

1 HALLEY W. JOSEPHS (CA Bar No. 338391)
hjosephs@susmangodfrey.com
2 SUSMAN GODFREY LLP
1900 Avenue of the Stars, Suite 1400
3 Los Angeles, CA 90067
Phone: (310) 789-3100
4

5 WILLIAM C. CARMODY (*pro hac vice* forthcoming)
bcarmody@susmangodfrey.com
6 SHAWN J. RABIN (*pro hac vice* forthcoming)
srabin@susmangodfrey.com
7 HENRY J. WALTER (*pro hac vice* forthcoming)
hwalter@susmangodfrey.com
8 SUSMAN GODFREY LLP
One Manhattan West, 50th Fl.
9 New York, NY 10001
Phone: (212) 336-8330

10 *Attorneys for Plaintiff and the Proposed Class*
11 *(Additional Counsel Listed on Signature Page)*
12

13 **UNITED STATES DISTRICT COURT**
14 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
15 **WESTERN DIVISION**

16 MALM, INC., individually and on
17 behalf of all others similarly situated,

18 *Plaintiff,*

19 v.

20 COSTAR GROUP, INC., and
21 COSTAR REALTY INFORMATION,
22 INC.

23 *Defendants.*
24

Case No. 2:26-cv-04052

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

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1 Plaintiff Malm, Inc. brings this action on behalf of itself and others similarly
2 situated against Defendants CoStar Group, Inc. and CoStar Realty Information,
3 Inc., (collectively, “CoStar” or “Defendants”) for violations of Sections 1 and 2 of
4 the Sherman Act, 15 U.S.C. §§ 1, 2; the California Cartwright Act, California
5 Business and Professions Code §§ 16720 *et seq.*; and the California Unfair
6 Competition Law, California Business and Professions Code §§ 17200 *et seq.*

7 **I. INTRODUCTION**

8 1. This antitrust action challenges CoStar’s willful acquisition and
9 maintenance of monopoly power in the United States markets for commercial real
10 estate (“CRE”) (a) information services and (b) listing databases (collectively,
11 “CRE information and listing services”), as defined below at ¶¶ 140-151. CoStar
12 has wielded that power to charge supracompetitive prices to Plaintiff and the
13 proposed Class and California Subclass—CRE brokers and professionals who
14 have no viable alternative to CoStar’s services.

15 2. CoStar operates the largest CRE platforms and databases in the
16 United States. Its eponymous CoStar Platform is the dominant CRE information
17 services database, providing data on commercial real estate properties nationwide.
18 Its LoopNet.com (formerly known as LoopNet, Inc.) (“LoopNet”) is the dominant
19 online marketplace for listing and browsing commercial properties for sale or lease.
20 By CoStar’s own admission, “nearly 90% of all CRE activity occurs on a CoStar
21 Network.” For CRE brokers like Plaintiff—who depend on these services to list
22 properties, search for properties, and research market conditions on behalf of
23 clients—CoStar’s platforms are not optional. As one former CoStar employee
24 recounted: “There is only one customer at CoStar Group — [CEO Andrew
25 Florance]. Nobody really cares about the actual customers. As one manager said
26 to me, ‘they have nowhere else to go!’” Another described the company’s
27 indifference to customer complaints: “Management doesn’t care. As long as there
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1 is no competition, they will always be able to sell. They know no one is in
2 competition with their product, so they do not care.” A third called CoStar a
3 “monopoly that customers cannot stand doing business with.”

4 3. CoStar achieved this dominance not through superior products or
5 competitive pricing, but through a decades-long campaign to eliminate rivals,
6 followed by an exclusionary scheme to ensure that no new competitor can emerge.

7 4. CoStar’s path to dominance began with a strategy of acquiring
8 competitors—with each, eliminating a source of competition, absorbing the former
9 competitor’s data, and expanding its own market power. Since the 1990s, CoStar
10 has completed more than 30 acquisitions.

11 5. CoStar’s acquisition campaign peaked in 2012 with its purchase of
12 LoopNet—then a significant competitor in both CRE information services and
13 listing databases. The Federal Trade Commission (“FTC”) opposed the deal,
14 concluding that it would “increas[e] the likelihood that CoStar [would] exercise
15 market power unilaterally.” The FTC permitted the acquisition only on specific
16 conditions including that CoStar was required to divest LoopNet’s majority stake
17 in Xceligent, a smaller but growing competitor, and to refrain from undermining
18 Xceligent’s ability to compete for a fixed period.

19 6. CoStar did not honor the spirit of those conditions. For example, at a
20 company event, CoStar’s CEO Andrew Florance unveiled a caged gerbil he had
21 named “Doug”—after Xceligent’s CEO Doug Curry—and declared that the gerbil
22 “would live longer than Curry would last as chief executive.” Former CoStar
23 employees independently confirmed this pattern. One wrote that the CEO
24 “constantly sends out negative emails about the now demised Xceligent as if he
25 gloats in their loss.”

26 7. As soon as the FTC’s behavioral restrictions expired, CoStar moved
27 against Xceligent through aggressive litigation premised on dubious intellectual
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1 property claims, technological blocking, and other exclusionary tactics. By 2017,
2 Xceligent was bankrupt. Seven months later, CoStar raised prices for new
3 customers by 80%.

4 8. CoStar’s CEO made no effort to disguise the company’s unchallenged
5 position. On CoStar’s Q3 2019 earnings call, Florance told investors that CoStar
6 is “all alone in a multi-trillion dollar asset class” and is “not being driven by an
7 escalating tit for tat with a bunch of head-to-head competitors.” In another earnings
8 call, he described the company’s position in revealing terms; CoStar had built a
9 “moat” around its customer base.

10 9. With its competitors eliminated, CoStar implemented a scheme to
11 foreclose future competition by controlling the CRE data that any would-be rival
12 would need to build a viable alternative platform (the “Scheme”). The Scheme has
13 three interlocking components:

14 10. First, CoStar imposes contractual provisions on CRE brokers that,
15 while nominally disavowing exclusivity, function in practice as de facto exclusive
16 arrangements—prohibiting brokers from sharing their own CRE listings, data, and
17 photographs with CoStar’s competitors.

18 11. Second, CoStar reinforces these de facto exclusivity restraints by
19 manipulating CRE-broker-supplied content in ways that convey ownership and
20 control. CoStar affixes proprietary watermarks to photographs taken and owned by
21 brokers and “fingerprints” listings by embedding deliberately inaccurate data.
22 These practices allow CoStar to monitor when brokers deviate from exclusivity
23 and share their content on rival platforms, deterring brokers from participating in
24 competing platforms.

25 12. Third, CoStar deploys technological barriers—including IP-address
26 blocking, firewalls, and automated detection systems—that prevent brokers and
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1 competitors from accessing publicly available listing data, including in situations
2 when the brokers who own that data have authorized the competitor to use it.

3 13. Together, these mechanisms lock the CRE data ecosystem and chill
4 competition, ensuring that the information necessary to build a competing platform
5 is exclusively within CoStar’s control.

6 14. The anticompetitive nature of CoStar’s conduct has already been
7 recognized by the courts. In *CoStar Group, Inc. v. Commercial Real Estate*
8 *Exchange, Inc.*, 150 F.4th 1056 (9th Cir. 2025), the Ninth Circuit held that a recent
9 nascent competitor named CREXi plausibly alleged that CoStar’s contractual
10 provisions “lock brokers into exclusive agreements with CoStar,” *id.* at 1074, and
11 that CoStar “engaged in anticompetitive conduct” through de facto exclusive deals
12 and technological barriers that “deceive[] [CoStar’s] customers and protect[] its
13 monopoly in a manner not attributable to competition on the merits,”
14 *id.* at 1075.

15 15. CoStar’s Scheme has substantially foreclosed competition in the
16 relevant antitrust markets and continues to do so. Plaintiff and the members of the
17 proposed Class and California Subclass, as defined below at ¶ 264, have paid and
18 continue to pay supracompetitive prices for CRE information and listing services
19 —prices no firm could sustain in a competitive market—because CoStar has
20 eliminated meaningful alternatives.

21 16. Plaintiff brings this action on behalf of itself and others similarly
22 situated under Sections 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1–2, and, on
23 behalf of itself and a California Subclass defined below, under the California
24 Cartwright Act, Cal. Bus. & Prof. Code §§ 16720 *et seq.*, and the California Unfair
25 Competition Law, Cal. Bus. & Prof. Code §§ 17200 *et seq.* Plaintiff seeks
26 monetary and injunctive relief to halt CoStar’s ongoing violations of federal and
27 state antitrust law, restore competition in the affected markets, and obtain redress
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1 for the injuries it, the Class, and the California Subclass have suffered—including
2 treble damages under federal and California law and restitution under the UCL.

3 **II. PARTIES**

4 17. Plaintiff Malm, Inc., is a corporation organized under the laws of
5 California with a principal place of business in Lafayette, California. During the
6 Class Period defined herein, Plaintiff paid supracompetitive fees directly to
7 Defendants for use of their CRE information services and listing database products.

8 18. Defendant CoStar Group, Inc. is a corporation organized under the
9 laws of Delaware with its principal place of business in Arlington, Virginia. CoStar
10 Group, Inc. operates several internet real estate services, including its CRE
11 information services database, “CoStar” (previously known as “CoStar Suite” and
12 herein referred to as “CoStar Platform”), which it describes as the “most
13 comprehensive proprietary database of commercial real estate information in the
14 industry” with nationwide coverage. CoStar also operates LoopNet, its CRE listing
15 service that CoStar describes as “our flagship brand” of online CRE listings and
16 the “#1 global commercial real estate marketplace.”

