings	Motions for Deletion from / Cancellation / Correction of Register	Total
19	68	11	39	137

DESIGNS		
Motions for Cancellation	Ex Parte Proceedings	Total
3	6	9

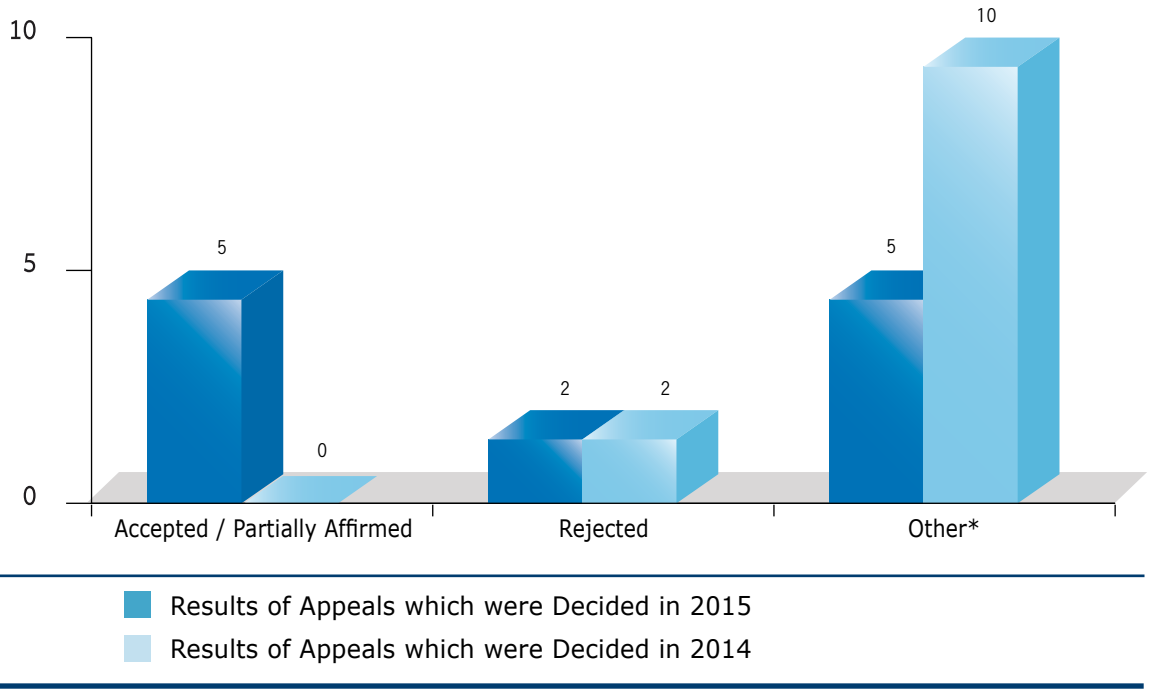
COMMITTEE FOR COMPENSATION AND ROYALTIES
Requests for Determination of Compensation and Royalties
8

B. Appeals

| Chart 57 | **Appeals Filed in 2014-2015 on Decisions of the Commissioner of Patents, Trademarks and Designs, the Deputy Commissioner and the IP Adjudicator**



| Chart 58 | **Results of the Appeals Filed in 2014-2015 on Decisions of the Commissioner of Patents, Trademarks and Designs, the Deputy Commissioner and the IP Adjudicator**



"Other"- appeals abandoned/partially affirmed/case settled/case remanded for rehearing

C. Legislative Initiatives

2015 saw the completion of several legislative initiatives which the ILPO initiated or was involved in. These lengthy and complex processes were led by the ILPO's Legal Department in close collaboration with the Intellectual Property Unit at the Legislation and Legal Counsel Department of the Ministry of Justice.

1. **The Designs Law – Formulation of a new and modern law pertaining to the intellectual property right in respect of product design**

   During 2015 the Government published the Designs Bill meant to supersede the Patents and Designs Ordinance originally enacted in 1924 under the British Mandate. The Israel Patent Office, one of the bill's initiators, is preparing these days for the far-reaching changes expected in its work pursuant to the bill's implementation.

   Under the regiment suggested by the bill, it will be possible to protect designs of various and newly diverse types (such as, icons and screen displays), provided that these are new and have distinctive character from what exists on the market. The proposed period of protection is of 25 years, rather than the 15 years' maximum protection which registered designs are provided under the current Ordinance. The protection granted by registration of a design is to prevent infringement, i.e. the right to prevent the production, marketing and sale of products that do not differ from the general impression created by the registered design. Additionally, the bill subsumes also protection of unregistered designs, though this is a short-term protection of three years. This latter protection option will provide limited rights compared to those of the registered design in that it will protect designers only from copying.

