

Q. Who can do deals in a space where the law is always playing catch-up with the technology?

A. **Manatt Digital Media.**

**Making
deals at the
speed of
technology.**

Q. Who brings tech savvy and global sophistication to deals in the booming mobile space?

A. Manatt Digital Media.

The worldwide proliferation of smartphones and tablets has fueled a huge demand for content, apps and the mobile technology platforms that deliver them. As a result, companies are combining and recombining at breakneck speed, with new deals being signed on a daily basis. In this heady and complex environment, Manatt Digital Media attorneys are participating regularly in a wide range of deals among key players all over the world.

2012 was a busy year for **Mandalay Digital**, a year that saw the company well on its way to becoming a major presence in the delivery of music and other content to mobile devices worldwide. With a business model of growth through acquisition, Mandalay spent the year aggressively making deals with companies it saw as a good strategic fit with its existing digital platforms, content relationships and proprietary technologies. Manatt Digital Media was deeply involved in these deals throughout this momentous year.

Mandalay went into 2012 determined to build on its main technology platform, which provides companies in the mobile space the ability to exploit multiple operating systems across multiple networks. To that end, our attorneys advised the company—then known as NeuMedia—in a major restructuring that reduced its debt by \$23 million and raised an additional \$2.5 million, thereby strengthening its balance sheet for purchases to come.

The first of those purchases was the global mobile assets of Logia, an Israel-based provider of content development solutions. Working with local counsel, we successfully navigated the highly complex Israeli regulatory framework to complete the deal. From there, we helped Mandalay explore the acquisition of mia, an Australia-based mobile solutions provider—a deal that is still in the works. We were then instrumental in helping the company acquire, from Intel Capital, the music label assets of skyrocket—a mobile entertainment studio. This deal was the first step in an ongoing strategic collaboration with Intel Capital, which we helped arrange.

The new Intel relationship was the perfect way to end 2012, giving Mandalay the momentum it needed going forward. We have every reason to believe the company's impressive growth—as well as our role in it—will continue in 2013 and beyond.



Q. Who put together a deal involving one online game, two gaming licenses and companies on three continents?

A. **Manatt Digital Media.**

The online gaming industry has become a global phenomenon, in which a successful online gaming platform is often licensed to different companies in different territories. In a fiercely competitive environment, many companies are now looking to grow through acquisition, buying companies whose game portfolios are a strategic fit with their own.



Fiesta Online is a popular massively multiplayer online role-playing game (MMORPG) owned in Korea and licensed in several regions. **Gamigo**, a successful German online game publisher, holds the Fiesta Online license for Europe and was recently looking to expand its game offerings in the United States. At the same time, San Francisco-based Outspark—Fiesta Online’s licensee for the U.S.—was experiencing financial difficulties.

With Outspark’s Fiesta Online license soon to expire, gamigo’s U.S. subsidiary saw an opportunity to step in. The company might have simply waited for Outspark’s license to expire and bid for that license directly, but that would have meant relaunching Fiesta Online and building a new user base from scratch. Instead, gamigo planned to buy the distressed Fiesta Online and related assets from Outspark outright, take over its large and lucrative Fiesta Online user base, and acquire, in the process, a skilled and experienced workforce in San Francisco. Gamigo turned to Manatt Digital Media for help.

What followed was a delicate negotiation, not just between gamigo and Outspark, but with Outspark’s creditors as well, over how the proceeds of the sale would be distributed. Aware that the purchase price would not cover their investment—and with bankruptcy a strong possibility—these creditors might have tried to block the deal in bankruptcy court. We helped gamigo assure them that the sale was ultimately in their interest.

A license renewal for Fiesta Online was the last piece of the puzzle. With several other gaming companies bidding for that license, we helped gamigo convince the Korean parent company that its existing—and highly successful—relationship in Europe could be extended to the U.S. market. Ons On Soft, the Korean owners of Fiesta Online, eventually agreed.

Outspark’s license was duly renewed. Gamigo’s purchase of Outspark went forward. The creditors were satisfied. And our Manatt Digital Media professionals were looking forward to future transactions with an acquisitive—and very satisfied—client.

Q. Who helps venture capital firms thrive in the face of new competition from angel investors?

A. Manatt Digital Media.

As the lines between early-stage venture capital and angel investment continue to blur, there is increasing competition among investors seeking significant roles in the financing of early-stage start-ups. Furthermore, with the JOBS Act potentially opening the field to a burgeoning pool of crowdfunders and other investors eager to participate in these seed-stage investments, traditional venture capital firms must find ways to navigate this changing and more crowded environment.



