

EXHIBIT 7



November 10, 2011

Via E-Mail and Overnight Mail

John Ossenmacher
ReDigi, Inc.
Cambridge Innovation Ctr, 14th Floor
1 Broadway
Cambridge, MA 02142
John@ReDigi.com

Dear Mr. Ossenmacher:

I write on behalf of the members of the Recording Industry Association of America ("RIAA"): Universal Music, Sony Music Entertainment, Warner Music Entertainment and EMI Music North America ("RIAA Members"). As you are aware, these companies own or control the copyrights for the vast majority of recorded music released in the United States. It has come to the attention of our Members that ReDigi, Inc. ("ReDigi") is making unauthorized use of certain of these recordings along with related intellectual property.

As we understand it, ReDigi's proprietary software allows a user to select a sound recording he or she possesses and to designate that recording for "sale." The software then duplicates the user's copy of the track, places a watermark on that copy, stores it on ReDigi's servers and purportedly deletes the original file from the user's hard drive or mobile device. Then ReDigi offers for sale the copy it has made to other users of its service.

Leaving aside our concerns regarding whether and how ReDigi can confirm that its users actually lawfully possess the sound recording that is being offered for sale (which is significant given the amount of infringing content on the Internet), there can be no doubt that ReDigi's conduct constitutes willful copyright infringement. As you are no doubt aware, the United States Copyright Act reserves to the owner of the copyright the exclusive right to reproduce the copyrighted work, prepare derivative works from the original, and distribute copies of the work and derivative works. 17 U.S.C. § 106(1)-(3). If ReDigi wants to engage in any of those acts, it must first get a license to do so, which it has not done.

Moreover, ReDigi cannot claim that its conduct is protected by § 109(a) of the Copyright Act under the "first sale doctrine." That provision permits the owner of "a particular copy or phonorecord lawfully made under this title" to sell that particular copy. It does not permit the owner to make another copy, sell the second copy and destroy the original.¹ Thus, even if ReDigi's software and system works as described by ReDigi (i.e. that it deletes the original copy before it makes the sale), ReDigi would still be liable for copyright infringement.

Aside from unlawfully copying and distributing our Members' copyrighted content, ReDigi's streaming service (which allows its users to play a 30 second sample of a sound recording before purchasing it) also constitutes willful copyright infringement. The Copyright Act also reserves to the owners of sound recordings the right to perform their works through means of a digital audio transmission. 17 U.S.C. § 106(6). ReDigi does not have a license from any of our Members to stream music over the Internet.

Accordingly, on behalf of our Members and their artists, we hereby demand that ReDigi immediately cease and desist its infringing activities, including the reproduction, distribution, and streaming of our Members' sound recordings. In addition, ReDigi must quarantine any copies on its servers of our Member's sound recordings so that those recordings are not exploited in any manner. If you are unable to filter out our Members' content, we demand that you cease further distribution of the ReDigi software and terminate the connection between ReDigi servers and any individuals who have already downloaded the ReDigi software. We further demand that you remove from your website all references to the names and likenesses of artists signed to RIAA Members. Finally, we demand that you provide an accounting of all sales achieved and revenue generated from sales of our Members' sound recordings through the ReDigi software so that we can discuss a resolution of our Members' claims. In this regard, I note that the statutory damages for willful copyright infringement can be as high as \$150,000 per work infringed.

¹ See *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341, 1344 (9th Cir. 1988) ("the right to transfer [under the first sale doctrine] applies only to the particular copy of the book which appellant has purchased and nothing else"); *United States v. Sachs*, 801 F.2d 839, 843 (5th Cir. 1986) ("the first sale doctrine only permits the sale of a particular lawfully made copy, not its reproduction") (citing cases); *Gener-Villar v. Adcom Group, Inc.* 530 F. Supp. 2d 392, 404-05 (D. P.R. 2007) (defendant may sell computer disc containing digital copies of photographs but cannot reproduce photographs without paying the copyright holder). The U.S. Copyright Office has expressly rejected the suggestion that Section 109(a) of the Copyright Act be amended to permit "transmission of a work that was subsequently deleted from the sender's computer." U.S. Copyright Office, Library of Cong., DMCA Section 104 Report (2001), available at http://www.copyright.gov/reports/studies/dmca/dmca_study.html. See generally K. Kupferschmid, "Lost in Cyberspace: The Demise of the Digital First Sale Doctrine," 16 J. Marshall J. Computer & Info. Law 825 (1998) (transmitting a copy and destroying the original not covered by first sale doctrine).

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After our Members' claims are resolved, we expect that you will destroy the quarantined sound recordings. However, you should not destroy those sound recordings until there is a final resolution as that data will be relevant evidence in the event litigation becomes necessary.

I look forward to your prompt response to this letter.

Nothing contained herein shall constitute a waiver of our Members' rights and remedies, all of which are expressly reserved.

Sincerely,

A handwritten signature in black ink that reads "J. Pariser". The signature is written in a cursive, flowing style.

Jennifer L. Pariser
SVP, Litigation