   One of the main positive implications of this bill is enabling Israel to join the Hague Agreement – an international agreement allowing for the filing of a single international application for registration of a design in all the Member States of the agreement.

   In July 2015 the bill passed its first reading in the Knesset plenum and will be deliberated in the Knesset Economic Affairs Committee during 2016.

2. **Amendment of the Patents Regulations – Electronic Filing and Other Amendments**

   On October 21, 2015, the Patents Regulations (Office Practice, Rules of Procedure, Documents and Fees) (Amendment), 5776-2015, were published. Most parts of the amendment came into force on December 20, 2015, leading to the amendment and cancellation of several Commissioner's Circulars and Notices.

   Pursuant to the amendment, an online filing system was launched at the Patents Department, with applicants given the option to receive documents from the Patents Department by email (instead of by regular mail). The new system aims to reduce the burden on the Department and improve the service rendered to the public. A central advantage to the transition to fully online work is a considerable saving of paper and enhancement of the information presented to the public, as well as the creation of rapid and efficient communication with applicant.

As of June 20, 2016, a company or agent obligated to act through an electronic certificate ("smart card") will have to file via the new online system new applications for the registration of patents as well as other documents submitted to the Patents Department. Private applicants who are not represented will be allowed to continue filing said documents on paper.

In addition, as of December 20, 2015, a 40% reduction is given in respect of application and acceptance fees to institutions of higher education and to technology transfer offices wholly owned by said institutions.

Other amendments pertain, inter alia, to formalities of the service of documents between litigant parties, to the manner of filing specification amendments, and to applicant's duty to explain how said amendments overcome the deficiencies raised during the examination.

3. **Amendment of Trademarks Regulations – Electronic Filing**

As of June 1, 2015, new applications for the registration of trademarks and other documents filed pursuant to the Trademarks Ordinance [New Version], 5732-1972, and the Trademarks Regulations, 1940, by a company or by a person obliged to hold an electronic certificate ("smart card"), will be solely conducted on the Department's online filing website. A private person may continue filing said documents on paper.

Likewise, pursuant to the regulations and in order to improve the service to applicants, it will be possible to receive documents from the Trademarks Department via email (except registration certificates and certified copies) instead of receiving them by mail.

4. **Regulation of Fees for a Request for Accelerated Examination of a Patent Application Submitted by Applicant or by Third Parties**

The Patents Regulations (Office Practice, Rules of Procedure, Documents and Fees) (Amendment No. 2), 5775-2015, prescribe the fees to be paid for a request for prioritized examination under Section 19A of the Patents Law, 5727-1967. As of December 20th, 2015, the fee for expedited examination according to Item 8 of the Second Schedule to the said regulations shall consist of two fees:

A. A fee for filing a request for a prioritized examination under Section 19A of the Law, to be paid upon filing the request for an accelerated examination.

B. A fee for an accelerated examination to be paid only if the ILPO has approved the conducting of an accelerated examination.

This change in the fee structure pertains to requests for accelerated examination filed either by applicant or by a third party; however, the actual rates due from applicants are significantly lower than those due from third parties.

D. Treaties

Lisbon Agreement

The ILPO is the Competent Authority in Israel that handles the registration of Appellations of Origin under the Lisbon Agreement, of which Israel has been a member since 1966. By dint of his position, the Commissioner of Patents is also the Registrar of Appellations under the provisions of the Appellations of Origin and Geographical Indications Protection Law, 5725-1965.

Following years of deliberations, the Diplomatic Conference on Revising the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration was held in Geneva, Switzerland in May 2015. The conference was attended by Mr. Asa Kling, Commissioner of Patents and head of the Israeli delegation, Mrs. Jacqueline Bracha, Deputy of the Commissioner of Patents, and Mr. Howard Poliner, Manager of the Intellectual Property Law Unit at the Legislation and Legal Counsel Department of the Ministry of Justice.

The Lisbon Agreement enables registering appellations of origin with the international register administered by WIPO and with the national registers of the Member States. An appellation of origin is "geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographic environment, including natural and human factors" (quoted from Section 1 of the Appellations of Origin and Geographical Indications Protection Law, 5725-1965). Examples of registered appellations of origin are "Champagne" or "Bordeaux Clairet" (for wines).