Spotflux looked good from the beginning. An online service company with a dazzling new technology, Spotflux lets users surf the Web in complete privacy—avoiding cookies, blocking malware and viruses, and allowing access to websites blocked by censors—all while taking up less bandwidth than they would without the service. The company has seen exponential “hockey stick” growth in its user base and received a host of industry accolades for its developing technology.

Spotflux’s initial round of financing had come from its lead investor—longtime Manatt client New Atlantic Ventures (NAV)—together with an unusually large group of angel investors. With a second round of financing in the offing, Manatt worked closely with NAV to formulate a creative approach that would encourage ongoing investor support from those angels that had participated initially.

This plan was a response to what we see as the changing landscape of start-up financing, in which there is now a fast-growing pool of angel investors creating significant competition for early-stage deals. This can present challenges to lead venture investors such as NAV. In our role as NAV’s legal advisor, we helped the firm navigate the changing dynamics of this new, more competitive landscape.

Our interest in Spotflux was more than just legal. As a law firm whose venture capital clients are always on the lookout for promising start-ups, we often put our own funds into the deals we facilitate. The Manatt Venture Fund was, in fact, formed for that very reason—to set aside an allocation of partner profits for the purpose of coinvesting with our clients. So it was that Spotflux came to our attention—we were, in fact, one of the company’s original angel investors and happily participated in the second round as well.

Q. Who helps facilitate the transformation of music distribution from physical to digital?

A. **Manatt Digital Media.**

While the digital distribution of music and video is still a relatively new phenomenon, there are now a number of companies—large and small—seeking new ways to distribute their labels and artists online. The landscape is changing, with new types of investors supporting new types of companies as the music industry transitions from a physical to a digital distribution model.

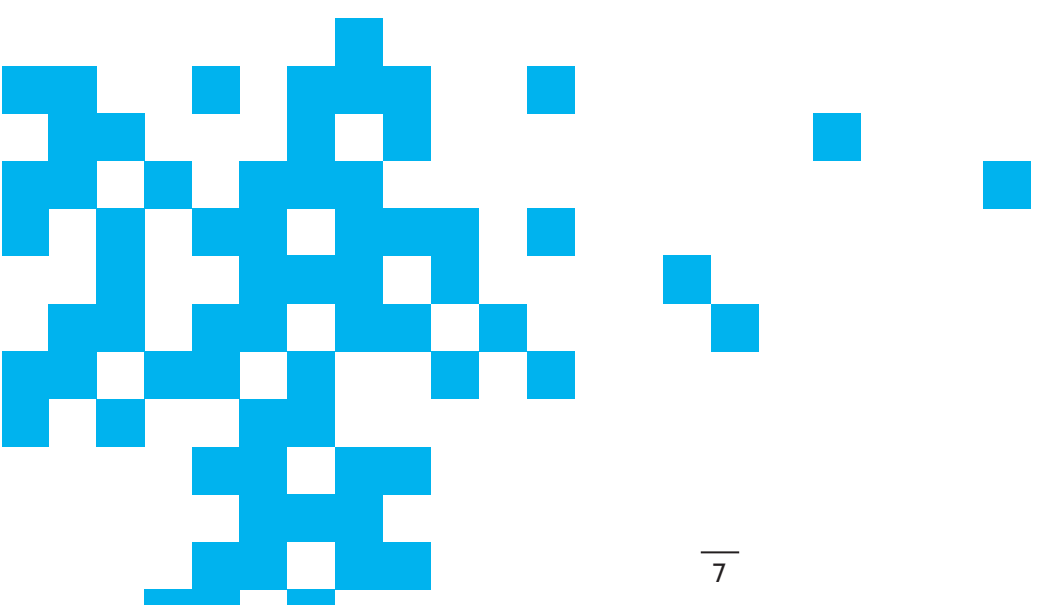
In just 10 years, **INgrooves** has become an established player in online music distribution. Its strong relationship with music industry giant Universal Music Group—INgrooves has been the distributor for the majority of Universal’s digital content—has made it one of the top three independent distributors.

So when Universal was ready to sell Fontana Distribution—one of the world’s largest physical (CDs, DVDs) music distributors—the fit with INgrooves was obvious. The deal—which Manatt Digital Media helped strike—is one of the few instances of a “new age” digital music company buying a more traditional “physical” distributorship.

