IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

PAPST LICENSING GmbH & Co. KG,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 07-415
	)	
OLYMPUS CORPORATION, and OLYMPUS IMAGING AMERICA, Inc.,	)	JURY TRIAL DEMANDED
	)	
Defendants.	)	

PAPST'S REPLY TO OLYMPUS' COUNTERCLAIMS

Plaintiff Papst Licensing GmbH & Co. KG ("Papst") answers the counterclaims of Defendants Olympus Corporation and Olympus Imaging America, Inc. (collectively "Olympus") as follows:

General Denial

Unless specifically admitted below, Papst denies each and every allegation set for in Olympus' counterclaims.

Answer to Specific Allegations in Olympus' Counterclaims

1. Papst is without knowledge or information sufficient to form a belief as the truth of the averments in paragraph 1, and therefore denies those averments.

2. Papst admits that, upon information and belief, Olympus Imaging America, Inc. is a Delaware corporation located at 3500 Corporate Parkway, Center Valley, PA 18034. Papst is without knowledge or information sufficient to form a belief as the truth of other averments in paragraph 2, and therefore denies those other averments.

3. Papst admits that Olympus manufactures and sells digital cameras. Papst is without knowledge or information sufficient to form a belief as the truth of other averments in paragraph 3, and therefore denies those other averments.

4. Admitted.

5. Papst admits that it does not manufacture or sell consumer products, and that it is in the business of obtaining intellectual property rights and obtaining commercial benefit from those rights. Papst denies any other averments in paragraph 5.

6. Admitted.

7. Admitted.

8. Papst denies that it is presently prosecuting divisional applications of the '399 and the '449 patents. Papst admits the other averments in paragraph 8.

9. Papst admits that it told Olympus that it was prepared to proceed with litigation if settlement could not be reached. Papst denies the other averments in paragraph 9.

10. Admitted.

11. Papst admits that Olympus has asserted that its products do not infringe the '399 patent or the '449 patent, including during a meeting on November 2, 2006. Papst denies the other averments in paragraph 11, including averments that Olympus' products do not infringe the '399 and '449 patents.

12. Papst admits that it has offered to license Olympus to practice the '399 and '449 patents. Papst denies the other averments in paragraph 12.

13. Papst denies that Olympus' digital cameras do not infringe the '399 and '449 patents. Papst admits that Olympus has declined to take a license to practice those patents. Papst is without knowledge or information sufficient to form a belief as the truth of other

averments in paragraph 13, and therefore denies those other averments, including averments as to why Olympus has declined to take a license.

14. Admitted.

15. Admitted.

16. Admitted.

17. Admitted.

18. Admitted

19. Papst replies and incorporates by reference its answers to paragraphs 1 through 18 above as if fully set forth herein.

20. Denied.

21. Denied.

22. Admitted.

23. Denied.

24. Papst replies and incorporates by reference its answers to paragraphs 1 through 23 above as if fully set forth herein.

25. Denied.

26. Denied.

27. Admitted.

28. Denied.

29. Papst admits that Olympus asserted that it reserves a right to amend its counterclaims. Papst denies any other averments in paragraph 29.

Reply to Olympus' Requested Relief

Papst denies that Olympus is entitled to any relief in this action, either as requested in its counterclaims or otherwise.

Papst's Defenses

1. The counterclaims fail to state a claim upon which relief can be granted.

2. Olympus does infringe the '399 and the '449 patents directly or indirectly.

3. The claims of the '399 and the '449 patents are valid and enforceable.

Jury Demand

Papst demands a jury trial on all issues so triable.

ASHBY & GEDDES

/s/ *Lauren E. Maguire*

Steven J. Balick (I.D. #2114)
John G. Day (I.D. #2403)
Lauren E. Maguire (I.D. #4261)
500 Delaware Avenue, 8th Floor
Wilmington, Delaware 19801
(302) 654-1888
sbalick@ashby-geddes.com
jday@ashby-geddes.com
lmaguire@ashby-geddes.com

Attorneys for
Papst Licensing GmbH & Co. Kg

Of Counsel:

Jerold B. Schnayer
John L. Ambrogi
WELSH & KATZ, LTD.
120 S. Riverside Plaza, 22nd Floor
Chicago, Illinois 60606
(312) 655-1500

Dated: October 10, 2007
184849.1