

JEROME CANADY , M.D. AND CANADY TECHNOLOGY, LLC WINS PATENT INFRINGEMENT AND TRADEMARK BATTLE AGAINST ERBE AND CONMED

December 17, 2010 – U.S. Court of Appeals for the Federal Circuit ruled against ERBE Elektromedizin GmbH and ERBE (collectively “ERBE”) for the second time in one year in favor of Canady Technology, LLC (Canady Tech). On December 9, 2010 federal circuit ruled Canady Tech’s and [Jerome Canady](#), M.D’s (Dr.Canady) favor in the most recent of a intellectual property battles between CANADY TECHNOLOGY, LLC, ERBE and CONMED CORPORATION, three providers of electrosurgical and argon plasma products. In a split decision, a three-judge panel for the U.S. Court of Appeals for the Federal Circuit affirmed a lower federal district (W.PA.) court’s decision, rejecting claims by ERBE and ConMed that Dr Canady and Canady Tech had infringed ERBE’s U.S. Patent No. 5,720,745 for endoscopic probes and findings that ERBE’s U.S. Trademark Registration No. 2,637,630 for the color blue used on APC. See. ERBE Elektromedizin GmbH and ConMed v Canady Technology, LLC and Jerome Canady, M.D. case numbe 2008-1425, in the U.S. Court of Appeals for the Federal Circuit

Background

In December 2005 ERBE and ConMed, fierce competitors in the electrosurgical market who controlled 99% of the endoscopic argon plasma market in United States, joined forces and brought an action in federal court in the Western District of PA against Dr Canady (personally) and Canady Tech, a small start-up private medical device company having its corporate headquarters in Hampton, VA and its distribution and sales in McKeesport, PA. ERBE and ConMED have annual sales of 80 and 700 million dollars respectively. ERBE & ConMed filed an amended complaint alleging inter alia, contributory infringement by an inducement of the ‘745 and ‘175 patents based on Canady Technology’s flexible endoscopic argon gas-assisted electrosurgical probes. ERBE also alleged infringement of ‘630 trademark under Section 32 of the Lanham Act, 15 U.S.C. section 1114, because of the blue color on the Canady probes. Based on its purported trade dress, consisting of the blue tube with black markings at the end, ERBE further asserted a claim for unfair competition in violation of Section 43 (a) of the Lanham Act, 15 U.S.C. section 1125. After discovery, the legal team consisting of Timothy DeWitt, Esq,(24 IP Law Group USA, Annapolis, MD) and Daniel Darragh, Esq (Cohen & Grisby, Pittsburgh, PA) filed a motion for summary judgment on all counts. The PA federal district court granted Dr Canady and Canady Tech summary judgment with respect to ERBE failure to establish a genuine issue of material fact that the blue color and blue markings were non functional and the trademark and trade dress acquired secondary meaning. Simply said, ERBE does not have a trademark for the color blue for its argon plasma probes. The Court also ruled in Canady’s favor that ERBE and ConMed could not show direct infringement of their 745’ and 175’ patents respectively.

The Court also rejected Canady Technology’s counter claims for antitrust violation against ERBE and ConMed. See, ERBE Elektromedizin GmbH, ConMed Corp vs Jerome Canady MD and Canady Tech, LLC, 529 F.Supp.2d 577, 599 (W.D.PA. 2007) (Summary judgment opinion).

