

PRESS RELEASE: ERBE USA, Inc.

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ERBE Prevails in APC™ Patent Litigation With Canady

Federal Appeals Court Once Again Affirms Grant of Summary Judgment to ERBE in Patent Infringement Case

(Marietta, GA)— For nearly ten years, “ERBE” (ERBE Elektromedizin and subsidiary ERBE USA, Inc.) has had to defend itself against claims of patent infringement leveled by Jerome Canady. Apparently, the matter has finally been laid to rest in the United States.

On May 05, 2006, the United States Court of Appeals for the Federal Circuit affirmed the July 2005 decision of the US District Court for the District of Columbia that ERBE's flexible APC™ catheters did not infringe the patent asserted by Canady. In the earlier district court decision, Judge Ricardo M. Urbina found that the evidence was “overwhelmingly persuasive” that ERBE did not infringe the Canady patent. In affirming Judge Urbina's decision, the appeals court ordered Canady to pay costs to ERBE.

Christian Erbe, Chairman of ERBE USA and Chairman and Co-CEO of ERBE Elektromedizin, was “satisfied” and indicated that he was “glad this is finally behind us” when he was informed of the decision of the appeals court. The decision should be the final chapter in the United States part of this protracted legal saga. Mr. Erbe noted “that once again our flexible APC probes have been found not to infringe any patent rights of Jerome Canady.” Expressing his exasperation with the ten-year legal drama, Mr. Erbe continued, “I sincerely hope that Dr. Canady will abandon his attempts to use the legal process to shake down ERBE, so that we here at ERBE can get on with our business of providing medical practitioners worldwide with innovative, quality products that optimize patient outcomes, without the time-consuming distractions of baseless litigations.”

Mr. Erbe has some reason for optimism. In December, 2005, a patent court in the UK found that ERBE's flexible APC catheters did not infringe Canady's UK patent. Moreover, since the loser in a UK patent suit has to pay the winner's costs and legal fees, the court ordered Canady to pay ERBE and its UK licensee the equivalent of more than \$500,000. The first installment payment was due March 10, 2006 and has not yet been paid by Canady. If Canady does not pay ERBE, his appeal will be dismissed and the UK case will be over.

As indicated in our press release dated April 18, 2006, ERBE is aggressively seeking to enforce its own intellectual property. In December 2005, ERBE filed a lawsuit against Canady in Pittsburgh for infringement of ERBE's patent, US Patent No. 5,720,745, and ERBE's trademark, US Trademark Registration No. 2,637,630 (See release at www.erbe-usa.com). Moreover, on May 11, 2006, the United States International Trade Commission, at ERBE's request, instituted an unfair trade action against Canady. If the International Trade Commission finds that Canady's flexible catheters infringe the patent and/or trademark rights of ERBE in violation of the trade laws of the United States, it will issue a nationwide exclusion order that will prevent Canady, and its

foreign supplier of the infringing flexible catheters, from importing those devices into the United States.

About ERBE ELEKTROMEDIZIN GmbH and ERBE USA, Inc.

ERBE USA, Inc. is the subsidiary of the 159-year innovator ERBE ELEKTROMEDIZIN GmbH (Tübingen, Germany). ERBE is the world's leading manufacturer and distributor of Electrosurgical Units and Argon Coagulators. The company has several inventions including nine (9) relating to its APC technology. Flexible endoscopes explore the gastrointestinal tract (esophagus, stomach, colon and small bowel) and the tracheobronchial system (trachea, bronchi and lungs) without incisions of any type. APC technology is used to treat various bleeding diseases and lesions within the aforementioned anatomy. In the case of APC, ERBE first introduced this innovation to the European markets in 1992 and the United States market in 1996. The company will introduce its latest technological innovation – the APC™ 360° Circumferential Probe – at this year's DDW (Digestive Disease Week) in Los Angeles.

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