17 19. Defendant CoStar Realty Information, Inc. (“CoStar Realty”) is a
18 corporation organized under the laws of Delaware with its principal place of
19 business in Arlington, Virginia. CoStar Realty Information, Inc. is a wholly owned
20 subsidiary of CoStar Group, Inc.

21 20. LoopNet, Inc. was a corporation organized under the laws of
22 California with a principal place of business in California. CoStar Group
23 completed its acquisition of LoopNet, Inc. on or around April 30, 2012 through an
24 Agreement and Plan of Merger dated April 27, 2011, as amended May 20, 2011.
25 As a result of the Agreement and Plan of Merger, LoopNet became a wholly owned
26 subsidiary of CoStar Group, Inc., retaining all of its liabilities. In December 2016,
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1 LoopNet, Inc. merged with CoStar Realty Information, Inc. LoopNet, Inc. ceased
2 to exist and CoStar Realty retained all of LoopNet’s liabilities.

3 21. At all relevant times, CoStar Group, LoopNet, and CoStar Realty
4 operated not as separate and independent corporate entities, but rather as integrated
5 components of a single enterprise under the centralized control and direction of
6 CoStar Group. CoStar Group exercises complete ownership and control over
7 LoopNet and CoStar Realty, neither of which is publicly traded, independently
8 capitalized, or separately managed from the parent company. LoopNet and CoStar
9 Realty do not issue separate public financial statements and do not report
10 independently to investors or regulators; instead, their revenues, expenses,
11 operations, and liabilities are fully consolidated into CoStar Group’s SEC filings.

12 22. CoStar Group maintains a single, centralized executive leadership
13 team that exercises authority over all subsidiaries, including LoopNet and CoStar
14 Realty. Neither LoopNet nor CoStar Realty have an independent board of directors
15 or independent executive leadership. Andrew Florance, for instance, is listed as the
16 “Founder and Chief Executive Officer of CoStar Group” whose “leading brands
17 include CoStar, LoopNet,” and others.

18 23. Defendants consistently hold themselves out to the public, investors,
19 customers, and job applicants as a single company operating under the CoStar
20 Group name, rather than as separate and distinct corporate entities. CoStar Group’s
21 official website identifies LoopNet as an internal “brand” or “product” of CoStar
22 Group and does not disclose or emphasize their separate corporate existence.
23 LoopNet’s brand pages, marketing materials, and online presence are hosted
24 directly on CoStar Group’s website, reinforcing the appearance that LoopNet is
25 merely a business line within CoStar Group. Defendants’ public communications
26 repeatedly use collective terms such as “we,” “our company,” and “CoStar Group”
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1 when describing operations carried out by LoopNet and CoStar Realty, without
2 distinction between the entities.

3 24. Defendants CoStar Group, Inc. and CoStar Realty Information, Inc.
4 operate as a single unit in the CRE information services industry. Through CoStar
5 Realty Information, Inc., CoStar Group, Inc. operates the CRE information
6 services product “CoStar” (previously known as “CoStar Suite” and herein referred
7 to as “CoStar Platform”), which CoStar Group describes as the “most
8 comprehensive proprietary database of commercial real estate information in the
9 industry” with nationwide coverage. In SEC filings, CoStar Group refers to CoStar
10 Realty Information, Inc. as its “primary operating entity in the United States.” In
11 describing the CoStar CRE information services platform in legal complaints filed
12 by CoStar Group and CoStar Realty Information, Inc., the companies have
13 described themselves collectively as “CoStar.”

14 25. CoStar Group maintains a single, centralized workforce that performs
15 services across LoopNet and CoStar Realty without regard to corporate boundaries.
16 Positions dedicated exclusively to LoopNet operations—including sales, digital
17 advertising, and marketplace management roles—are posted, recruited, and hired
18 through CoStar Group’s centralized careers portal. Job postings for LoopNet
19 positions identify CoStar Group as the employer, describe CoStar Group in the
20 “Company Overview,” and make no reference to LoopNet as a separate employing
21 entity. Employees performing work for LoopNet are subject to CoStar Group’s
22 policies and benefits plans, demonstrating that CoStar Group directly controls the
23 labor necessary to operate LoopNet’s business. Employees working on CoStar
24 Realty data and analytics products are similarly advertised and hired by CoStar
25 Group, subject to CoStar Group’s policies and benefits plans.

1 **III. JURISDICTION, VENUE, AND INTERSTATE COMMERCE**

2 26. This case arises under the Sherman Act and the Clayton Act, and
3 under California state antitrust and unfair competition law. Plaintiff brings claims
4 for violations of Sections 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1, 2; seeks
5 treble damages pursuant to Section 4 of the Clayton Act, 15 U.S.C. § 15(a); and
6 seeks injunctive relief pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26.
7 Plaintiff and the California Subclass also bring claims under the California
8 Cartwright Act, California Business and Professions Code §§ 16720 *et seq.*, and
9 the California Unfair Competition Law, California Business and Professions Code
10 §§ 17200 *et seq.*, and seek treble damages pursuant to California Business and
11 Professions Code § 16750(a) and restitution and injunctive relief pursuant to
12 California Business and Professions Code § 17203.

13 27. This Court has subject matter jurisdiction over Plaintiff’s federal
14 antitrust claims pursuant to 28 U.S.C. §§ 1331 (federal question), 1337(a)
15 (antitrust), and 15 U.S.C. § 15 (antitrust), because this action arises out of Sections
16 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1, 2, and Sections 4 and 16 of the Clayton
17 Act, 15 U.S.C. §§ 15 and 26. This Court has supplemental jurisdiction over
18 Plaintiff’s state law claims pursuant to 28 U.S.C. § 1367, as those claims arise from
19 the same case or controversy as the federal claims and derive from a common
20 nucleus of operative fact. This Court also has jurisdiction over this action pursuant
21 to 28 U.S.C. § 1332(d) because this is a class action in which the aggregate amount
22 in controversy exceeds \$5,000,000 exclusive of interest and costs and at least one
23 member of the Class is a citizen of a state different from that of each Defendant.

24 28. This Court has personal jurisdiction over CoStar Group, Inc. and
25 CoStar Realty Information, Inc. (collectively, “Defendants” or “CoStar”) because
26 they operate nationally, transacting business throughout the United States,
27 including in this District (including selling CoStar Platform and LoopNet products
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1 to CRE professionals in this District); and they are engaging in the alleged
2 anticompetitive conduct, which has a direct, foreseeable, and intended effect of
3 causing injury to the business or property of persons and entities residing in,
4 located in, or doing business throughout the United States, including in this District.
5 Jurisdiction over Defendant CoStar Realty Information, Inc. is also proper because
6 it is registered to do business in the State of California and has purposely availed
7 itself of the privilege of conducting business in California.

8 29. CoStar Group operates offices in Los Angeles, Irvine, San Diego, and
9 San Francisco, California. CoStar employs CoStar Data & Analytics Sales
10 executives, including regional vice presidents, regional directors, and account and
11 sales executives in Los Angeles and Irvine, who regularly sell CoStar Platform
12 products to California customers, including members of the Class. CoStar employs
13 “Security Engineers” in Irvine and San Diego, who, on information and belief,
14 develop and administer the blocking technology alleged herein. CoStar employs
15 LoopNet Digital Advertising sales executives and associates in Los Angeles and
16 San Francisco that regularly sell LoopNet’s advertising products to California
17 customers, including members of the Class.

18 30. The Los Angeles area is one of the largest and most active regions for
19 CRE activity in the United States. On information and belief, many CRE brokers
20 in this District purchase CoStar Platform information services and LoopNet listing
21 services, and Defendants’ anticompetitive conduct—including the exclusive
22 dealing arrangements, content manipulation, and technological barriers alleged
23 herein—has directly affected CRE brokers and competition in this District.

24 31. Defendants have purposefully targeted California customers who
25 market and distribute their services in this District, enter into contracts within this
26 District, and otherwise transact business within this District. Defendants have
27 entered into the de facto exclusive agreements alleged herein with CRE brokers
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1 located in this District and have enforced their exclusionary contract terms and
2 technological barriers against brokers and competitors operating in this District.

3 32. Venue is proper in this District pursuant to Section 12 of the Clayton
4 Act, 15 U.S.C. § 22, and under the federal venue statute, 28 U.S.C. § 1391, because
5 both Defendants maintain business facilities, have agents, transact business, and
6 are otherwise found within this District, as outlined above, and certain unlawful
7 acts alleged herein were performed and had effects within this District (including
8 selling CoStar Platform and LoopNet to CRE professionals in this District and
9 entering into de facto exclusive agreements with California brokers like Plaintiff).

10 33. Defendants' anticompetitive actions have had a substantial effect on
11 interstate trade and commerce. Defendants provide data, information, and images
12 for CRE properties for sale or lease across state lines. Defendants have marketed
13 and sold CRE information and listing services to purchasers in all U.S. states and
14 territories. Defendants' conduct has substantial anticompetitive effects on
15 interstate commerce, including increased prices and costs, reduced innovation and
16 quality of service, and/or lowered output. Through their anticompetitive conduct,
17 Defendants have excluded, or seek to exclude, competitors from the CRE
18 information and listing services markets, and have deprived consumers of the
19 benefits of competition among multiple providers of CRE information and listing
20 services.

21 **IV. FACTUAL BACKGROUND**

22 **A. The Commercial Real Estate Industry**

23 34. Commercial real estate ("CRE") consists of properties used for
24 business purposes that generate income through rental revenue or capital
25 appreciation. These properties serve as workspaces, retail establishments, or
26 business operations centers rather than residences.

