

(No. 24)

STANDARD CONTRACTS LAW, 5724-1964*

1. In this Law—

Definitions.

“standard contract” means a contract for the supply of a commodity or a service, all or any of whose terms have been fixed in advance by, or on behalf of, the person supplying the commodity or service (hereinafter referred to as “the supplier”) with the object of constituting conditions of many contracts between him and persons undefined as to their number or identity (hereinafter referred to as “the customers”);

“commodity” includes land and rights over land, and rights of hire and lease;

“terms of a contract” includes terms referred to in the contract, and any condition, waiver or other matter forming part of the bargain without being expressly stated in the contract itself, but does not include a term specially agreed upon by a supplier and a customer for the purpose of a specific contract;

“restrictive term” means any of the terms specified in section 15; “court” includes a tribunal and an arbitrator.

2. A supplier who enters, or intends to enter, into agreements with customers by a standard contract may apply to the Board appointed for the purposes of the Restrictive Trade Practices Law, 5719-1959¹⁾ (hereinafter referred to as “the Board”) for approval of the restrictive terms of the contract.

Application for approval of standard contract.

3. Applications for approval under this Law shall be dealt with by the Board composed of three members, who shall be the Chairman of the Board or any other judge appointed for that purpose by the Minister of Justice and two members of the Board, one of whom at least shall not be a State employee.

Composition of the Board.

4. The Board shall not entertain an application for approval made after an objection against a restrictive term of the contract has been raised in a suit between the supplier and one of his customers, nor shall it entertain an application for approval of a term which a court has, under section 14, decided to regard as void.

Restriction on application for approval.

5. Where an application for approval has been made, the Board may, after hearing the applicant and the Attorney-General or his representative and after giving every person designated under the regulations as a respondent an opportunity to state his arguments, approve any restrictive term of the contract or refuse to approve such term.

Powers of Board.

* Passed by Knesset on the 9th Shevat 5724 (12th February, 1964) and published in *Sefer Ha-Chukkim* No. 418 of the 7th Adar, 5724 (20th February, 1964), p. 58; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 527 of 5722, p. 312.

¹⁾ *Sefer Ha-Chukkim* No. 286 of 5719, p. 152; *LSI* vol. XIII, p. 159.

Matters to be considered by Board.

6. In deciding upon the validity of a restrictive term, the Board shall consider whether, having regard to the terms of the contract in their entirety and to all other circumstances, such term is prejudicial to the customers or gives an unfair advantage to the supplier likely to prejudice the customers.

Taking evidence; procedure.

7. For the purposes of summoning witnesses and taking evidence, the Board shall have all the powers which a District Court has in civil matters. The Board shall determine its procedure in so far as it has not been prescribed by the Minister of Justice by regulations.

Appeal.

8. The applicant, the Attorney-General and any person designated under the regulations as a respondent may, within 60 days, appeal against the decision of the Board to the Supreme Court.

Period of validity of approval.

9. An approval of the Board shall be valid for a period of five years from the day on which it was given or for such shorter period as may be fixed by the Board in its decision.

Effect of approval.

10. A restrictive term of a standard contract approved by the Board shall be of full effect in every contract made in accordance with that standard contract before approval was given or during the period of its validity, and the provisions of section 14 shall not apply thereto.

Effect of refusal.

11. A restrictive term of a standard contract which the Board has refused to approve shall be void; however, if before approval was refused that standard contract had been approved by the Board, the refusal shall not affect any contract made in accordance with that standard contract before such approval or during the period of its validity.

Register of decisions; publication.

12. The Board shall keep a register of its decisions; the register shall be open for inspection by any person. The Board may publish its decisions in such form as it may deem fit in the public interest.

Indication of approval.

13. Where the Board has approved the terms of a standard contract, the supplier shall indicate the fact of approval on the face of every contract which he makes with a customer after the approval was given and during the period of its validity. Where no such indication was made on the face of a particular contract, a court may, notwithstanding the Board's approval and the provisions of section 10, act in respect of such contract as provided in section 14.

Power of court.

14. Where, in any legal proceeding between a supplier and a customer, a court is satisfied that, having regard to the terms of the contract in their entirety and to all other circumstances, a restrictive term is prejudicial to the customers or gives an unfair advantage to the supplier likely to prejudice the customers, it may regard the term or any part of it as void and may order the return to the customer of anything given by him on the strength of such term.

What is a restrictive term.