Israel joined the Lisbon Agreement in 1966 and to date registered a single Israeli appellation of origin – "Jaffa," held by the Israel Citrus Marketing Board. First registered in 1968, the appellation of origin is registered in all the member states of the Agreement, except in Iran which joined the Agreement in 2010.

The Lisbon Agreement has 28 Member States, most of them from Europe. In 2015 the international register listed 896 appellations of origin, of which 509 originate from France. It should be noted that countries such as the United States, Australia, Japan, China and South Korea are among the countries that are not members of the Lisbon Agreement.

In the Diplomatic Conference Israel presented positions mainly on professional matters, focusing, inter alia, on the following issues:

A. Manner of filing applications for the registration of appellations of origin and geographical indications in trans-border geographical areas. Israel's position was to enable the filing of a joint application of all the holders of rights in countries sharing the geographical area as well as enabling the filing of separate applications, thus to permit the filing of separate applications where there is no agreement among the sharing countries. Following deliberation, this position was accepted.

B. Determining a new fee structure – Fees in respect of filing an international application for the registration of an appellation of origin or geographical indication can be determined both at the international and national level. At the international level, the International

Bureau currently collects filing fees but not renewal fees. As to the national level, under the Lisbon Agreement the countries have no authority to collect any fees.

Israel's position was that fees should be set at the international level so as to enable the international registration system to sustain itself economically (at present the Agreement is subsidized through funding from other WIPO operations). As to the national level, Israel has supported giving countries the option to set filing fees and periodical renewal fees, which would reflect the scope of effort invested in the handling process (which today is not covered by the applicants) and constitute a means for cancelling rights in which the economic interest has ceased.

At the international level, Israel's position was not accepted in the face of opposition from the EU and African countries to the prescription of IB renewal fees. This notwithstanding, it was decided that in order that the Lisbon Agreement operations should not be in a deficit, it would be funded by the Member States, in a manner to be determined by them based on two factors: the number of Appellations of Origin originating in the particular country and the country's classification used in determining its annual membership fees due to WIPO.

As regards the national level, Israel's position was accepted, allowing Member States to prescribe in domestic law filing and renewal fees in respect of Appellations of Origin and Geographical Indications.

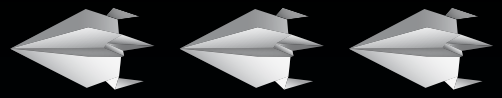
C. Determination of scope of protection of Appellations of Origin and Geographical Indications in relation to earlier rights (mainly trademarks used before being filed for registration) was discussed. The current Lisbon Agreement does not effectively relate to accession of Member States in which earlier rights such as trademarks (registered or unregistered) preceded the accession. It was considered that by the very fact of joining the treaty, such prior local rights will be subject to the registrations under the Lisbon Agreement made in other States. Israel's position was that protection should be extended to earlier rights of trademark owners that acquired their rights to those trademarks in good faith. Following deliberation, this position was accepted.

D. Protection against becoming generic was installed whereby registered Appellations of Origin and registered Geographical Indications may not be considered to have become generic in a contracting party. It was agreed that prior rights or use in certain contracting parties where the denomination or indication constituting the Appellation of Origin or Geographical Indication may, in whole or in part, be generic, will not be prejudiced.

The Final Act was signed by 52 countries, among them Israel, as well as two international organizations. Of these, 11 also signed the treaty itself (i.e. declared their intent to accede to the treaty). It should be clarified that Israel's signature does not constitute a decision or declaration on the part of the State of Israel to accede to the Final Act. Deliberations of the Israeli inter-ministerial team will continue with the aim of formulating a clear position regarding the economic viability of joining.

