

Ridout & Maybee LLP

CANADA'S INTELLECTUAL PROPERTY AND TECHNOLOGY LAW FIRM

Reply to: Pauline Bosman
pbosman@ridoutmaybee.com

VIA FACSIMILE AND ORDINARY MAIL

August 25, 2006

Mr. Nicholas McHaffie
Ms. Laura Bradshaw
Stikeman Elliott LLP
Barristers & Solicitors
Suite 1600, 50 O'Connor Street
Ottawa, Ontario K1P 6L2


Dear Mr. McHaffie and Ms Bradshaw

**Re: Musicrypt Inc. ats Destiny Media Technologies, Inc. et al
Court File No. T-413-06**

Please find enclosed the Reply to Defence to Counterclaim of the Defendants to the Counterclaim Promo Only, Inc. and Promo Only CD's Inc. served upon you pursuant to the *Federal Courts Rules*.

Yours truly,

RIDOUT & MAYBEE LLP



Pauline Bosman
PB:sc
Encl.

Court File No. T-413-06

FEDERAL COURT

BETWEEN:

**DESTINY MEDIA TECHNOLOGIES, INC. and
DESTINY SOFTWARE PRODUCTIONS, INC.**

Plaintiffs

-and-

MUSICRYPT INC.

Defendant

AND BETWEEN:

MUSICRYPT INC.

Plaintiff by Counterclaim

-and-

**DESTINY MEDIA TECHNOLOGIES, INC.,
DESTINY SOFTWARE PRODUCTIONS, INC.,
PROMO ONLY, INC and PROMO ONLY CD'S INC.**

Defendants to the Counterclaim

**REPLY TO DEFENCE TO COUNTERCLAIM
OF THE DEFENDANTS TO THE COUNTERCLAIM
PROMO ONLY, INC. AND PROMO ONLY CD'S INC.**

1. The Plaintiff by Counterclaim, Musicrypt Inc. ("Muslcript") admits the allegations contained in paragraphs 1, 3 and 4 of the Defence to Counterclaim of the Defendants to the Counterclaim, Promo Only, Inc. and Promo Only CD'S Inc., dated July 28, 2006 (the "Defence to Counterclaim").

2. Musicrypt denies the allegations contained in paragraphs 2 and 5 to 13 of the Defence to Counterclaim.

Dated at Toronto this 25th day of August 2006.

P. Bosman

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Bill Regan

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Solicitors for the Defendant/Plaintiff
by Counterclaim

TO: The Administrator
The Federal Court of Canada
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Toronto, Ontario M5G 1R7

AND TO: Stikeman Elliott LLP
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Solicitors for the Plaintiffs/Defendants to the
Counterclaim, Destiny Media Technologies, Inc.
and Destiny Software Productions, Inc. and Defendants to the
Counterclaim, Promo Only, Inc. and Promo Only CD'S Inc.

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DESTINY SOFTWARE PRODUCTIONS,
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MUSICRYPT INC.

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AND BETWEEN:

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Plaintiff by Counterclaim

-and-

**DESTINY MEDIA TECHNOLOGIES, INC.,
DESTINY SOFTWARE PRODUCTIONS, INC.,
PROMO ONLY, INC and
PROMO ONLY CD'S INC.**

Defendants by Counterclaim

**REPLY TO DEFENCE TO COUNTERCLAIM
OF THE DEFENDANTS TO THE COUNTERCLAIM
PROMO ONLY, INC. AND PROMO ONLY CD'S INC..**

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Counterclaim