We have been involved with INgrooves for much of its history. We represented INgrooves in its first major financing transaction with venture firm Shamrock Capital, and we were there to help the company negotiate an expanded relationship with Universal in 2010.

For the Fontana acquisition, our M&A lawyers called on several Manatt practice groups to work with a number of law firms on the Universal side of the purchase. We performed extensive due diligence, mostly on the income streams of the various labels being distributed by INgrooves. Our tax lawyers addressed the special tax ramifications of music licensing and distribution. Our debt financing attorneys handled the deal’s revolving credit component. And to preserve the ongoing relationship with Universal, we negotiated both a transition agreement and a new distribution agreement on behalf of INgrooves.

But it was our deep knowledge of the music and entertainment industries, including related technology transfer and licensing issues, coupled with top-tier M&A and private equity deal-making abilities, that truly drove the transaction. The new company now has enhanced its ability to offer a full suite of services to artists and labels—those that both companies have long been nurturing—as well as new acts yet to be discovered.





gamigo, Inc.
Acquisition of Substantial
Assets of Outspark

Counsel to Buyer
February 2013



I-5 Publishing, Inc.
Acquisition of BowTie, Inc.

Counsel to Buyer
February 2013



RIGHTS MANAGEMENT

BMG Rights Management
Acquisition of Famous Music
and Virgin UK catalogs

Counsel to Buyer
December 2012



mandalay digital group

Mandalay Digital Group
Acquisition of skyrocket

Counsel to Buyer
December 2012



Spotflux, Inc.
Series A-1 Preferred
Stock Financing

Counsel to Investor,
New Atlantic Ventures
December 2012



FIND THE RIGHT WINE FOR YOU

WineSimple, Inc.
Equity Financing

Counsel to Company,
WineSimple, Inc.
November 2012



CollegeTraffic
Company Formation

Counsel to Company,
CollegeTraffic
September 2012



consumer brands

Consumer Brands, LLC
Formation of Special Purpose
Vehicle and Series A Financing

Counsel to Investor,
Black Diamond Ventures
September 2012

JUNXURE

SERVICE + EFFICIENCY » GROWTH + PROFIT

**CRM Software, Inc.
dba Junxure**
Series A Financing

Counsel to Company,
CRM Software, Inc.
September 2012

 **eParachute**

eParachute, Inc.
Convertible Note Financing

Counsel to Company,
eParachute, Inc.
August 2012

LocalBonus
Seed Round Preferred Investment

Counsel to Investor,
Payment Ventures, LLC
August 2012



mandalay digital group

Mandalay Digital Group
Acquisition of Logia Group

Counsel to Buyer
August 2012

**SMALL
DEMONS**

Small Demons, Inc.
Convertible Note Financing

Counsel to Company,
Small Demons, Inc.
July 2012

everpix

33cube, Inc.
Series Seed Preferred
Stock Financing

Counsel to Company,
33cube, Inc.
July 2012



Ender's Fund, Inc.
Series AA and BB Preferred
Stock Financings

Counsel to Investor,
Draper Associates
May 2012 and July 2012


therapydia

Therapydia, Inc.
Venture Debt Financing

Counsel to Company,
Therapydia, Inc.
June 2012



Therapydia, Inc.
Series A Preferred Stock Financing

Counsel to Company,
Therapydia, Inc.
March 2012



iNgrooves
Acquisition of Universal
Music Group's
Fontana Distribution

Counsel to Buyer
March 2012



RIGHTS MANAGEMENT

BMG Rights Management
Acquisition of R2M Music

Counsel to Buyer
February 2012



Active ImageNation
Series B Preferred Stock Financing

Counsel to Company,
Active ImageNation
February 2012

Beyond the Label, LLC
dba Big Fish
Series A Preferred Stock Financing

Counsel to Investor,
Payment Ventures, LLC
February 2012



Psyop Media Company
Partnership Restructuring and
Business Combination

Counsel to Company,
Psyop Media Company
January 2012



Spotflux, Inc.
Series A Preferred Stock Financing

Counsel to Investor,
New Atlantic Ventures
December 2011



DreamBox Learning, Inc.
Series A Preferred Stock Financing

Counsel to Investor/
Majority Shareholder,
Charter School Growth Fund, Inc.
December 2011



RIGHTS MANAGEMENT

BMG Rights Management
Acquisition of Bug Music, Inc.

