

April 15, 2013

Chief Executive Officer
Bongo Beans Coffee
Santa Monica, California

To the CEO:

This law firm has been retained by Random House, Inc. and the Penguin Group in connection with what appears to be substantial and continuing matter of copyright infringement associated with your company.

Random House, Inc. and the Penguin Group own a large number of copyrights in well-known works of literature distributed as electronic books, or e-books, to American readers. We are informed that Bongo Beans Coffee offers e-book readers for sale in its stores and actively encourages its customers to read e-books while consuming Bongo Beans Coffee products on your premises. To the extent that copyrights in the e-books in question are owned by Random House, Inc. and the Penguin Group, and we have no doubt that discovery would disclose that many of the relevant copyrights are owned by our clients, this activity by your customers constitutes the unauthorized public display of these works, which constitutes direct infringement of those copyrights by the terms of 17 U.S.C. § 106(5). Under the authority of *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996), and more recent decisions of the Ninth Circuit Court of Appeals, Bongo Beans Coffee is liable for that infringement under the doctrines of vicarious and contributory infringement.

I have been authorized by my clients to settle these claims by negotiating a license agreement for the use of our clients' works in your company's stores. In exchange for a full release of past liability for infringement and permission for your customers to read any works in our clients' e-book catalogs at present and in the future, Bongo Beans Coffee would pay to our clients in total 1% of the gross revenue of each store's revenues per annum, to be divided between our clients as they shall best determine.

If we do not receive an acknowledgement and acceptance of this proposal within 30 days of this letter, I am authorized to commence litigation against Bongo Beans Coffee in the federal District Court in Los Angeles.

Very sincerely yours,

/s/ H. Louis Dewey

H. Louis Dewey, Esq.
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