1 35. CRE brokers and advisors, including Plaintiff, serve as intermediaries
2 in transactions, assisting clients in selling, leasing, or purchasing commercial
3 properties. These brokers rely heavily on digital platforms to efficiently market
4 properties, locate suitable real estate, and conduct due diligence. These digital
5 platforms perform two distinct kinds of services: (1) information services, and (2)
6 listing services. Each type of service is described below:

7 36. CRE information services refers to the compilation of detailed data
8 on commercial properties, such as addresses, asking prices, lease rates, historical
9 transactions, building specifications, tenant rosters, floor plans, photographs, and
10 occupancy rates. This information is often supplied to CoStar by CoStar's broker
11 customers.

12 37. CRE listing databases refers to the maintenance of accessible
13 platforms for marketing and browsing properties currently or previously available
14 for lease or sale. Listings on these platforms are created by CRE brokers. CRE
15 listings typically include property addresses, sizes, types (office, retail, industrial),
16 asking prices or lease rates, photos, marketing flyers, and contact details for
17 brokers or owners. Listing platforms serve mainly as marketplaces and generally
18 lack extensive historical or analytical data.

19 38. CRE professionals often utilize and require both CRE information and
20 listing services. These services significantly reduce brokers' search costs, expand
21 their marketing exposure, and centralize searchable inventories and property data,
22 thereby streamlining CRE transactions.

23 **B. The Emergence of CoStar**

24 39. CoStar, founded in 1987 by Andrew Florance, gradually built a
25 dominant national CRE information database through acquisitions and exclusive
26 brokerage partnerships. CoStar pursued decades of growth through acquisitions,
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28

1 rolling up more than 30 companies since the 1990s to expand its coverage and
2 consolidate its hold on CRE data.

3 40. By the late 1990s, CoStar was the leading provider in the United
4 States of CRE information services.

5 41. Around the same time, LoopNet (then an independent company)
6 launched a free CRE listing service wherein brokers could post and market
7 properties, quickly gaining widespread adoption due to ease of use and public
8 visibility. In 1999, LoopNet partnered with the National Association of Realtors
9 (“NAR”) to gain access to major brokerage listings in exchange for NAR’s
10 endorsement of LoopNet as the preferred national commercial listing service. This
11 positioned LoopNet as the primary destination for publicly marketed CRE listings,
12 prompting many brokerages to abandon internal systems in favor of LoopNet,
13 which became the *de facto* system of record. LoopNet later introduced LoopLink,
14 a tool enabling companies to embed LoopNet-managed listings on their own
15 websites, offering brokers a simple method to display available CRE listings online.

16 42. By the 2000s, LoopNet was integral to the CRE industry—not only
17 for public marketing but also for managing active inventory through embedded
18 tools like LoopLink. Around the same time, another player emerged: Xceligent
19 developed CRE information and listing service platform products that competed
20 with CoStar Platform. Xceligent rapidly expanded in major metropolitan areas
21 across the United States. LoopNet became a majority preferred stockholder in
22 Xceligent through investments in 2007 and 2009.

23 43. During this time, CoStar initiated multiple lawsuits against LoopNet
24 over copyright infringement, unauthorized data access, and false advertising.
25 Although these disputes financially strained LoopNet, it continued to offer free
26 public access to all CRE listings on its listings platform.

1 C. CoStar Acquires LoopNet and Runs Out the FTC Clock

2 44. In 2012, CoStar acquired LoopNet for approximately \$860 million,
3 consolidating the nation's leading CRE listing database (LoopNet) and information
4 service (CoStar) under one company. LoopNet at the time was also the majority
5 shareholder of the preferred stock of Xceligent, which competed with CoStar in
6 CRE information services.

7 45. When CoStar announced its agreement to acquire LoopNet in 2011,
8 the FTC opposed the deal, finding it would eliminate competition between CoStar
9 and its then-closest competitors, LoopNet and Xceligent. The FTC considered
10 Xceligent to be "a significant competitor to CoStar in the [metropolitan] areas
11 where it is present, and the closest competitive alternative to CoStar for many U.S.
12 CRE listings database and information services customers." LoopNet, at the time,
13 was also the majority owner of Xceligent and separately operated the largest and
14 most heavily trafficked CRE listings database, with 4.8 million registered members,
15 over 6 million unique quarterly visitors, and listings covering roughly 27 million
16 properties.

17 46. To secure the FTC's approval of the LoopNet acquisition, CoStar
18 entered into a consent order, requiring CoStar to divest LoopNet's stake in
19 Xceligent and agree to a variety of "conduct relief" measures (which are unusual
20 in a merger agreement) aimed at preserving Xceligent as an independent
21 competitor, facilitating its growth, lowering barriers to entry, and preventing
22 foreclosure of Xceligent's access to existing customers.

23 47. The consent order, issued on August 29, 2012, imposed conduct
24 restrictions for a period of five years and appointed a third-party monitor to ensure
25 compliance. Among other things, the consent order prohibited CoStar from
26 restricting customers from sharing CRE data with competitors, conditioning the
27 sale of one product on the purchase of another, requiring customers to purchase
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1 products covering multiple geographies, and penalizing customers who subscribed
2 to competing services. The consent order further required CoStar, if it bundled its
3 products on new platforms, to continue offering all existing products separately at
4 commercially reasonable prices. The consent order’s conduct provisions expired
5 in August 2017.

6 48. The consent order’s customer notices expressly informed CoStar’s
7 customers that CoStar “may not require you to subscribe to one of CoStar’s
8 products as a condition to subscribing to another CoStar product” and “may not
9 require you to subscribe to products covering one or several geographic areas as a
10 condition to subscribing to products covering other geographic areas.” CoStar was
11 further required, if it bundled its products together on new platforms, to “continue
12 to offer the products separately for about 3 years at commercially reasonable
13 prices.”

14 49. CoStar did not take its commitments to the FTC seriously, even from
15 the outset. According to Xceligent’s former CEO, while the CoStar-LoopNet
16 merger was still undergoing FTC review, CoStar told Xceligent customers it was
17 going to buy Xceligent, shut it down, and increase prices, coercing customers to
18 subscribe to CoStar immediately to avoid paying higher rates after the merger
19 closed.

20 50. CoStar completed its acquisition of LoopNet on or around April 30,
21 2012 and divested its interests in Xceligent shortly thereafter. CoStar acquired
22 LoopNet in part to eliminate a competing product that undercut CoStar on price.
23 The acquisition eliminated head-to-head rivalry with LoopNet, a key competitor
24 that many in the industry viewed as CoStar’s last serious threat, and gave CoStar
25 access to vast amounts of broker-contributed data.

26 51. With the five years of protection provided by the FTC consent order,
27 Xceligent successfully expanded its coverage from 36 metropolitan areas to 53
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1 metropolitan areas and its workforce from 160 to over 1,300 between 2012 and
2 2016. In 2016, Xceligent kicked off extensive business development efforts in the
3 New York tri-state region, CoStar's most lucrative market. Xceligent was at
4 CoStar's front door and expanding rapidly.

5 52. However, once the consent order's protections expired in 2017,
6 CoStar proceeded to engage in the very practices the FTC consent order was
7 designed to prevent, driving Xceligent out of business and cementing CoStar's
8 dominance in the CRE industry.

9 **V. THE ANTICOMPETITIVE SCHEME**

10 53. Determined not to let any actual or potential competitor in the CRE
11 information and listing services markets compete on the merits, CoStar has
12 engaged in a multifaceted, self-enforcing anticompetitive Scheme. The Scheme has
13 three interlocking components: (1) de facto exclusive contracts with brokers that
14 prohibit them from sharing their own CRE listings, data, and photographs with
15 CoStar's competitors; (2) manipulation of broker-supplied content through
16 watermarking and fingerprinting that conveys CoStar's ownership, deters sharing
17 with rival platforms, and allows CoStar to monitor and enforce exclusivity; and (3)
18 technological barriers that prevent brokers and competitors from accessing
19 publicly available listing data, including in situations when the brokers who own
20 that data have authorized the competitor to use it.

21 54. Because CoStar has largely eliminated rival platforms through an
22 aggressive roll-up campaign and the anticompetitive Scheme described herein,
23 brokers increasingly rely on CoStar for their livelihoods. CoStar has exploited this
24 dynamic to tie up brokers' CRE information and CRE listings, making it virtually
25 impossible for its broker-customers to share their own CRE information and
26 listings with CoStar's platform competitors, who need this same data to compete
27 with CoStar. The resulting negative feedback loop is self-enforcing: Brokers
28

1 cannot share data with competitors; competitors therefore cannot build platforms
2 of sufficient scope and scale; and brokers, lacking any viable alternative, remain
3 locked into CoStar’s ecosystem at whatever price CoStar dictates.

4 **A. CoStar Locks In Customers and Substantially Forecloses Competition**
5 **Through Exclusive Agreements**

6 55. CoStar imposes exclusive agreements on CRE brokers who use the
7 CoStar Platform that coerce them into exclusively using CoStar’s CRE information
8 and listing services. Specifically, CoStar conditions access to its dominant
9 services—including the CoStar Platform and LoopNet—on customers’ agreement
10 to non-negotiable Terms and Conditions that prohibit customers from sharing their
11 own listings, data, and photographs with CoStar’s competitors. By prohibiting
12 brokers from sharing such information with competing platforms, these terms
13 prevent brokers from working with competitors and deny competitors access to
14 necessary information and data, resulting in substantial foreclosure of competition.