Counsel to Buyer
October 2011



Rock City Apps, LLC
Series A Preferred Stock Financing

Counsel to Company,
Rock City Apps
October 2011



Mogreet
Series B-1 Preferred Stock Financing

Counsel to Investor,
Black Diamond Ventures
October 2011



33cube, Inc.
Convertible Note Financing

Counsel to Company,
33cube, Inc.
August 2011



Small Demons, Inc.
Series A Preferred Stock Financing

Counsel to Company,
Small Demons, Inc.
June 2011



ZAGG Incorporated
Acquisition of iFrogz

Counsel to
Roth Capital Partners
June 2011



UsTrendy
Series AA Preferred Stock Financing

Counsel to Investor,
Draper Associates
June 2011



ClipSync, Inc.
Series A-2 Preferred Stock
Financing

Counsel to Company,
ClipSync, Inc.
May 2011



Zettaset
Series A Preferred Stock Financing

Counsel to Investors,
Draper Fisher Jurvetson Fund X
and Epic Ventures
April 2011



Ranker
Series A Preferred Stock Financing

Counsel to Investor,
Draper Associates
March 2011



Ender's Fund, Inc.
Convertible Note Financing

Counsel to Investor,
Draper Associates
February 2011



Ascent Media Corporation
Sale of business units to
Encompass Digital Media, Inc.,
and Deluxe Entertainment
Services Group, Inc.

Counsel to
Moelis & Company
December 2010

Jambo Media, LLC
Sale to Undertone Media, Inc.

Counsel to Seller
November 2010



Foodbuzz, Inc.
Merger with
Federated Media Publishing, Inc.

Counsel to Seller
November 2010



RIGHTS MANAGEMENT

BMG Rights Management
Acquisitions of
Cherry Lane Music Publishing,
Stage Three Music, Evergreen
Music and Chrysalis
Counsel to Buyer
March 2010, August 2010,
September 2010 and November 2010



INGrooves
Series B Preferred Stock Financing
by Shamrock Capital

Counsel to Company,
INGrooves
September 2010



CloudCrowd Holdings, Inc.
Series B Preferred Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
August 2010



Tremor Video, Inc.
Series D Preferred Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
April 2010



Charter School Growth Fund
Acquisition of
DreamBox Learning, Inc.

Counsel to Buyer
April 2010



Betaworks Studio, LLC
Series B Preferred Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
March 2010



iCiX
Series B Stock Financing

Counsel to Investors,
Draper Fisher Jurvetson and Starfish
Ventures
December 2009



Quirky, Inc.
Common Stock Financing

Counsel to Investor,
Arizona Bay, LLC
September 2009



Fonality, Inc.
Series D Preferred Stock Financing

Counsel to Investor,
DFJ Growth Fund
August 2008



RichRelevance, Inc.
Series C Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
August 2008

BMG

RIGHTS MANAGEMENT

BMG Rights Management GmbH

Acquisition of the Music Publishing
Catalog of Crosstown
Songs America

Counsel to Buyer
July 2009

foodbuzz

Foodbuzz, Inc.
Series B Preferred Stock Financing

Counsel to Issuer
March 2009 and July 2009

 **ArizonaBay**

BrightSquid, Inc.
10% Senior Secured Convertible
Promissory Notes Financing

Counsel to Investor,
Arizona Bay Technology Ventures
March 2009

 **FLURRY**

Flurry, Inc.
Series A-1 Preferred Stock
Financing

Counsel to Investor,
Draper Fisher Jurvetson
January 2009


NEW ATLANTIC VENTURES

Koofers, Inc.
Series A Preferred Stock Financing

Counsel to Investor,
New Atlantic Ventures
December 2008

 **MOGREET**

Mogreet, Inc.
Series B Preferred Stock Financing

Counsel to Investor,
Black Diamond Ventures
May 2008 and October 2008

 **mplayit**

Mplayit
Series A-1 Preferred Stock
Financing

Counsel to Investor,
New Atlantic Ventures
March 2008 and July 2008

 **yieldsoftware**
WEB MARKETING MADE EASY

Yield Software
Series B Preferred Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
June 2008

The logo for clipsync, with the word "clipsync" in a lowercase, rounded, orange font.

ClipSync, Inc.
Series AA Preferred Stock Financing

Counsel to Issuer
June 2008

The logo for vizu, with a yellow star above the letter 'i' and the word "vizu" in a purple, lowercase, sans-serif font.

Vizu
Series A Prime Preferred
Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
April 2008

The logo for REDUX, with "REDUX" in a bold, black, sans-serif font and a colorful graphic of four lines (green, orange, blue, pink) forming a cross shape to the right.