In April 2006, ERBE filed a second action with the U.S. International Trade Commission (“ITC”) in an attempt to stop Canady Technology GmbH, Berlin, Germany a 100% subsidiary of Canady Tech (USA), Canady Technology, LLC (Hampton, VA, USA) and Canady’s manufacturer KLS Martin, Umkirch, Germany from importing certain argon plasma probes in the U.S. The “ITC” complaint alleged violations of Section of 337 of the Tariff Act of 1930, 19 U.S.C. section 1337, in the importation into the U.S., the sale for importation and the sale within the U.S. after importation of certain endoscopic probes for use in argon plasma coagulation system reason of infringement of 10 claims of US patent No. 5,720,745 (“the ‘745 patent”) and infringement of U.S. Supplemental Trademark Registration no. 2,637,630 (“the ‘630 registration), the claims were similar to the federal court complaint in the Western District of PA. The complaint requested that the commission institute an investigation pursuant to section 337 and after the investigation, issue a permanent exclusion order and a pursuant cease and desist order. KLS Martin subsequently settled with ERBE and agreed to stop making plasma probes for Canady Tech. KLS Martin was dropped out of the case after the settlement. After two years of discovery Dr Canady’s legal team (Timothy DeWitt, Esq 24 IP Law Group USA, PLLC, Annapolis, MD), Charles Schill, Esq and Timothy C Bickham, Esq, (Steptoe & Johnson LLP of Washington DC) and their team of experts led by Dr Nathaniel Fisch, Director of Program Plasma Physics and Professor of Astrophysical Sciences @Princeton University, Brian Gore and J. Michael Schiffler presented overwhelming evidence to the Administrative Law Judge (ALJ) for the ITC at a 7 day trial in Washington DC. At Pre-trial hearing ERBE dropped their trademark infringement claims against Canady Tech. On January 2008 the Administrative Judge (“ALJ”) ruled against ERBE on all claims and determined that ERBE did not present evidence of direct infringement of ‘745 patent by Canady and by their U.S. customers (>100) (i.e. Mayo clinic, Cleveland Clinic, Georgetown University Hospital, Metro Health, UCLA, MD Anderson, Fox Chase Cancer Center, Thomas Jefferson University Hospital, John Hopkins Hospital) under the proper construction of the asserted claims and therefore Canady Tech could not have engaged in contributory or induced infringement. The Court also ruled that “ERBE did not show that there is a domestic industry with respect to the ‘745 patent because the ERBE products are not used to practice its claims; and that the ‘745 patent is not invalid”. Simply said, ERBE products are not used according to their ‘745 patent. In addition, the Office of the General Counsel, US International Trade Commission filed a separate brief with the court in favor of Canady Tech. In re Certain Endoscopic Probes for Use in Argon Plasma Coagulation Sup., Inv. No. 337 TA-569, slip.OP.@48 (Int’l Trade Comm’n Jan.16, 2008) (“Initial Determination”). Available @2008 WL 274869 (Public Version).

January 2008 The ITC affirmed the Administrative Law Judge Decision. In the Matter of Certain Endoscopic Probes for Use in Argon Plasma Coagulation Systems, Inv. No.337-TA-569, March 17, 2008. ERBE filed appeal of this decision with the U.S. Court of Appeals for the Federal Circuit. The appeals court affirmed the ITC decision. See, ERBE Elektromedizin GmbH v International Trade Commission, 566 F.3d 1028 (Fed.Cir.2009).

Dr. Canady acknowledged that the medical community and patients will be the long-term beneficiaries of this legal battle. Canady Plasma™ products are 30 to 50% less costly than their

competitors. The decision allows for true competition of plasma and electro-surgical endoscopic products to be sold in the U.S.

“I appreciate the support that I have received over the years during this long and difficult process,” said Dr. Canady, referring to legal battles that began with ERBE in 1996. Millions have been spent by these two companies to keep us out of the market. “Now we can get back to our focus of developing advanced, innovative, high quality biomedical devices using plasma technology. We believe that Canady Plasma™ products can compete equally on the market with our competitors.”

In addition to founding Canady Technology, Dr Canady is recognized as a clinical expert in plasma technology for medicine. Dr Canady completed his postdoctoral and clinical fellowship in Immunology and Organ Transplantation at Yale University School of Medicine/Yale New Haven Hospital/Humboldt Universitaet of Berlin Virkow Klinikum Charite and advanced Multi-visceral and Intestinal Transplantation Fellowship in Adult and Pediatrics @ the University of Pittsburgh Medical Center, Thomas E. Starzl Transplantation Institute and Children Hospital of Pittsburgh @UPMC. He is a graduate of Temple University School of Medicine and Villanova University. He is certified by the American Society of Transplant Surgeons and the American Board of Surgery. www.canadysurgicalgroup.com