15 56. The CoStar License Agreement Terms and Conditions dated April 5,
16 2021 provide that brokers (defined as the “Licensee”) “shall not distribute,
17 disclose, copy, reproduce, make available, communicate to the public by
18 telecommunication, display, publish, transmit, assign, sublicense, transfer, provide
19 access to, use or sell, directly or indirectly, any portion of the Licensed Product.”
20 The Terms and Conditions further provide that Licensee shall not “upload, post or
21 otherwise transmit any portion of the Licensed Product on, or provide access to
22 any portion of the Licensed Product through, the Internet, any bulletin board
23 system, any electronic network, any listing service or any other data sharing
24 arrangement” accessible to anyone beyond the broker and its authorized users. The
25 Terms also provide that Licensees “shall not” “access or use the Licensed Product
26 if Licensee is a direct or indirect competitor of CoStar or provide any portion of
27 the Licensed Product to any direct or indirect competitor of CoStar.”
28

1 57. CoStar’s Terms and Conditions define “Licensed Product” broadly to
2 include all “information, text, . . . photographic and other images and data
3 contained in” CoStar’s “database of commercial real estate . . . industry
4 information.” This definition encompasses a broker’s own listings shared with
5 CoStar and posted onto its platforms, as well as any photographs, descriptions, and
6 other information contained in those listings. These terms also expressly state that
7 “under no circumstances” can any “photographs from the Licensed Product that
8 depict properties that Licensee owns, controls, represents or holds exclusives . . .
9 be posted on any website that may compete with the Licensed Product.”

10 58. In other words, once a broker has put their own listings, photographs,
11 and other information on CoStar’s platform, the broker is prohibited from sharing
12 any of this information with a competing service. Although CoStar’s Terms
13 nominally acknowledge that brokers “retain [their] rights” to information and
14 images they provide to CoStar, in practice, because brokers use CoStar’s platform
15 as their system of record for maintaining and updating listings, they inevitably
16 access and share content “from the Licensed Product”—triggering the restrictions
17 described above. LoopNet’s Advertising Agreement Terms and Conditions impose
18 nearly identical prohibitions on data sharing.

19 59. Together, these exclusive data dealing agreements prevent brokers
20 from listing properties across multiple services, require brokers to exclusively use
21 CoStar, and deny competitors access to information and data necessary to compete
22 in the relevant market. As the Ninth Circuit explained in its recent decision
23 reviving CREXi’s antitrust claims against CoStar, “in practice, [the contracts]
24 require brokers to exclusively use CoStar’s services,” and “condition access . . . on
25 an agreement not to support or share equivalent data with CoStar’s competitors.”
26 *CREXi*, 150 F.4th at 1074.

1 60. By design, CoStar’s contractual restrictions and related conduct deter
2 broker participation in alternative CRE information and listing services, increase
3 switching costs out of the CoStar ecosystem, and suppress the emergence of viable
4 competitors. Brokers have confirmed these effects. When approached by CREXi
5 about posting their listings on a competing platform, brokers consistently declined,
6 citing their contractual obligations to CoStar. One broker explained that she could
7 not allow CREXi to post her listings because “that would be some sort of breach
8 of contract with [CoStar].” Another broker explained that he could not work with
9 CREXi because it would “conflict with our National CoStar agreement.” A third
10 broker told CREXi that listing his properties on multiple services would be
11 “problematic in regard to [his] contractual relationship with CoStar.” These
12 accounts confirm the practical exclusionary effect of CoStar’s contract terms—
13 brokers who provide data to CoStar are, in practice, foreclosed from also providing
14 that data to CoStar’s competitors.

15 61. As discussed more fully below, CoStar further strengthens its
16 exclusive control over broker-supplied content by placing proprietary watermarks
17 on photographs uploaded to the CoStar platform and deliberately embedding
18 inaccurate data into listing information, providing a mechanism for CoStar to
19 monitor and enforce the exclusivity.

20 62. Given CoStar’s dominant position, brokers have little choice but to
21 accept these exclusive agreements and input their data into CoStar’s ecosystem.

22 63. The exclusionary effects of these contracts are bolstered by their long-
23 term nature. Most CoStar and LoopNet licensing agreements have one- to three-
24 year terms and auto-renew unless terminated with significant advance notice.
25 CoStar maintains punitive cancellation rules that bind customers to fixed-term
26 agreements that automatically renew unless the customer gives lengthy advance
27 notice to avoid the renewal. Many CoStar users are caught off guard when they
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1 learn they cannot cancel their contracts. Numerous customers have publicly
2 complained about these practices on review sites and message boards. Likewise,
3 brokers have told CREXi that CoStar’s cancellation policies have prevented them
4 from working with CREXi.

5 64. CoStar’s exclusive dealing agreements have locked in its customers
6 and prevented potential competitors from competing in the markets for CRE
7 information and listing services. Given CoStar’s market share of over 90% in each
8 of these markets, these exclusive dealing arrangements have foreclosed
9 competition in a substantial share of the market for CRE information and listing
10 services.

11 65. CoStar’s exclusive dealing agreements, and their actual or threatened
12 enforcement, have the practical effect of foreclosing any would-be CoStar
13 competitor from obtaining the information needed to create a robust CRE listing
14 and information services and have thereby enabled CoStar to acquire and maintain
15 monopoly power in the markets for CRE information and listing services, harming
16 competition and resulting in supracompetitive prices and a reduction of quality—
17 precisely the harms the antitrust laws were designed to protect against.

18 66. Participation in CoStar, LoopNet, and/or LoopLink combined with
19 Defendants’ exclusionary agreements ties brokers to the CoStar ecosystem while
20 effectively locking them out of all other potential platforms. One broker relayed
21 this dynamic to a representative of CREXi in explaining why she could not work
22 with CREXi:

23 Unfortunately our listings are on the [brokerage] website
24 via Looplink. I do not keep lists of our listings on excel or
25 other platforms as we have over 300 listings that change
26 daily, and I don’t have the extra time to keep track on
27 multiple platforms. I can’t think of an alternative way to
28 get you [my brokerage]’s listings at this time.

1 67. Because CoStar conditions access to its products on brokers'
2 agreements not to support or share equivalent data with CoStar's competitors, it
3 effectively requires brokers to exclusively use CoStar's services to list properties.

4 68. Through these practices, CoStar locks in its exclusive access to
5 broker-generated content, raises rivals' costs, and deters brokers from working
6 with competitors, thereby foreclosing competition in the CRE information and
7 listing services markets, as broker content is crucial to any market participant's
8 ability to compete by offering access to a wide array of CRE properties.

9 **B. CoStar Manipulates Broker-Supplied Content to Reinforce the**
10 **Perception of Exclusivity**

11 69. Once CRE professionals submit listing content to LoopNet or CoStar
12 Platform, CoStar manipulates that content to ensure adherence to the exclusivity.
13 CoStar does this through at least two practices—watermarking and
14 fingerprinting—which both convey CoStar's ownership and control over the
15 broker-supplied content. These tactics serve a dual purpose: they chill broker
16 participation on competing platforms and equip CoStar with a means to detect and
17 punish any broker who attempts to list content elsewhere.

18 **1. CoStar watermarks customer content.**

19 70. CoStar routinely places its own watermark on uploaded photographs,
20 even for photographs over which CoStar does not own the copyright, such as when
21 a broker supplies CoStar with the broker's own or privately commissioned
22 photographs.

23 71. By affixing its watermark to broker-owned photographs, CoStar
24 claims the broker-submitted content as its own and reinforces the *de facto*
25 exclusivity required under its contracts. The watermarks allow CoStar to easily
26 monitor and detect when brokers breach the exclusivity and share their content
27 with rival platforms. Brokers are then deterred from freely using or distributing
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1 their own photographs, including to competing platforms, in fear of retaliation
2 from CoStar.

3 72. The photos below are instances where a broker privately paid for
4 photos to be taken of their listing, uploaded their photographs to LoopNet without
5 watermarks, and CoStar later altered the image to add its watermark in the bottom
6 right corner of the photograph:

7 **Broker Supplied Image**

CoStar Watermarked Image



23
24
25 73. Because CoStar does not notify brokers of these modifications,
26 brokers risk inadvertently violating CoStar's contractual terms by reusing content
27 they created; as the reuse of broker-submitted content, now altered without their
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1 awareness, constitutes a breach of contract under CoStar’s terms.

2 74. For example, evidence produced in the *CREXi* litigation shows that in
3 August 2020, a broker complained to CoStar about CoStar’s watermarking of the
4 broker’s renderings, which “caused them to be blocked on other sites.” In response,
5 a CoStar sales executive acknowledged that the materials were part of the broker’s
6 listing, and that CoStar added the watermark to prevent “further distribution of
7 *your* photographs.” A LoopNet Vice President of Operations added: “If we add
8 watermarks to all photos on our site, it is to ensure others don’t scrape our data and
9 *use photos from our site on other sites.*” Other evidence suggests that CoStar
10 watermarks “all” images “once they are in our database,” including “user uploaded
11 images.”

12 75. Some brokers even add their own watermarks to photos uploaded to
13 LoopNet in an effort to avoid CoStar’s baseless copyright claims, but CoStar has
14 gone as far as cropping out the broker watermark and adding the CoStar watermark.

15 76. By applying its watermark to photographs over which brokers retain
16 ownership, CoStar reinforces the perception (among brokers and rival platforms)
17 that broker-supplied content belongs exclusively to CoStar. Even when brokers
18 may have rights to reuse their own information, the threat of detection,
19 enforcement, or retaliation discourages them from participating in competing
20 services—further entrenching CoStar’s *de facto* exclusive arrangements.

21 **2. CoStar uses “fingerprinting” to litter CRE listings with**
22 **inaccurate property information.**

23 77. CoStar also unilaterally modifies brokers’ listings and data in ways
24 that further enable it to monitor and enforce compliance with the exclusive
25 arrangements and deter brokers from sharing their own content with competitors.