Redux, Inc.
Series B Preferred Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
March 2008

The logo for i)NGrooves, with a stylized orange "i)" icon followed by "NGrooves" in a black, sans-serif font and "PURE DIGITAL MEDIA" in a smaller, orange, sans-serif font below it.

Isolation
Sale of 50.1% of INgrooves to
Universal Music Group

Counsel to Seller
March 2008

The logo for ArizonaBay, with a stylized black "4b" icon followed by "ArizonaBay" in a black, sans-serif font.

ProPlayerConnect.com, Inc.
Series A Preferred Stock Financing

Counsel to Investor,
Arizona Bay Technology Ventures
February 2008

The logo for shareThis, with a green square icon containing a white share symbol followed by "shareThis" in a black, sans-serif font.

ShareThis, Inc.
Series B Preferred Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
February 2008

The logo for wigix, with "wigix" in a green, lowercase, sans-serif font and a blue "x" with a green dot above it to the right.

Wigix, Inc.
Series A Preferred Stock Financing

Counsel to Investor,
Draper Fisher Jurvetson
January 2008

The logo for MAXPREPS, with "MAX" in a bold, blue, sans-serif font and "PREPS" in a bold, blue, sans-serif font with a red outline, all in a stylized, italicized font.

MaxPreps, Inc.
Sale to CBS

Counsel to Seller
January 2007

Manatt Venture Fund

Formed in 2000, the Manatt Venture Fund is an investment fund that focuses on early-stage participation in promising companies—usually in conjunction with our venture capital and private equity clients. Since its founding, the Manatt Venture Fund has invested nearly \$13 million in more than 90 companies and funds. While our portfolio companies and funds cover a range of industries, we typically focus on information technology and digital media.

Our investments fall into three categories of opportunity: as a limited partner or member of our client venture capital and private equity funds; alongside our fund clients in their portfolio companies; and in client companies, typically in their seed or early stage.

Investments are generally between \$25,000 and \$50,000, although substantially larger investments are often made through coinvestment with MPP Holdings, another Manatt-sponsored investment vehicle.

Below is a sampling of our current digital media industry investments:

BLACK
DIAMOND
VENTURES

Chegg®


Clickable

Pinterest


consumer brands

Etsy

idealab


Lucas Venture Group™

MO
MODA OPERANDI

 MOGREET®

Ranker

 reputation.com

spotflux 

w♥rdnik
All the words.

 DFJ

Manatt Digital Media

In the digital media space, the one thing you can be sure of is that you can't be sure of anything. The technology is evolving faster than the laws that affect it, and the players are too busy to wait for those laws to catch up.

Making deals in this fast-paced environment requires both a leap of faith and a business partner that can leap with you. From the very beginning, Manatt Digital Media has been steeped in the issues that arise both within and among companies on the cutting edge. We've represented every type of player in every sort of situation—from tiny start-ups looking for seed capital to major multinationals looking for strategic acquisitions. We help them expand their content, monetize their business plans and tackle the legal pitfalls—piracy, infringement and other intellectual property violations.

Manatt Digital Media can show you how to protect your rights, avoid violating the rights of others and build a business model that works in this fast-paced environment. We see ourselves as more than simply digital media lawyers—we're digital media *business advisors*. We help you protect your digital assets, but more than that, we help you find new ways to generate revenues, finance your company and develop the functionalities that add up to a successful business in a rapidly evolving industry.

Our lawyers counsel and advise a wide range of clients, including:

- Online companies and enterprises
- Internet and wireless service providers
- Leading producers and production companies
- Record companies, music publishers and independent distributors
- Major talent in music, film and television
- Venture capital and private equity funds
- Financial institutions worldwide

We advise these clients on matters of:

- Content Creation and Licensing
- Strategic Partnerships
- General Corporate Counsel
- Financing
- Branded Entertainment
- Mergers & Acquisitions
- Advertising Marketing & Media
- Intellectual Property—Protecting Digital World Content
- Litigation

INDUSTRY EXPERIENCE:

- Financial services
- Healthcare
- Entertainment and media
- Technology
- Consumer products
- Energy
- Real estate

AREAS OF FOCUS:

- Mergers
- Stock and asset purchases
- Going-private transactions
- Cross-border and domestic deals
- Leveraged and management buyouts
- Strategic acquisitions and spin-offs
- Private equity investments and acquisitions
- Tender and exchange offers
- Unsolicited offers and takeover defenses
- Fairness opinions
- Special committee representations
- Proxy contests
- Share exchanges

