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July 14, 2009

Mr. Lewis Perdue
Wine Industry Insight
c/o Wine Business Publications Limited Partnership
867 W. Napa Street
Sonoma, CA 95476

Re: Misappropriation of Trade Secrets of Inertia Beverage Group

Dear Mr. Perdue:

We represent Inertia Beverage Group ("IBG") and write to you as Editor of Wine Industry Insight to demand your immediate take down of IBG confidential information posted on wineindustryinsight.com ("WII").

Specifically, on July 8, 2009, WII posted (and continues to post on its home page) a Featured Article that spotlights information taken from a confidential document IBG prepared and provided to a very small number of specific individuals. This IBG document, which WII refers to as a "Series C offering circular," contains IBG information that would readily qualify as trade secrets, and therefore is marked "Confidential" on each page. WII has posted certain financial information from this document, including a table of financial projections, on free pages of its website. In addition, WII has posted the entire IBG confidential document on the paid subscriber area of the site.

WII obtained and published the document without authorization from IBG. The "Confidential" legend on the bottom of each page confirms that this document was provided to recipients in confidence, as is also readily apparent from the document's content. Moreover, you re-confirmed the confidential nature of this document in your July 13, 2009 Featured Article on IBG, which states that the document was "leaked" by one of its recipients. Accordingly, WII's actions are in violation of California's Uniform Trade Secrets Act ("UTSA"), which defines "misappropriation" (among other actions) as:

Disclosure . . . of a trade secret of another without express or implied consent by a person who . . . At the time of disclosure . . ., knew or had reason to know that his or her knowledge of the trade secret was . . . Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use. . . . (Civil Code section 3426(b)(2)(B)(iii).)

Moreover, WII's publication of the confidential IBG document, in violation of the UTSA, is not protected by California or federal free speech/press rights, as confirmed by the California Supreme Court in *DVD Copy Control Ass'n, Inc. v. Bunner* (2003) 31 Cal. 4th 864. Therefore,

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WII's posting of IBG's confidential document is not an exercise of protected speech or press rights, but rather, is simply a form of theft of IBG's trade secrets.

Accordingly, IBG demands that WII take down immediately, and not repost in any area of its site (free or subscriber), the IBG confidential document WII posted on July 8 – including all pages and all information contained in the document.

In addition, you disclosed in a private email on Friday, July 10, that you are in possession of – but have decided not to post – additional IBG documents that you describe as “far too confidential for me to post.” This comment reflects your awareness of the legal prohibition against publishing documents containing trade secrets, and reinforces WII's obligation to take down immediately the Series C document. IBG demands that WII not publish or otherwise disclose any additional IBG confidential documents, and that WII return to IBG or destroy immediately all confidential IBG documents in its possession (the Series C document and all others) and all documents derived from them.

IBG takes this matter very seriously, and will take all action necessary to protect its rights.

Sincerely,

Cooley Godward Kronish LLP



Richard H. Frank

RHF:rbf