26 78. CoStar’s contractual terms purport to grant CoStar the right to
27 unilaterally adjust, or “fingerprint,” property listing information supplied by
28

1 brokers. CoStar has admitted that it “inserts bits of fictitious data within the
2 property records that appear within the CoStar Service,” such as a building’s
3 parking ratio, lot size, the year it was built, etc.—a practice CoStar calls “seeding”
4 or “salting” listings. Indeed, CoStar has stated in prior litigation filings that its
5 CoStar database contains certain “seed listings,” which include fictitious
6 information.

7 79. CoStar’s own employees have confirmed that the company’s database
8 contains widespread inaccuracies — both deliberate and systemic. One former
9 CoStar employee described spending months “trying to quietly clean up blatantly
10 inaccurate data that we had been selling to subscribers for years.” Another
11 employee stated that “most associates would input false information just to keep
12 up numbers and refrain from being put on a performance improvement plan.” A
13 third stated bluntly: “Data is fake, quotas are enforced so hard people make things
14 up to keep their jobs.”

15 80. CoStar uses software to detect the appearance of its altered data on a
16 competitor’s platform. When CoStar identifies its fictitious data on a rival service,
17 it treats that as evidence of misappropriation, which instills fear among brokers
18 that any data shared with a competitor will be traced back to CoStar and used as a
19 basis for enforcement action—further entrenching CoStar’s *de facto* exclusive
20 arrangements.

21 81. By altering brokers’ own data without their knowledge, CoStar
22 creates a trap. Brokers often pull their own data from CoStar’s platform, intending
23 to use information they previously contributed for marketing outside of CoStar.
24 Because CoStar has covertly altered that data, brokers inadvertently supply
25 inaccurate information to CoStar’s competitors—and are then “caught” by
26 CoStar’s detection software and threatened with copyright or contractual claims.
27 The result is that brokers avoid competitors altogether out of fear and confusion.

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1 82. CoStar’s fingerprinting also directly harms brokers by causing them
2 to rely on inaccurate data when valuing properties or creating marketing materials,
3 or by forcing brokers to independently verify the accuracy of information they
4 themselves originally entered but that CoStar has surreptitiously manipulated.

5 **3. CoStar’s pattern of aggressive litigation reinforces the**
6 **Scheme.**

7 83. CoStar, known to be “famously litigious,” frequently threatens and
8 brings lawsuits against its customers and its competitors premised on claims of
9 copyright ownership and breach of contract. These lawsuits reinforce the
10 perception among brokers that they cannot share their own content with competing
11 platforms without risking costly legal action.

12 84. Between 2004 and 2016, CoStar filed over 30 federal lawsuits against
13 both competitors and its own customers. Since 2015, CoStar has filed at least 37
14 different lawsuits, often alleging copyright infringement, intellectual property theft,
15 and breach of contract. These lawsuits are frequently aimed at emerging or smaller
16 rivals in the CRE information and listing services markets. CBRE’s (one of
17 CoStar’s biggest customers) former head of global innovation said, CoStar “used
18 litigation to suppress innovation in the space” and “over time, they have cultivated
19 an adversarial approach to customers.”

20 85. On information and belief, the purpose and effect of CoStar’s
21 litigation campaign is to instill fear in broker-customers, who rely on CoStar for
22 their livelihoods, so that they will not risk working with rivals offering better prices
23 or products. CoStar’s watermarking and fingerprinting practices compound this
24 effect by making it easier for CoStar to detect and punish brokers that share their
25 own broker-created content with rival platforms. This chills competition by
26 deterring brokers from using competitor platforms to post listings, share images or
27 CRE information even when they themselves took the photos or gathered the
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1 information.

2 86. Brokers' fear of reprisal from working with CoStar competitors is
3 well-founded. For instance, in 2021, CoStar sued Leon Capital (a customer) for
4 allegedly violating CoStar's Terms of Use. CoStar later accused Leon Capital of
5 being a "competitor" to CoStar—and thus barred from obtaining CoStar's services
6 under its Terms of Service pursuant to the provision that prohibits competitors
7 from accessing CoStar's services—because the CEO of Leon Capital was an
8 advisor to and promoted competing information and listing services platform
9 provider CREXi. CoStar terminated Leon Capital's account but nonetheless sought
10 damages for its remaining contract under its supposed "acceleration" clause. Such
11 lawsuits are meant to have a chilling effect on any customer that may work with a
12 CoStar competitor, and make clear that any claim by CoStar of a lack of exclusivity
13 is illusory.

14 87. CoStar's rivals have also recognized the intimidating intent of
15 CoStar's litigiousness. In 2014, CoStar sued CompStak, a crowdsourced CRE data
16 startup. CompStak's CEO said there was "no doubt in [his] mind" that CoStar
17 launched the suit simply to intimidate him. "It was all about scare tactics." "The
18 point was not about copyright. The point was trying to smear CompStak in the
19 press." Similarly, competing information and listing services platform provider
20 CREXi has decried the intellectual property claims that CoStar asserted against it
21 as an intimidation tactic: "CoStar's false claims of intellectual property ownership,
22 combined with its aggressive litigiousness, foster a market environment where
23 brokers are deterred from sharing their own CRE property information with
24 competitors like CREXi."

1 90. CoStar also employs firewalls to permanently block IP addresses
2 associated with competitors and prevent them from accessing CoStar Platform or
3 LoopNet, causing them to immediately receive the below error message when they
4 try to go to the free, public LoopNet home page:

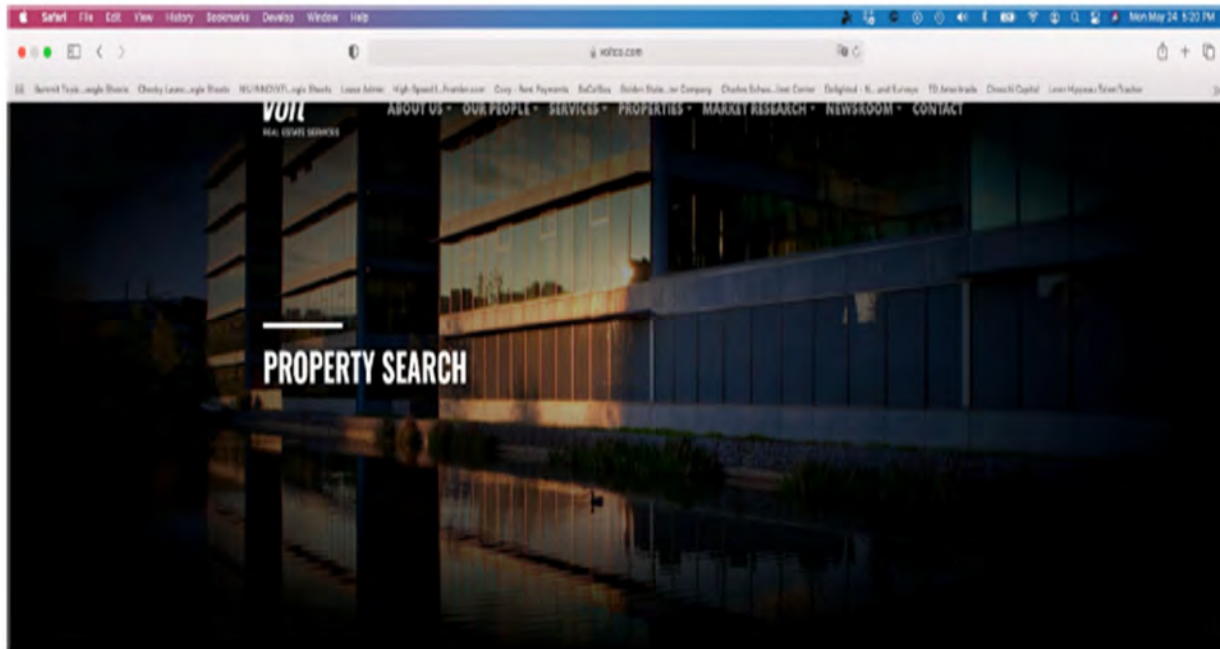


5
6
7
8
9 **Access Denied**

10 You do not have permission to access this site.

11 Reference ID: 18.755832b8.1576543074.4962de90
12

13 91. Blocking competitors from accessing the CoStar Platform and
14 LoopNet websites is not enough, however, because CoStar also employs blocking
15 technology to prevent competitors from accessing CRE listings on *brokers' own*
16 *websites* that use CoStar's LoopLink tool. CoStar employs this blocking
17 technology on brokers' own websites without informing the broker. Thus, brokers
18 will grant CoStar competitors permission to access *their own* CRE listings
19 available on *their own* website, but the competitor will be denied access when they
20 go to access the broker's website—information that, again, is available to the
21 general public. For example, a blocked competitor would encounter the following
22 "Access Denied" message when it is locked out of the broker's publicly available
23 website:
24
25
26
27
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92. Competitors are thus prevented from accessing live CRE listings on these brokers' own websites, even when they have the broker's permission. This is particularly notable since CoStar relies on its own access to brokers' websites to obtain the same CRE listings and data.

93. In lawsuits brought by CoStar, two CoStar competitors, CREXi and Xceligent, filed antitrust counterclaims against CoStar for, among other things, imposing this blocking technology that prevents their access to otherwise publicly available broker websites.

94. CREXi identified multiple examples of brokers expressing frustration that they were unable to share information about *their own* CRE listings displayed on *their own* websites using LoopLink. One broker told CREXi: "I'm not sure why you can't access these [listings] because they are on our own website."

1 95. Ironically, CoStar now employs this blocking technology in a manner
2 that it derided as anticompetitive when it was deployed by LoopNet against CoStar
3 while they were still competitors (before CoStar's 2012 acquisition of LoopNet).

