IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

OSRAM GMBH and OSRAM OPTO SEMICONDUCTORS GMBH Plaintiffs, v. CITIZEN ELECTRONICS CO., LTD., and CECOL, INC. Defendants.	Civil Action No. 06-710-SLR

OSRAM'S REPLY TO COUNTERCLAIMS
OF CITIZEN ELECTRONICS CO., LTD., AND CECOL, INC.

Counterclaim-Defendants OSRAM GmbH and OSRAM Opto Semiconductors GmbH (collectively "OSRAM"), by and through the undersigned attorneys, hereby respond to the similarly numbered paragraphs within the Counterclaims by Citizen Electronics, Ltd. and Cecol, Inc. (collectively "Citizen").

PARTIES

1. Admitted.

2. Admitted.

3. Admitted.

4. Admitted.

NATURE OF THE COUNTERCLAIMS

5. OSRAM admits that Citizen's counterclaims seek a declaratory judgment that neither Citizen nor Citizen's white LED products or processes infringe, contribute to the

infringement of, or induce the infringement of OSRAM's intellectual property rights in the patents-in-suit and that OSRAM's intellectual property rights are invalid and unenforceable due to inequitable conduct. OSRAM denies that these counterclaims have any merit and denies that Citizen is entitled to relief it seeks.

JURISDICTION AND VENUE

6. OSRAM admits the allegations contained in the first two sentences of paragraph 6. The third sentence of paragraph 6 does not require a response by OSRAM, and OSRAM denies it on this basis.

7. OSRAM admits that it has submitted to the jurisdiction of this Court for purposes of this case but otherwise denies the allegations of paragraph 7.

BACKGROUND

8. Admitted.

9. OSRAM denies the allegations contained in the first sentence of paragraph 9. OSRAM admits the allegations contained in the second sentence of paragraph 9.

10. OSRAM admits that the sentences from OSRAM's January 28, 2003 letter which are quoted in paragraph 10 state in full: "We believe that CITIZEN manufactures, markets and sells white LED products incorporating a phosphor conversion technology, which makes use of our Particle Size Patents (see Enclosure 1a, 1b, 1c). We further believe that your products, either separately or as part of other products, are offered for sale, sold and used in countries where our Particle Size Patents are in force." OSRAM otherwise denies the allegations of paragraph 10.

11. Admitted.

12. Admitted.

13. Admitted.

14. Admitted.

15. This paragraph states a legal conclusion and requires no response by OSRAM. To the extent a response is necessary, OSRAM states that it is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 15.

COUNTERCLAIM COUNT I
Non-Infringement of the Patents-in-suit

16. OSRAM incorporates by reference its responses to each of the foregoing paragraphs 1-15. OSRAM denies the allegations contained in Citizen's defenses.

17. The first sentence of this paragraph states a legal conclusion and requires no response by OSRAM. To the extent a response is necessary, OSRAM states that it is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in the first sentence of paragraph 17. OSRAM denies the allegations contained in the second sentence of paragraph 17.

COUNTERCLAIM COUNT II
Invalidity of the Patents-in-suit

18. OSRAM incorporates by reference its responses to each of the foregoing paragraphs 1-17. OSRAM denies the allegations contained in Citizen's defenses.

19. The first sentence of this paragraph states a legal conclusion and requires no response by OSRAM. To the extent a response is necessary, OSRAM states that it is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in the first sentence of paragraph 18. OSRAM denies the allegations contained in the second sentence of paragraph 18.

COUNTERCLAIM COUNT III
Unenforceability of the Patents-in-suit

20. OSRAM incorporates by reference its responses to each of the foregoing paragraphs 1-19. OSRAM denies the allegations contained in Citizen's defenses.

21. The first sentence of this paragraph states a legal conclusion and requires no response by OSRAM. To the extent a response is necessary, OSRAM states that it is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in the first sentence of paragraph 20. OSRAM denies the allegations contained in the second sentence of paragraph 20.

PRAYER FOR RELIEF

WHEREFORE, OSRAM respectfully requests that the Court enter judgment

a. Granting all relief requested in OSRAM's First Supplemental Complaint;

b. Dismissing Citizen's counterclaims in their entirety with prejudice;

c. Declaring OSRAM's patents-in-suit valid, enforceable, and infringed by Citizen;

d. Declaring that Citizen takes nothing in this action;

e. Declaring this case "exceptional" under 35 U.S.C. § 285 and awarding OSRAM its attorneys' fees, costs, and expenses; and

e. Awarding OSRAM such other and further relief as this Court deems just and proper.

Dated: March 19, 2007

FISH & RICHARDSON P.C.

By: */s/ William J. Marsden, Jr.*

William J. Marsden, Jr. (#2247)
FISH & RICHARDSON P.C.
919 N. Market St., Ste. 1100
P. O. Box 1114
Wilmington, DE 19899-1114
Telephone: 302-652-5070
Facsimile: 302-652-0607

Alan D. Smith
Charles H. Sanders
FISH & RICHARDSON P.C.
225 Franklin Street
Boston, MA 02110
Telephone: 617-542-5070
Facsimile: 617-542-8906

Attorneys for Plaintiffs
OSRAM GmbH and OSRAM Opto Semiconductors GmbH

CERTIFICATE OF SERVICE

I hereby certify that on March 19, 2007, I electronically filed with the Clerk of Court the **OSRAM'S REPLY TO COUNTERCLAIMS OF CITIZEN ELECTRONICS CO., LTD., AND CECOL, INC.** using CM/ECF which will send electronic notification of such filing(s) to the following Delaware counsel. In addition, the filing will also be sent via hand delivery to local counsel:

Richard L. Horwitz
David E. Moore
POTTER ANDERSON & CORROON LLP
Hercules Plaza, 6th floor
1313 N. Market Street
Wilmington, DE 19801
Telephone: (302) 984-6000

Attorneys for Defendants,
Citizen Electronics Co., Ltd., and
Cecol, Inc.

I hereby certify that on March 19, 2007, I have mailed by United Sates Postal Service, the document(s) to the following non-registered participants:

Richard D. Kelly
Steven P. Weihrouch
Daniel Pereira
Alexander E. Gasser
OBLON, SPIVAK, McCLELLAND,
MAIER & NEUSTADT, P.LC.
1940 Duke Street
Alexandria, VA 22314

Attorneys for Defendants,
Citizen Electronics Co., Ltd., and
Cecol, Inc.

/s/ William J. Marsden, Jr.
William J. Marsden, Jr.