

70. On information and belief, based solely on paragraph 5 of Blockbuster's Answer and Defenses as pleaded by Blockbuster, Blockbuster is a Delaware corporation with its corporate headquarters and principal place of business at 1201 Elm Street, Dallas, TX 75270.

71. Eolas admits the allegations in Paragraph 71 of Blockbuster's Answer and Defenses.

72. Eolas admits it has an exclusive license U.S. Patent Nos. 5,838,906 ("the '906 patent") and 7,599,985 ("the'985 patent") that includes, without limitation, the following: (a) all exclusionary rights under the patents, including, but not limited to, (i) the exclusive right to exclude others from making, using, offering for sale, or selling products embodying the patented inventions throughout the United States or importing such products into the United States, and (ii) the exclusive right to exclude others from using and otherwise practicing methods embodying the patented inventions throughout the United States; and (b) the exclusive right to sue and seek damages for infringement of any of the exclusionary rights identified above.

JURISDICTION AND VENUE

73. Eolas admits that this Court has personal jurisdiction over it. Except as so admitted, Eolas denies the allegations in paragraph 73 of Blockbuster's Answers and Counterclaims.

74. Eolas admits that venue is proper in this District, and in the Tyler Division.

75. Eolas admits that there is an actual and justiciable controversy between Eolas and Blockbuster regarding the infringement of the '906 patent and the '985 patents. Except as so admitted, Eolas denies the allegations in paragraph 75 of Blockbuster's Answer and Defenses.

76. Eolas admits that the jurisdiction of this Court is proper over these counterclaims. Except as so admitted, Eolas denies the allegations in paragraph 76 of Blockbuster's Answer and Defenses.

FIRST CLAIM FOR RELIEF
(DECLARATORY JUDGMENT OF INVALIDITY
OF THE '906 AND '985 PATENTS)

77. Paragraph 77 of Blockbuster's Answer and Defenses does not contain a statement which warrants an affirmance or denial. To the extent any response is warranted, Eolas responds as follows: denied.

78. Eolas denies the allegations in paragraph 78 of Blockbuster's Answer and Defenses.

SECOND CLAIM FOR RELIEF
(DECLARATORY JUDGMENT OF NON-INFRINGEMENT
OF THE '906 AND '985 PATENTS)

79. Paragraph 79 of Blockbuster's Answer and Defenses does not contain a statement which warrants an affirmance or denial. To the extent any response is warranted, Eolas responds as follows: denied.

80. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 80 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

81. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in

paragraph 81 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

82. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 82 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

83. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 83 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

84. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 84 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

85. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 85 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

86. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 86 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

87. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 87 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

88. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 88 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

89. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 89 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

90. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in

paragraph 90 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

91. The claims of the '906 and '985 patents are publicly available. The claims speak for themselves, and thus no further response is required. To the extent a further response is required, Eolas answers as follows: denied. To the extent that the remaining allegations in paragraph 91 of Blockbuster's Answer and Defenses contain statements and/or conclusions of law, no affirmance or denial is required.

92. Eolas lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 92 of Blockbuster's Answer and Defenses and, on that basis, denies them.

93. Eolas lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 93 of Blockbuster's Answer and Defenses and, on that basis, denies them.

94. Eolas lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 94 of Blockbuster's Answer and Defenses and, on that basis, denies them.

95. Eolas lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 95 of Blockbuster's Answer and Defenses and, on that basis, denies them.

96. Eolas admits that a license agreement between Eolas and Microsoft exists. Except as so admitted, Eolas denies the allegations in paragraph 96 of Blockbuster's Answer and Defenses.

97. Eolas admits it filed suit against Microsoft Corporation in a civil action (N.D.Ill. 1:99-cv-626) in 1999. Except as so admitted, Eolas denies the allegations in paragraph 97 of Blockbuster's Answer and Defenses.

98. Eolas denies the allegations in paragraph 98 of Blockbuster's Answer and Defenses.

99. Eolas denies the allegations in paragraph 99 of Blockbuster's Answer and Defenses.

100. Eolas denies the allegations in paragraph 100 of Blockbuster's Answer and Defenses.

BLOCKBUSTER'S REQUESTS FOR RELIEF

Eolas denies that Blockbuster is entitled to the relief requested in paragraphs A-G of its Answer and Defenses or any other relief on its Counterclaims.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Eolas Technologies Incorporated, prays for the following relief against Defendant Blockbuster, Inc.:

A. that all relief requested by Eolas in its Complaint be granted;

B. that all relief requested by Blockbuster in its Answer and Defenses be denied and that Blockbuster take nothing by way of its Counterclaims;

C. that Blockbuster be ordered to pay the costs of this action (including all disbursements) and attorney fees as provided by 35 U.S.C. § 285 and all other applicable statutes, rules, and common law; and

D. such other and further relief as the Court deems just and equitable.

AFFIRMATIVE DEFENSES

As affirmative defenses, Eolas alleges as follows:

FIRST AFFIRMATIVE DEFENSE

Blockbuster has failed to state a claim upon which relief can be granted, with respect to each cause of action set forth in its Answer and Defenses.

SECOND AFFIRMATIVE DEFENSE

Blockbuster has failed to state facts and/or a legal basis sufficient to permit recovery of its attorneys' fees and/or expenses for defending this suit.

OTHER AFFIRMATIVE DEFENSES

Eolas hereby gives notice that it intends to rely upon any other defense that may become available in this case and hereby reserves the right to amend this Answer to assert any such defense.

DEMAND FOR JURY TRIAL

Eolas demands a trial by jury of any and all issues triable of right before a jury.

DATED: June 24, 2010.

Respectfully submitted,

McKool Smith, P.C.

/s/ Mike McKool

Mike McKool

Lead Attorney

Texas State Bar No. 13732100

mmckool@mckoolsmith.com

Douglas Cawley

Texas State Bar No. 04035500

dcawley@mckoolsmith.com

Luke McLeroy

Texas State Bar No. 24041455

lmcleroy@mckoolsmith.com

McKool Smith, P.C.

300 Crescent Court, Suite 1500

Dallas, Texas 75201

Telephone: (214) 978-4000

Telecopier: (214) 978-4044

Sam F. Baxter

Texas State Bar No. 01938000

sbaxter@mckoolsmith.com

McKool Smith, P.C.

104 E. Houston St., Ste. 300

P.O. Box O

Marshall, Texas 75670

Telephone: (903) 923-9000

Telecopier: (903) 923-9095

Kevin L. Burgess

Texas State Bar No. 24006927

kburgess@mckoolsmith.com

Steven J. Pollinger

Texas State Bar No. 24011919

spollinger@mckoolsmith.com

Josh W. Budwin

Texas State Bar No. 24050347

jbudwin@mckoolsmith.com

McKool Smith, P.C.

300 West Sixth Street, Suite 1700

Austin, Texas 78701

Telephone: (512) 692-8700

Telecopier: (512) 692-8744

**ATTORNEYS FOR PLAINTIFF
EOLAS TECHNOLOGIES, INC.**

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, this document was served on all counsel who have consented to electronic services on this the 24th day of June, 2010. Local Rule CV-5(a)(3)(A).

/s/ Josh Budwin

Josh Budwin