15. A restrictive term is a term which—
(1) excludes or limits any liability of the supplier towards the customer, whether contractual or legal, which would have existed but for such term; or

(2) entitles the supplier to cancel the contract, or vary its conditions or suspend its performance, of his own accord, or otherwise provides for the rescission of the contract, or the abrogation or limitation of any of the customer's rights thereunder, unless such cancellation, variation, suspension, rescission, abrogation or limitation is conditional upon a breach of the contract by the customer or upon other factors not dependent on the supplier; or

(3) makes the exercise of any right of the customer under the contract conditional upon the consent of the supplier or of some other person on his behalf; or

(4) requires the customer to resort to the supplier or to some other person in any matter not directly connected with the subject of the contract or makes any right of the customer under the contract conditional upon such resort or limits the freedom of the customer to enter into an agreement with a third party in any such matter; or

(5) constitutes a waiver by the customer in advance of any of his rights that would have existed under the contract but for such term; or

(6) authorises the supplier or some other person on his behalf to act in the name of the customer or in his stead for the purpose of realising a right of the supplier against the customer; or

(7) makes accounts or other documents prepared by or on behalf of the supplier binding on the customer, or otherwise imposes on the customer a burden of proof which would not have been on him but for such term; or

(8) makes the right of the customer to any legal remedy dependent on the fulfilment of a condition or the observance of a time-limit, or limits the customer with regard to arguments or to the legal proceedings available to him, unless such term be an arbitration clause; or

(9) refers a dispute between the parties to arbitration in such manner as to give the supplier more influence than the customer on the designation of the arbitrator or arbitrators or the place of the arbitration or entitles the supplier to choose, of his own accord, the court before which the dispute is to be brought.

16. The fact that a term of a contract has been invalidated by the Board under section 11 or by the Court under section 14 shall not in itself affect the other terms of the contract.

Effect on other terms of contract.

17. In an appeal against a decision of the Board or against a determination under section 14, the court of appeal may reconsider the matters mentioned in section 6 and 14.

Power of court of appeal.

18. For the purposes of this Law, the State as a supplier shall have the same status as any other supplier.

Application to the State.

Terms conforming to enactment or international agreement.

19. The provisions of this Law shall not apply to a term which conforms with, or is more favourable to the customer than, a term prescribed or approved by or under an enactment in force immediately prior to the coming into force of this Law or provided in an international agreement to which Israel is a party or in an agreement between an Israeli corporation approved by the Government for the purposes of this section and a foreign supplier.

Saving of laws and pleas.

20. The provisions of this Law shall not derogate from any other law or affect any plea by virtue of which a contract or any term thereof, whether restrictive or otherwise, may be void or voidable.

Implementation and regulations.

21. The Minister of Justice is charged with the implementation of this Law and may make regulations for such implementation, including rules of procedure of the Board and provisions as to—

- (1) persons to be respondents before the Board in addition to the Attorney-General or his representative;
- (2) evidence which, notwithstanding the provisions of any law may be admitted or required in any proceedings before the Board;
- (3) payment of costs, advocate's fees and witnesses' allowances;
- (4) fees to be paid in proceedings before the Board;
- (5) procedure in appeals under section 8;
- (6) the form of the indication to be made on contracts under section 13.

Transitional provision.

22. The provisions of sections 10, 11 and 14 shall not apply to a contract made before the expiration of six months from the coming into force of this Law or before a decision of the Board under section 5 in respect of such standard contract, whichever date is earlier.

Commencement.

23. This Law shall come into force at the expiration of three months from the date of its passing by the Knesset.

LEVI ESHKOL
Prime Minister

DOV JOSEPH
Minister of Justice

SHNEUR ZALMAN SHAZAR
President of the State

(No. 25)

STATE SERVICE (BENEFITS) (AMENDMENT No. 4) LAW
5724-1964*

Amendment of section 28.

1. In section 28 of the State Service (Benefits) Law, 5715-1955¹⁾ (hereinafter referred to as "the principal Law")—

* Passed by the Knesset on the 6th Adar, 5724 (19th February, 1964) and published in *Sefer Ha-Chukkim* No. 419 of the 14th Adar, 5724 (27th February, 1964), p. 64; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 590 of of 5724, p. 52.

¹⁾ *Sefer Ha Chukkim* of 5715, p. 135 — *LSI* vol. IX, p. 149; *Sefer Ha-Chukkim* of 5721, p. 51 — *LSI* vol. XV, p. 46; *Sefer Ha-Chukkim* of 5721, p. 173 — *LSI* vol. XV, p. 190; *Sefer Ha-Chukkim* of 5723, p. 59 — *LSI* vol. XVII, p. 73.