4 96. Prior to CoStar's acquisition of LoopNet, LoopNet sued CoStar to
5 block CoStar's access to its publicly available CRE listings. Andrew Florance,
6 CoStar's CEO, explained in a 2008 Declaration regarding the litigation that CoStar
7 needs to access CRE listings and information available on LoopNet in order to
8 remain competitive:

9 CoStar researchers obtain the most complete and up-to-
10 date information about commercial real estate in a variety
11 of ways...In some cases, our researchers find out about
12 listings by asking the broker a series of questions about the
13 property in question. In other cases, the broker themselves
14 have already written up a description of the property. In
15 the latter cases, commercial brokers often direct CoStar
16 researchers to take their listings from the brokers' own
17 websites or email their listings to CoStar. Because brokers
18 make money when their properties are sold or leased, they
19 are naturally eager to obtain the maximum possible
20 exposure for their listings. CoStar has long employed these
21 techniques both for listings that have no connection to
22 LoopNet and for listings representing brokers that, as
23 discussed below, have paid LoopNet to host the listing
24 portion of the broker's website.

18 Florance also described the measures employed by LoopNet to block competitor
19 access to their website as "outrageous."

20 97. CoStar and LoopNet settled their 2008 claims by agreeing both
21 entities could access and use the publicly available information on their websites.
22 Shortly thereafter, CoStar adopted a written policy referred to as the "Third Party
23 Websites Policy" explicitly permitting their employees to access and use CRE
24 Information from brokers' websites, as well as LoopNet:

25 The following activities . . . are not prohibited by
26 [CoStar's] Third Party Websites Policy: (a) viewing a
27 broker's publicly-available website that is powered
28 through the LoopLink™ service, (b) clicking on a
hyperlink that a broker sends via email, and (c) viewing

1 the public areas of the LoopNet Website, such as where
2 press releases and product description information is made
3 available.

4 98. Two years later, LoopNet again sued CoStar for copying CRE
5 Information from LoopNet's website. CoStar again responded that it was "not
6 doing anything wrong" by accessing public CRE Listing Information on LoopNet.
7 CoStar explained, "we think it's silly that LoopNet makes this listing information
8 available on its public Web site for all of the world to see, and that they're trying
9 to essentially argue that CoStar can't look at it." CoStar's CEO, Andrew Florance,
10 explained in a 2009 declaration that "CoStar has openly and notoriously accessed
11 information on the non-password protected areas of LoopNet's website," "made
12 use of that information for competitive purposes," and that it was "CoStar's right
13 to update its database from broker websites or from listings on the LoopNet website
14 to which brokers had directed CoStar by email."

15 99. In that same declaration, Florance testified that LoopNet "has been
16 preventing CoStar's researchers from obtaining listing information provided to
17 them by third party brokers from the non-password protected areas of
18 LoopNet.com and *from the broker's own websites*," even though "[t]hese brokers
19 have typically given CoStar explicit permission to obtain such information."
20 Florance further testified that LoopNet "acknowledges that those listings belong to
21 the broker, not LoopNet. Yet LoopNet has been preventing those brokers from
22 sharing them with CoStar." Declaration of Andrew C. Florance, *LoopNet, Inc. v.*
23 *CoStar Group, Inc.*, Case No. BC380863 (L.A. Sup. Ct. Apr. 7, 2009), ¶¶ 30-31.
24 Florance's testimony confirms that CoStar's CEO understood—and stated under
25 penalty of perjury—that blocking a competitor from accessing broker-owned
26 listings on publicly available websites causes competitive harm and interferes with
27 brokers' ability to share their own data.
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1 100. In an earlier declaration, Florance detailed the escalating blocking
2 campaign LoopNet deployed against CoStar in February and March 2009,
3 testifying that LoopNet repeatedly blocked and re-blocked CoStar’s access to
4 publicly available listings—including on brokers’ own LoopLink-enabled
5 websites—despite CoStar’s attempts to circumvent the blocks using different IP
6 addresses. Florance testified that at the time of the blocking, “only approximately
7 25 people were engaged in conducting manual searches of the publicly-available
8 non-password protected portions of LoopNet’s website” on behalf of brokers who
9 had directed CoStar to their own websites. Declaration of Andrew C. Florance,
10 *LoopNet, Inc. v. CoStar Group, Inc.*, Case No. BC380863 (L.A. Sup. Ct. Mar. 10,
11 2009), ¶¶ 20-30. CoStar now deploys this same blocking technology—but on a far
12 larger and more systematic scale—against its own competitors.

13 101. Brokers are harmed when CoStar employs this blocking technology
14 because they have to engage in a much more time-consuming, manual process to
15 maintain their CRE listings and keep them updated across multiple platforms.
16 When CoStar faced blocking by LoopNet, CoStar itself sought injunctive relief
17 because of the irreparable harm it said the blocking technology was causing:

18 [B]rokers often respond to CoStar’s inquiries by referring
19 CoStar researchers to the public parts of LoopNet’s
20 website or to their own sites hosted on LoopLink... Instead
21 of simply visiting a broker’s own website or viewing the
22 listing the broker uploaded to LoopNet and linked to
23 CoStar, CoStar’s researchers must either obtain the details
of a listing over the phone or trouble the broker to send the
listing in a form that is not blocked by LoopNet’s denial
of access. These processes slow down CoStar’s research
process, meaning that fewer listings are updated on a daily
basis.

24 102. Competing CRE listing services are also harmed by the blocking
25 technology that CoStar employs because the additional work to maintain and
26 update CRE listings means that brokers are deterred from working with competing
27 CRE listing services. CoStar’s CEO Andrew Florance acknowledged the
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1 anticompetitive harm resulting from LoopNet’s use of similar blocking techniques
2 pre-acquisition, explaining that “LoopNet’s conduct of blocking CoStar’s access
3 to its website and/or broker websites supported by LoopNet’s LoopLink
4 technology has interfered with the performance of CoStar’s customers under their
5 license agreements” and “makes it less likely that other prospective customers will
6 enter into economic relationships with CoStar.”

7 **D. CoStar’s Exclusionary Scheme Has Drawn Prior Antitrust Scrutiny**

8 103. The destruction of Xceligent and CoStar’s ongoing campaign against
9 CREXi illustrate how the three components of CoStar’s anticompetitive scheme
10 operate together to eliminate or neutralize competitors.

11 104. **Xceligent.** As the FTC consent order expired in 2017, CoStar
12 deployed the scheme against Xceligent.

13 105. First, CoStar’s exclusionary contract terms prevented brokers from
14 sharing their own CRE listings and data with Xceligent, depriving Xceligent of the
15 broker-supplied content it needed to build a competitive platform—even as
16 Xceligent was expanding into new markets and actively courting broker
17 participation.

18 106. Second, CoStar’s watermarking and fingerprinting practices
19 reinforced the perception among brokers that their content could not be shared with
20 Xceligent, further chilling broker participation on Xceligent’s platform.

21 107. Third, CoStar deployed technological blocking tools that prevented
22 Xceligent from accessing brokers’ public listings on LoopNet and other platforms.
23 CoStar also turned to litigation, reportedly spending tens of millions litigating
24 against Xceligent and seeking hundreds of millions in damages. CoStar publicly
25 disparaged Xceligent to customers, Congress, and the press, intimidating potential
26 clients and damaging Xceligent’s reputation. Former employees confirmed this
27 campaign. One wrote that the CEO “constantly sends out negative emails about the
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1 now demised Xceligent as if he gloats in their loss” and described the CEO as
2 regularly sending “inappropriate emails to the entire company — i.e. who we
3 should vote for, products we should buy, mocking companies he’s put out of
4 business.”

5 108. As part of that litigation, Xceligent counterclaimed, accusing CoStar
6 of anticompetitive practices, including exclusionary contracts and aggressive
7 litigation aimed at blocking competition. Before any court could reach a decision
8 on the counterclaims, Xceligent filed for Chapter 7 bankruptcy in 2017 and ceased
9 operations. As a condition of CoStar’s settlement with the Xceligent bankruptcy
10 trustee, Xceligent agreed to dismiss its antitrust counterclaims—ensuring that
11 CoStar’s conduct was never adjudicated on the merits.

12 109. **CREXi.** With Xceligent eliminated, CoStar turned the same playbook
13 on CREXi, an innovative CRE marketplace and technology platform founded in
14 2015 that had begun making competitive inroads in the CRE information services
15 market.

16 110. CoStar deployed each component of its scheme against CREXi.
17 CoStar’s exclusionary contracts and technological blocking prevented brokers
18 from sharing their own listings with CREXi, even when brokers directed CREXi
19 to access listings on the brokers’ own websites. CoStar filed suit against CREXi in
20 2020, alleging copyright violations, DMCA claims, and breach of contract—many
21 premised on photographs that were, in reality, owned by brokers or third parties.
22 CoStar’s watermarking of broker-owned photographs that appeared on CREXi’s
23 platform contributed to the removal of listings and disrupted CREXi’s
24 relationships with its customers.

25 111. CoStar’s anticompetitive intent toward CREXi was made explicit in
26 internal communications. In February 2020, a senior LoopNet executive wrote to
27 CoStar’s CEO Andrew Florance warning that CREXi was spreading “[I]ike the
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1 Coronavirus” and urging CoStar to act "before it gets too wide spread ... Or worse,
2 too late to stop.” The executive vowed “to destroy” CREXi, and Mr. Florance
3 responded: “You go Joe. Fight like a son of a bitch who will never die.”

4 112. CREXi filed antitrust counterclaims, and the Ninth Circuit allowed
5 those claims to proceed, finding that CREXi had plausibly alleged that CoStar
6 holds monopoly power and engaged in exclusionary conduct through exclusive
7 agreements and technological barriers. *CREXi*, 150 F.4th at 1075.

8 113. **CoStar’s Resulting Market Position.** CoStar deploys its Scheme not
9 to protect legitimate business interests, but to deprive would-be rivals of the
10 broker-supplied data they need to compete, and then to litigate them into
11 submission or insolvency.

