

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

PERFORMANCE PRICING, INC.,

Plaintiff,

v.

MICROSOFT INC., MICROSOFT LLC,
MICROSOFT
CORPORATION, YAHOO! INC.,
IAC SEARCH & MEDIA, INC., and
A9.COM, INC.,

Defendants.

Case No. 2:07-cv-432 (LED)

JURY TRIAL DEMANDED

PLAINTIFF AND COUNTERDEFENDANT PERFORMANCE PRICING, INC.'S

REPLY TO COUNTERCLAIMS OF DEFENDANT MICROSOFT CORPORATION

Plaintiff Performance Pricing, Inc. ("Performance Pricing") hereby answers the counterclaims of Defendant Microsoft Corporation ("Microsoft"). The paragraphs in this reply are numbered to correspond with the paragraph numbers in Microsoft's counterclaims. All of the allegations of the counterclaims not specifically admitted herein are specifically denied.

NATURE OF THIS ACTION

1. Performance Pricing denies the allegations contained in paragraph 1 of Microsoft's counterclaims, except to the extent that it admits that Microsoft bring a declaratory judgment action.

PARTIES

2. Performance Pricing admits the allegations contained in paragraph 2 of Microsoft's counterclaims.

3. Performance Pricing admits the allegations contained in paragraph 3 of Microsoft's counterclaims.

JURISDICTION AND VENUE

4. Performance Pricing denies the allegations contained in paragraph 4 of Microsoft's counterclaims, except to the extent that it admits that this Court has subject matter jurisdiction.

5. Performance Pricing admits the allegations contained in paragraph 5 of Microsoft's counterclaims.

6. Performance Pricing admits the allegations contained in paragraph 6 of Microsoft's counterclaims.

FACTUAL BACKGROUND

7. Performance Pricing admits the allegations contained in paragraph 7 of Microsoft's counterclaims.

8. Performance Pricing admits the allegations contained in paragraph 8 of Microsoft's counterclaims.

COUNT I

Declaratory Judgment of Noninfringement of US Patent No. 6,978,253

9. Performance Pricing incorporates by reference its responses to the facts and allegations in paragraphs 1 through 8 of its reply to Microsoft's counterclaims as if fully set forth herein.

10. Performance Pricing denies the allegations contained in paragraph 8 of Microsoft's counterclaims.

COUNT II

Declaratory Judgment of Invalidity of US Patent No. 6,978,253

11. Performance Pricing incorporates by reference its responses to the facts and allegations in paragraphs 1 through 8 of its reply to Microsoft's counterclaims as if fully set forth herein.

12. Performance Pricing denies the allegations contained in paragraph 12 of Microsoft's counterclaims.

DEMAND FOR JURY TRIAL

Performance Pricing demands trial by jury of all issues herein.

PRAYER FOR RELIEF

Plaintiff and Counterdefendant Performance Pricing denies that Microsoft is entitled to the relief it seeks or any relief for the allegations made in its Answer or Counterclaims. Plaintiff and Counterdefendant Performance Pricing requests that judgment be entered in its favor on all issues and it be awarded the appropriate damages, exceptional damages, costs, and attorneys' fees.

Dated: December 26, 2007

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