

Lance C. Venable
Michael F. Campillo
A. David Logan, Ph.D.
Joseph R. Meaney
Carey B. Anthony
John C. Mascari *



INTELLECTUAL PROPERTY ATTORNEYS
WWW.VCLMLAW.COM

1938 East Osborn Rd.
Phoenix, AZ 85016

Voice: (602) 631-9100
Fax: (602) 631-4529

* Licensed in AZ, NY & CT

lancev@vclmlaw.com

July 25, 2008

VIA ELECTRONIC MAIL

Christian S. Genetski, Esq.
Sonnenschein Nath & Rosenthal LLP
1301 K Street, N.W.
Suite 600, East Tower
Washington, D.C. 20005

**Re: MDY Industries v. Blizzard et al.
Case No. CV06-2555
Our File No. PHLV1110-001**

Dear Christian:

Regarding your letter of July 18, 2008, I have spoken with Mr. Donnelly concerning the issues you raised.

As you might expect, we strongly disagree with Judge Campbell's ruling on the secondary copyright infringement and tortious interference with contract issues. We fully intend to appeal the decision to the Ninth Circuit at the conclusion of trial and we are confident that we will ultimately prevail.

With that being said, we understand your position. While we recognize that your client wants MDY to stop selling and supporting Glider, MDY will not do so at this time. The court has issued no preliminary or permanent injunction precluding MDY from selling his product. If it is your desire to request an injunction, MDY will oppose it. If an injunction is granted, MDY will appeal it and request that a stay be entered pending the outcome of the appeal on all issues.

I believe that although the court's ruling demonstrates a likelihood of success on the merits, MDY has worthy arguments to preclude an injunction. Notably, maintaining the status quo will not substantially harm Blizzard financially, nor will it do irreparable harm to its business. Conversely, if MDY has to stop selling its product, it will definitively put MDY out of business and will likely prevent it from defending itself at trial and appealing the decision.

I appreciate your client's position regarding enhanced and punitive damages. MDY, however, has little choice in the matter. As you might appreciate, MDY must risk a negative outcome at the expense of protecting its rights to have what we believe to be a clearly erroneous decision overturned. I will provide you with updated information on MDY's post-decision sales, revenues and distributions of income as it becomes available.

Please let me know when you are available to discuss preparing the Proposed Final Pre-Trial Order.

Venable, Campillo, Logan & Meaney, P.C.,

Lance C. Venable
For the Firm

LCV:roc

cc: Michael Donnelly