12 114. With Xceligent bankrupt and CREXi embattled, CoStar faces no
13 meaningful competitive constraint. For example, seven months after Xceligent
14 filed for bankruptcy, CoStar raised the average price it charged new customers by
15 80%, from \$255 to \$466 per month. CoStar employees independently confirmed
16 the connection between competitor elimination and price increases. One sales
17 employee wrote that CoStar “increased our pricing 200-400% over the past year or
18 two — with a huge increase when our main ex-competitor, Xceligent [went under].”
19 Another stated: How many companies show loyalty to their oldest clients by
20 increasing pricing on clients that have been with us for decades 500%+?” CoStar
21 also eliminated all geographic and product-level options, forcing every customer
22 into a single global subscription at a substantially higher price.

23 115. On CoStar’s Q2 2020 earnings call, Florance candidly explained why
24 CoStar’s business was more resilient than during the 2008 recession: “in the great
25 recession we had two super low cost competitors, so we’re competing against a
26 very well-funded Xceligent . . . charging probably 15%-20% of what we charge
27 for a service We also were competing against LoopNet at that time it was
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1 offering a product at 5% of the cost of our product. So those two things are no
2 longer a factor.” In other words, CoStar’s CEO told investors that the elimination
3 of competitors—through acquisition and forced bankruptcy—allowed CoStar to
4 maintain prices that would have been unsustainable in a competitive market.

5 116. As of 2025, CoStar’s market capitalization is approximately \$35
6 billion, with quarterly revenues exceeding \$700 million and strong profit margins.

7 117. The effectiveness of CoStar’s scheme is reflected in CoStar’s ability
8 to maintain a renewal rate above 90% (*i.e.*, more than 90% of existing subscribers
9 resubscribe with the CoStar Platform each year) despite rising costs and decreased
10 quality—a hallmark not of customer satisfaction, but of market power unchecked
11 by competition.

12 VI. ANTITRUST INJURY

13 118. Since its acquisition of LoopNet in 2012, CoStar has raised listing
14 prices by as much as 300% to 500% and also systematically raised prices for its
15 CRE information services, including by eliminating lower-cost alternatives and
16 forcing brokers onto its higher-priced CoStar Platform.

17 119. Until 2017, LoopNet directly competed with CoStar’s information
18 services. Its flagship product, “Premium Searcher,” let brokers—paying a monthly
19 subscription—view both paid and free listings on LoopNet. LoopNet also offered
20 lower-priced tools: “Property Facts,” which provided ownership, lender, tenant,
21 market statistics, and tax data for active and off-market properties; and “Property
22 Comps,” which supplied sale price, buyer, seller, and sale date data for closed
23 transactions. Brokers could subscribe to any combination of these products,
24 tailoring cost to need.

25 120. In October 2017, after its takeover of LoopNet, CoStar eliminated all
26 three LoopNet information products—Premium Searcher, Property Facts, and
27 Property Comps—forcing brokers seeking similar data into CoStar’s own, higher-

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1 priced CoStar Platform. CoStar later boasted that LoopNet users who had been
2 paying \$0–\$145 per month were converted into CoStar Platform subscribers
3 paying an average of \$520 per month.

4 121. CoStar’s CEO later celebrated this conversion on earnings calls,
5 noting that CoStar’s “best quarter of net new business generation ever” was “27%
6 higher than the first quarter 2018 when we sunsetted LoopNet Premium
7 Searcher”—directly linking the elimination of the lower-cost LoopNet product to
8 CoStar’s sales performance.

9 122. At the same time, CoStar made LoopNet’s CRE database services less
10 accessible and more expensive. It discontinued LoopNet’s unlimited listing plans
11 — which had allowed brokerage firms to post “a huge number of listings” for only
12 a few dollars each — and replaced them with tiered advertising plans priced
13 between \$220 and \$1,054 per month to have properties appear on LoopNet’s free,
14 public-facing site.

15 123. CoStar also sharply reduced the share of LoopNet listings brokers
16 could view for free or low cost, locking access behind a subscription to the CoStar
17 Platform. CoStar touted the results, reporting that brokers previously paying \$54
18 per month for LoopNet were converted into CoStar Platform subscribers paying
19 between \$473 and \$555 per month.

20 124. Until its bankruptcy in December 2017, Xceligent also continued to
21 compete with CoStar on CRE information services. According to Xceligent’s
22 former CEO, Xceligent’s prices were, on average for its full product,
23 approximately 40% lower than CoStar’s.

24 125. After eliminating competition from Xceligent and less expensive
25 alternative products, CoStar engaged in a campaign in 2018 to ensure what it
26 referred to as “strong and consistent pricing integrity” with customers. In reality,
27 CoStar substantially raised prices for its CRE information services and eliminated
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1 discounting programs (including bundled discounts, manager discretionary
2 discounts, and partial product sale discounts). CoStar boasted that this resulted in
3 an 80% increase in the average price per new broker user license, from \$255 to
4 \$466 per month.

5 126. Around 2019, CoStar began instituting larger annual price increases
6 on its CoStar Platform. Where CoStar had historically imposed average annual
7 increases of approximately 3%, it began imposing average annual increases of 6–
8 7%.

9 127. Around the same time, CoStar also imposed steep advertising price
10 hikes on LoopNet via tiered packages (Silver, Gold, Platinum, Diamond). CoStar
11 capped the number of ads available in each tier. Brokers were pressured to upgrade
12 to more costly tiers to maintain comparable visibility, with limited Diamond slots
13 creating artificial scarcity and enabling premium pricing. Brokers described the
14 system as coercive, with “sold-out” tiers funneling customers into high-cost
15 packages. By 2020, customers paid an average of \$710 per month for a single
16 listing and, by 2021, an average of \$984 per month per listing.

17 128. With the COVID pandemic significantly affecting the CRE business
18 starting in 2020, CoStar, for the first time ever, paused its annual price increases
19 from approximately March 2020 through August 2021. But beginning in
20 September 2021, CoStar reinstated its annual price increases.

21 129. For 30 years, CoStar offered CoStar Platform subscriptions with a
22 range of geographic options (local, regional, state, national, or global) and allowed
23 brokers to choose among three distinct types of information service products
24 (property information, comparable sales information, and tenant information). By
25 2021, with no competitive threat to rein it in, CoStar eliminated all of these options.
26 Starting July 1, 2021, CoStar discontinued every CoStar Platform product other
27 than a single global subscription—rebranded simply as “CoStar”—that bundled all
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1 information services across all geographies at a substantially higher price,
2 regardless of whether a broker's business extended beyond a single market.
3 Customers, on average, were forced to pay an additional \$200 per month, with
4 customers that had previously subscribed to local, regional, or state products seeing
5 significantly larger increases. For context, as of 2017, the CoStar regional product
6 sold for approximately \$695 per month and the state product for approximately
7 \$995 per month; the national product sold for approximately \$1,395 per month. By
8 2021, the only option available was the global product, priced even higher than the
9 former national product. CoStar itself historically organized its sales around more
10 than 100 distinct local and regional markets, as reflected in the geographic market
11 definitions set forth in the FTC consent order's appendices. CoStar's elimination
12 of all geographic options thus abandoned not only its own longstanding product
13 structure, but also the consumer protections the FTC had specifically imposed to
14 prevent precisely this kind of forced bundling.

15 130. At the time CoStar announced this consolidation, only 17% of its
16 customers subscribed to the most comprehensive offering—meaning that the vast
17 majority of customers were forced into a more expensive product they had not
18 previously chosen to purchase.

19 131. CoStar has continued to enforce this mandatory global subscription
20 structure throughout the Class Period, requiring all new and renewing subscribers
21 to purchase the bundled global product at prices that have continued to increase
22 annually. By 2025, brokers reported paying as much as \$1,700 per month per user
23 for the CoStar Platform. Brokers report instances of having to pay \$6,000 to obtain
24 information data for a single customer because they no longer have the option to
25 purchase services for one local region.

26 132. Throughout the Class Period, CoStar imposed annual price increases
27 on CoStar Platform subscribers. On CoStar's second quarter 2022 earnings call,
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1 CoStar’s CEO confirmed that CoStar was pushing pricing increases through its
2 sales force at renewals. On information and belief, CoStar imposed annual price
3 increases on its CoStar Platform subscribers in each year from 2022 through 2025,
4 averaging approximately 5% to 8% annually, compounding the already-
5 supracompetitive pricing described above.

6 133. During the Class Period, CoStar continued to lock brokers into auto-
7 renewing annual contracts at supracompetitive prices. CoStar typically requires 60
8 days’ advance notice to cancel. If brokers miss the 60-day cancellation window,
9 they are automatically renewed at then-current rates—which reflect the cumulative
10 effect of CoStar’s successive price increases—and are locked into another year-
11 long contract. Brokers who failed to provide timely notice of cancellation were
12 thus forced to continue paying supracompetitive prices for an additional year, with
13 no meaningful alternative to which they could switch.

14 134. CoStar’s double-digit revenue growth throughout the Class Period
15 was sustained, in substantial part, by these ongoing price increases imposed on a
16 captive customer base. CoStar’s revenue from its CoStar Platform product grew
17 approximately 15–17% in 2022, 10–11% in 2023, and approximately 10% in 2024.
18 CoStar repeatedly described its products as “mission critical” to its customers—an
19 acknowledgment that CRE professionals have no viable alternative—and reported
20 contract renewal rates of 90% or higher in every quarter throughout the Class
21 Period, including renewal rates of 96% to 98% among customers subscribed for
22 five years or longer.

23 135. CRE professionals now have no choice but to buy the full global
24 CoStar Platform subscription to compete for customers and cannot turn to a
25 competitor product without, among other things, being threatened with lawsuits.

