

EXHIBIT 3

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

MVCONNECT, LLC, an Illinois Limited
Liability Company,

Plaintiff,

v.

RECOVERY DATABASE NETWORK, INC.,
a Delaware corporation and DIGITAL
RECOGNITION NETWORK, INC., a Delaware
corporation,

Defendants.

Civil Action No. 10-cv-06247

Judge James F. Holderman
Magistrate Judge Morton Denlow

DEMAND FOR JURY TRIAL

**DEFENDANT RECOVERY DATABASE NETWORK, INC.'S ANSWER,
AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS TO MVCONNECT, LLC'S
COMPLAINT FOR PATENT INFRINGEMENT**

Defendant, Recovery Database Network, Inc. ("RDN"), by and through its attorneys, hereby submits its Answer, Affirmative Defenses, and Counterclaims ("Answer") to Plaintiff MVCONNECT, LLC's ("MV's") Complaint for Patent Infringement ("Complaint").

RDN's Answer to MV's Complaint

NATURE OF THE ACTION

1. RDN denies that 35 U.C.S. §1 *et seq.* relates to actions for patent infringement in the United States. However, RDN acknowledges that the Complaint appears to allege patent infringement under 35 U.S.C. § 1, *et seq.*

JURISDICTION AND VENUE

2. RDN admits this Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a). RDN otherwise denies the allegations of paragraph 2.

3. In response to paragraph 3, RDN admits that RDN has transacted business in Illinois. RDN admits that this Court has personal jurisdiction over RDN in this particular action.

RDN otherwise denies the allegations of paragraph 3. Specifically, RDN is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 3 directed to DRN, and therefore denies them.

4. In response to paragraph 4, RDN denies that venue is proper in this Court, and also denies that this venue is convenient for the parties and witnesses of this dispute.

THE PATENT-IN-SUIT

5. RDN admits that United States Patent No. 7,579,965 B2 is entitled "Vehicle Data Collection and Processing System." RDN admits that a copy of what purports to be the '965 Patent is attached to the Complaint as Exhibit A. RDN otherwise denies the allegations of paragraph 5. Specifically, RDN denies that the '965 Patent was issued on November 18, 2009. RDN also denies that the '965 Patent was duly and lawfully issued to MV as assignee of the inventor. RDN is without knowledge or information sufficient to form a belief as the truth of whether MV is the owner of the '965 Patent, including the right to sue and recover for past, present and future infringement thereof, and therefore denies these allegations.

THE PARTIES

6. RDN is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 6, and therefore denies them.

7. RDN admits that it is a Delaware corporation, but otherwise denies the allegations of paragraph 7. RDN's principal place of business is located at 2200 Bridge Parkway, Suite 202, Redwood City, California 94065.

8. RDN is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 8, and therefore denies them.

COUNT I

ALLEGED PATENT INFRINGEMENT BY DRN AND RDN

9. Paragraph 9 does not appear to contain any allegations requiring a response, but to the extent a response is required RDN admits that paragraph 9 of the Complaint incorporates

by reference prior paragraphs 1 through 8. RDN incorporates by reference, realleges and reasserts, as though set forth in full, paragraphs 1 through 8 of this Answer.

10. RDN denies the allegations contained in paragraph 10. Specifically, RDN denies the allegations contained in paragraph 10 that are directed to RDN. RDN is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 10 directed to DRN, and therefore denies them.

11. RDN denies the allegations contained in paragraph 11. Specifically, RDN denies the allegations contained in paragraph 11 that are directed to RDN. RDN is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 11 directed to DRN, and therefore denies them.

12. RDN denies the allegations contained in paragraph 12. Specifically, RDN denies the allegations contained in paragraph 12 that are directed to RDN. RDN is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 10 directed to DRN, and therefore denies them.

13. RDN denies the allegations contained in paragraph 13.

MV'S PRAYER FOR JUDGMENT

Having responded to the allegations in the Compliant as set forth above, RDN denies that MV is entitled to any of the relief requested.

Affirmative Defenses

14. By alleging the defenses set forth below, RDN is in no way agreeing or conceding that it has the burden of proof or the burden of persuasion on any of the issues raised by the defenses. RDN reserves any other defenses, at law or in equity, that may become available based on discovery or any other factual investigation in the case.

FIRST AFFIRMATIVE DEFENSE

15. RDN has not infringed and does not infringe any valid and enforceable claim of the '965 Patent, whether directly, indirectly, by inducement, contributorily, literally, or by equivalents.