Chapter 5

Financial Data

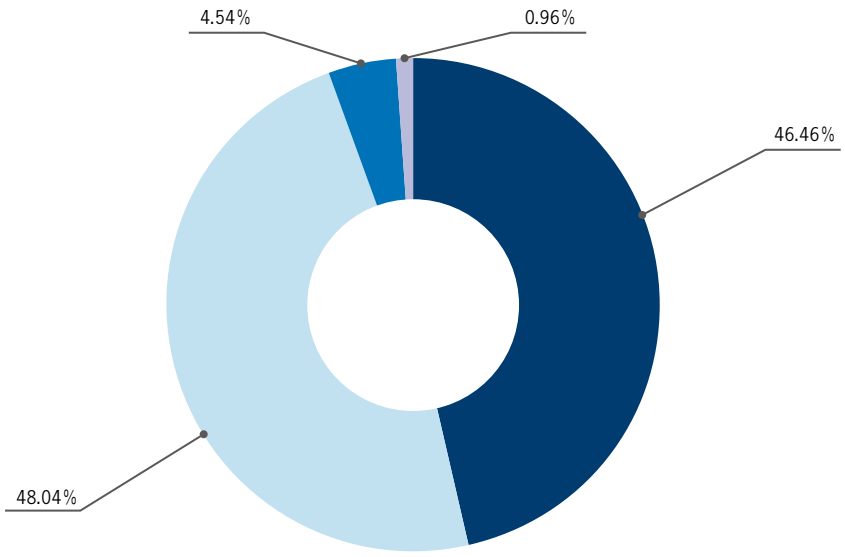


The ILPO operates as a trading fund executive agency by virtue of Government Decision 4722 from March 8, 2006. The organizational significance being that the ILPO's expenses are contingent on its revenues. The ILPO's total revenues derive from fees. Thus, in effect, the ILPO does not impose an economic burden on the State.

The ILPO's major source of revenue is from its activity in the field of trademarks and patents. A growing source of revenue is the PCT-related activity which derives revenue from fees for international application filings and fees paid in respect of international search and examination activities performed by the ILPO.

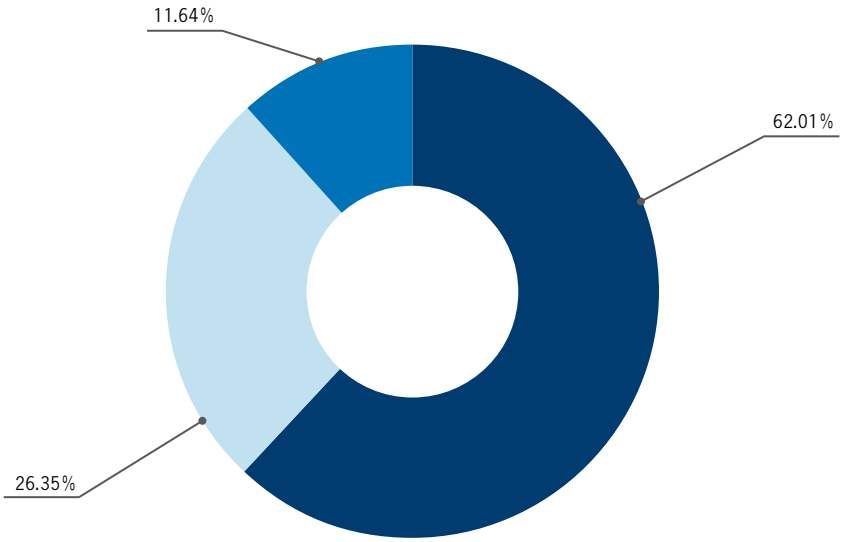
A. Revenues

| Chart 59 | **Segmentation of the Israel Patent Office's Revenues for 2015**



B. Expenses

| Chart 60 | **Segmentation of the Israel Patent Office's Expenses for 2015**



According to the State budget for 2015, the budget allocated to the ILPO was 52 million NIS. During that year, the ILPO kept within the limits of the budget allocated to it. The ILPO's major expense is wages to ILPO employees, with most of the remaining budget going to operating expenses, consisting mainly of investment in IT systems and ongoing procurement.

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Chapter 6

Freedom of Information Law



The Freedom of Information Law, 5758 -1998, states that every Israeli citizen or resident has the right to receive information about the activity of a public entity. The law specifies the types of information that should be made available for public review and the ways to increase accessibility to it. The ILPO is diligent in providing complete information to the public, insofar as to the extent that is required and is subject to the limitations applicable to it according to any law, while recognizing the importance of transparency of the processes it conducts and the decision it makes.

The Director of ILPO has appointed an employee responsible for providing information to the public, handling requests for information and the application of the provisions of the aforementioned law. Within the framework of this position, the ILPO acts under the professional guidance of Attorney Michal Tenne, Director of the Public Enquiries Unit and Director for implementing the Freedom of Information Law in the Ministry of Justice.

In 2015, no applications to receive information according to the Freedom of Information Law were filed to the ILPO for providing information.

To complete the picture it is noted that information given by the ILPO, the legal decisions issued by the Commissioner of Patents, Trademarks and Designs, the Deputy Commissioner and the IP Adjudicator, are posted on the ILPO website and various legal database, as well as are sent to the ILPO's mailing list (for subscription kindly refer to http://index.justice.gov.il/ContactUs/Pages/ListServ.aspx). The Commissioner's administrative guidelines, such as Commissioner's Circulars and Public Notices, are posted at the ILPO's website and sent to the said mailing list.

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