SECOND AFFIRMATIVE DEFENSE

16. Each asserted claim of the '965 Patent is invalid, unenforceable, void, or voidable for failure to comply with one or more of the provisions of Part II of Title 35 of the United States Code, including without limitation, 35 U.S.C. §§ 102, 103 and 112.

THIRD AFFIRMATIVE DEFENSE

17. The Complaint and each purported claim alleged therein fails to state facts upon which relief can be granted.

FOURTH AFFIRMATIVE DEFENSE

18. MV's claims are barred against RDN, in whole or in part, under principles of equity, including laches, prosecution laches, waiver, and/or unclean hands.

FIFTH AFFIRMATIVE DEFENSE

19. MV's claims against RDN are barred, in whole or in part, by the doctrine of estoppel, including, but not limited to, prosecution history estoppel arising from the patentee's actions, representations, or conduct before the United States Patent and Trademark Office during prosecution of the '965 Patent.

SIXTH AFFIRMATIVE DEFENSE

20. MV cannot show that this is an exceptional case justifying an award of attorneys' fees against RDN pursuant to 35 U.S.C. § 285.

Counterclaims

21. For its counterclaims against MV, defendant and counterclaim plaintiff RDN alleges on knowledge as to its own conduct and on information and belief as to all other matters, as follows:

PARTIES

22. Recovery Database Network, Inc. ("RDN") is a corporation organized and existing under the laws of the State of Delaware, having its principal place of business in Redwood City, California.

23. Defendant MVCONNECT, LLC (“MV”) is a limited liability company organized under the laws of the State of Illinois, having its principal place of business in Palatine, Illinois.

JURISDICTION AND VENUE

24. These counterclaims arise under federal statutory law, including 35 U.S.C. § 271 *et seq.* and 28 U.S.C. § 2201. Accordingly, this Court has jurisdiction over these counterclaims pursuant to 28 U.S.C. §§ 1331 and 1338(a). Additionally, because there are now pending before this Court claims involving substantially related questions of law and fact, this Court presently has jurisdiction over these counterclaims pursuant to 28 U.S.C. § 1367.

25. On information and belief, jurisdiction is proper within this District because, *inter alia*, MV has transacted business in this District and availed itself of the privileges and benefits of the laws of the State of Illinois.

26. Venue is proper in this District pursuant to 28 U.S.C. §§ 1400(b) and 1391.

FACTS RELEVANT TO RDN’S COUNTERCLAIMS

27. By its Complaint, MV alleges that RDN has infringed United States Patent No. 7,579,965 B2 (“the ’965 patent”), which is entitled “Vehicle Data Collection And Processing System.”

28. RDN denies the allegations in MV’s complaint. A justiciable controversy therefore exists between RDN and MV.

29. A judicial declaration is necessary and appropriate at this time in order that RDN may ascertain its rights and duties with respect to the ’965 patent.

COUNT I

(Declaratory Judgment of Noninfringement of U.S. Patent No. 7,579,965)

30. RDN realleges and incorporates herein by reference the allegations contained in paragraphs 21-29.

31. RDN does not and has not infringed, either directly, contributorily or through inducement, literally or by equivalents, any valid and enforceable claim of the ’965 patent.

32. Based on MV's filing of the claims and RDN's Affirmative Defenses, a true, actual, and justiciable controversy has arisen and now exists between MV and RDN regarding the alleged infringement of the '965 patent asserted by MV against RDN.

33. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*, RDN requests a declaration of the Court that RDN does not infringe and has not infringed any claim of the '965 patent.

34. RDN has no adequate remedy at law.

COUNT II

(Declaratory Judgment of Invalidity and Unenforceability of U.S. Patent No. 7,579,965)

35. RDN realleges and incorporates herein by reference the allegations contained in paragraphs 21-34.

36. Each asserted claim of the '965 patent is invalid, unenforceable, void, or voidable for failure to comply with one or more of the provisions of Part II of Title 35 of the United States Code, including without limitation, 35 U.S.C. §§ 102, 103 and 112, and the rules, regulations, and laws pertaining thereto.

37. The '965 patent is unenforceable under the doctrines of laches, estoppel, and/or other equitable defenses.

38. Based on MV's filing of its Complaint and RDN's Answer and Affirmative Defenses, a true, actual, and justiciable controversy has arisen and now exists between MV and RDN regarding the alleged infringement of the '965 patent asserted by MV against RDN.

39. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*, RDN requests the declaration of the Court that the '965 patent is invalid and unenforceable.

40. RDN has no adequate remedy at law.

Prayer for Relief

WHEREFORE, RDN prays for judgment and relief as follows:

a. A declaration that RDN does not infringe, whether directly or indirectly, literally or by the doctrine of equivalents, any valid and enforceable claim of the '965 patent;

- b. A declaration that the claims of the '965 patent are invalid and/or unenforceable;
- c. Dismissal of all of MV's claims against RDN in their entirety and with prejudice;
- d. A declaration that MV take nothing by way of its Claims;
- e. An order denying any and all of MV's requests for injunctive relief;
- f. An order denying any and all of MV's requests for equitable relief;
- g. An order finding this an exceptional case under 35 U.S.C. § 285, and awarding RDN its costs and fees in this action, including attorneys' fees, and pre-judgment interest thereon; and
- h. An order awarding RDN such further relief as the Court may deem appropriate under the circumstances.

Demand for Jury Trial

Under Rule 38(b) of the Federal Rules of Civil Procedure, Defendant and Counter-Plaintiff RDN demands a trial by jury on MV's claims, on all issues so triable.

Date: November 18, 2010

Respectfully submitted,

By: /s/James C. Otteson
James C. Otteson (admitted *pro hac vice*)
Monica Eno (admitted *pro hac vice*)
Xiang Long (admitted *pro hac vice*)
Agility IP Law
1900 University Circle, Suite 201
East Palo Alto, CA 94303
Bus: (650) 227-4800
Fax: (650) 318-3483
Email: jim@agilityiplaw.com

Co-counsel:

Matthew G. McAndrews
Niro, Haller & Niro
181 W. Madison Suite 4600
Chicago, IL 60602
Bus: (312) 236-0733
Fax: (312) 236-3137
E-mail: mmcandrews@nshn.com

Attorneys for Defendant
RECOVERY DATABASE NETWORK, INC.

Notification of Affiliates – Disclosure Statement

Pursuant to Local Rule 3.2, Defendant Recovery Database Network, Inc. (“RDN”) submits this Notification of Affiliates – Disclosure Statement. RDN states that it has the following Affiliates that own more than 5% of RDN, as defined by L.R. 3.2: OPENLANE, Inc.

Date: November 18, 2010

Respectfully submitted,

By: /s/James C. Otteson
James C. Otteson (admitted *pro hac vice*)
Monica Eno (admitted *pro hac vice*)
Xiang Long (admitted *pro hac vice*)
Agility IP Law
1900 University Circle, Suite 201
East Palo Alto, CA 94303
Bus: (650) 227-4800
Fax: (650) 318-3483
Email: jim@agilityiplaw.com

Co-counsel:

Matthew G. McAndrews
Niro, Haller & Niro
181 W. Madison Suite 4600
Chicago, IL 60602
Bus: (312) 236-0733
Fax: (312) 236-3137
E-mail: mmcandrews@nshn.com

Attorneys for Defendant
RECOVERY DATABASE NETWORK, INC.

Certificate of Service

The undersigned hereby certifies that on November 18, 2010, I electronically filed the preceding **DEFENDANT RECOVERY DATABASE NETWORK, INC.'S ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS TO MVCONNECT, LLC'S COMPLAINT FOR PATENT INFRINGEMENT** with the Clerk of Court using the CM/ECF system, which will send notification of such filings to the following:

Robert A. Chapman
Peter M. Spingola
Sara Siegall
Chapman Spingola, LLP
77 West Wacker Drive, Suite 4800
Chicago, Illinois 60601
Bus: (312) 606-8754
Fax: (312) 630-9233
E-mail: rchapman@chapmanspingola.com
E-mail: pspingola@chapmanspingola.com
E-mail: ssiegall@chapmanspingola.com

Attorneys for Plaintiff,
MVCONNECT, LLC

R. David Donoghue
HOLLAND & KNIGHT LLP
131 South Dearborn Street 30th Floor
Chicago, Illinois 60603
Bus: (312) 263-3600
Fax: (312) 578-6666
E-mail: david.donoghue@hkllaw.com

Attorneys for Defendant,
DIGITAL RECOGNITION NETWORK, INC.

By: /s/James C. Otteson
James C. Otteson