26 136. CoStar has also degraded product quality. In recent years, customers
27 have reported significant usability issues, widespread technical glitches, and
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1 unresponsive support. One customer reported that “the program glitches more than
2 you would hope” and that “the representatives are super slow in responding to your
3 emails.” A customer on Trustpilot described CoStar’s “customer service” as
4 “atrocious,” stating: “They overpromise, underdeliver.” Another customer
5 reported that “CoStar has the worst customer service I have ever experienced. They
6 take months to respond, lie to get you into contract and then do not deliver on the
7 services promised.”

8 137. As CoStar has eliminated virtually all competition in the market for
9 CRE information services, CoStar has invested less in its researchers, so the quality
10 of CoStar’s data has declined while prices continue to increase.

11 138. CoStar’s anticompetitive scheme—including its exclusive dealing
12 arrangements, manipulation of broker-supplied content, and deployment of
13 technological barriers—has remained in full effect throughout the Class Period and
14 continues to the present. Each supracompetitive payment made by Plaintiff and
15 Class members during the Class Period constitutes a new and independent injury
16 caused by CoStar’s ongoing anticompetitive conduct.

17 139. The supracompetitive prices and degraded quality described above
18 are a direct and proximate result of CoStar’s anticompetitive scheme. But for
19 CoStar’s exclusionary contracts, content manipulation practices, and technological
20 barriers, competitors would have entered or expanded in the CRE information and
21 listing services markets, exerted downward pressure on prices, and offered brokers
22 meaningful alternatives. Instead, CoStar’s scheme has foreclosed competition,
23 leaving Plaintiff and the Classes with no choice but to pay inflated prices for
24 inferior services.

25 **VII. THE RELEVANT MARKETS**

26 140. CoStar possesses monopoly power in two distinct but related markets:
27 (a) the market for CRE information services and (b) the market for CRE listing
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1 databases. The FTC recognized these as distinct relevant lines of commerce in
2 connection with CoStar’s acquisition of LoopNet, identifying “(a) CRE listings
3 databases; and (b) CRE information services” as relevant product markets.

4 141. CRE information services involve the compilation of information
5 containing property-level information about commercial real estate gathered and
6 made available primarily to enable users to locate, research, or evaluate
7 commercial real estate. CRE information includes, but is not limited to,
8 commercial real estate addresses, the prices at which property has been offered for
9 lease or sale, the prices at which comparable property has been offered, leased or
10 sold in the past, lease histories, property descriptions, detailed floor plans,
11 photographs, tenant history, and vacancy rates. Such information enables brokers
12 to advise clients effectively, compete for listings, and make informed decisions.

13 142. CoStar dominates the CRE information services market through its
14 CoStar Platform, which it markets as an industry-leading source of commercial
15 real estate information, analytics, and news. While some CRE data is publicly
16 available from government or industry sources, it would be inefficient for
17 individual brokers to aggregate, verify, and analyze this information independently,
18 as they lack the analytical tools offered by a comprehensive CRE information
19 service. No other service provides a reasonable substitute at scale.

20 143. The demand for CoStar’s information services is inelastic. When
21 CoStar implements a small but significant and non-transitory increase in price
22 (“SSNIP”) for these platforms, customers do not switch to alternatives in sufficient
23 numbers to make the increase unprofitable. Indeed, CoStar has implemented
24 numerous significant price increases on its CoStar Platform over the last eight
25 years, yet it has continued to steadily increase its volume of subscribers and has
26 maintained a renewal rate above 90%—meaning more than 90% of existing
27 subscribers resubscribe with the CoStar Platform each year. CoStar’s ability to
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1 charge and sustain supracompetitive prices in the CRE information services market
2 confirms that it constitutes a distinct, relevant product market under antitrust law.

3 144. CRE listing databases involve disseminating information concerning
4 commercial real estate available for lease or for sale, gathered and displayed on
5 digital platforms that brokers use to market properties and that prospective tenants
6 and buyers use to search for available space. CRE listings include, but are not
7 limited to, commercial real estate addresses, price information, square footage,
8 photographs, narrative descriptions of the property, and broker contact information.
9 Listing platforms may have national or regional scope, but comprehensive
10 geographic coverage is generally expected.

11 145. CoStar, through its LoopNet platform, is the dominant national
12 provider of CRE listing databases. LoopNet is marketed as the primary destination
13 for commercial space discovery and is part of CoStar's global network. While
14 some LoopNet features are publicly accessible, brokers subscribe to paid services
15 for premium features such as enhanced marketing, branding, and search rankings.

16 146. CRE professionals rely on CRE listing services for both tenant/buyer
17 and owner/landlord representation. These services are more efficient and cost-
18 effective than general-purpose digital marketplaces (*e.g.*, Craigslist or Facebook
19 Marketplace) or non-digital methods like on-site signage or print advertising,
20 which lack targeted CRE audiences and sufficient listing density.

21 147. Non-digital and general-purpose digital advertising options are not
22 reasonable substitutes for CRE listing services. When CoStar raises prices for
23 LoopNet listing services by a SSNIP, users do not switch to other platforms or
24 methods at sufficient scale to render the price increase unprofitable. Indeed, CoStar
25 has implemented numerous significant price increases for listing properties on
26 LoopNet over the last eight years, yet it has continued to see a steady increase in
27 the volume of listings advertised on LoopNet. CoStar's ability to charge and
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1 maintain supracompetitive prices for LoopNet listing services confirms that CRE
2 listing services constitute a separate, relevant product market.

3 148. CRE information services and CRE listing services are
4 complementary. A critical mass of listings is a necessary input for generating high-
5 quality market reports, sales and lease comps, and other analytics. Market power
6 in listing services bolsters market power in information services by depriving rivals
7 of the data needed to compete. Yet the markets are distinct: customers can and do
8 buy one without the other, and CoStar charges separately for each. The fact that
9 CoStar can charge supracompetitive prices in both markets confirms that neither
10 constrains the other—and that both are relevant product markets for purposes of
11 antitrust analysis.

12 149. The relevant geographic market for both CRE information services
13 and CRE listing databases is the United States. CoStar markets and sells its services
14 nationwide, and its databases and platforms contain property information from
15 across the country. Brokers often subscribe to the CoStar Platform and LoopNet.
16 Since at least 2021, CoStar no longer offers subscriptions limited to regional or
17 local areas, effectively making its products national in scope.

18 150. Alternatively, the smallest plausible geographic market is a
19 metropolitan area, *i.e.*, a Metropolitan Statistical Area, which is defined by the U.S.
20 Census Bureau as:

21 A geographic entity delineated by the Office of
22 Management and Budget for use by federal statistical
23 agencies. Metropolitan statistical areas consist of the
24 county or counties (or equivalent entities) associated with
25 at least one urbanized area of at least 50,000 population,
26 plus adjacent counties having a high degree of social and
27 economic integration with the core as measured through
28 commuting ties.

1 151. In either geographic market (the United States or metropolitan areas),
2 CoStar maintains dominant shares and enforces exclusionary policies that protect
3 its monopoly power.

4 **VIII. COSTAR’S MONOPOLY POWER**
5 **IN THE RELEVANT MARKETS**

6 152. At all relevant times, CoStar has possessed—and continues to
7 possess—monopoly power in the markets for CRE information and listing services
8 in the United States. CoStar has had the power to raise prices to supracompetitive
9 levels and maintain those prices profitably without losing substantial business.
10 That power is sustained by CoStar’s anticompetitive conduct, along with high
11 barriers to entry and switching costs, which deter rivals and lock in customers.

12 153. In each of the distinct markets for CRE information services and CRE
13 listing services, CoStar’s market share exceeds 90%. Its flagship products—the
14 CoStar Platform and LoopNet—are dominant in their respective verticals, and both
15 are widely regarded as essential by CRE professionals. Approximately 45% of
16 CoStar’s \$1.5 billion in annual revenue derives from CRE information services
17 alone.

18 154. There is direct and circumstantial evidence of CoStar’s monopoly
19 power. CoStar boasts that “nearly 90% of all CRE activity occurs on a CoStar
20 Network” and has claimed that LoopNet drives “18X more activity than [its]
21 nearest competitor.” Financial analysts confirm that LoopNet’s share of traffic is
22 multiples above any other CRE listing platform. One former CoStar executive
23 estimated that 95% of CRE brokers in the U.S. subscribe to the CoStar Platform.

24 155. These figures are consistent with CoStar’s reported high renewal rates.
25 CoStar’s own earnings disclosures confirm its monopoly power. CoStar has
26 reported 90% overall contract renewal rates and 95% renewal rates among long-
27 term subscribers in every quarter from 2019 through 2025, despite implementing
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1 successive rounds of significant price increases throughout that period. CoStar also
2 repeatedly characterizes its products as “mission critical” to its customers—an
3 acknowledgment that CRE professionals cannot operate their businesses without
4 CoStar’s services and have no viable alternative.

5 156. CoStar charges prices far above competitive levels, and its customers
6 keep paying despite widespread frustration. The marginal cost of providing another
7 user access to the CoStar Platform or LoopNet is near zero, yet CoStar charges
8 thousands of dollars per user per year.

9 157. As detailed above, CoStar has repeatedly and substantially raised
10 prices following the elimination of competitors—including increases of up to 300-
11 500% on listing prices and an 80% increase in average CRE information services
12 prices for new customers and successive annual increases thereafter—without
13 meaningful customer defections. These price increases, sustained over years, are
14 direct evidence of monopoly power.

15 158. A small but significant and non-transitory increase in CoStar’s prices
16 would not cause a significant number of users to switch to alternatives because no
17 comparable alternative exists at scale.

18 159. High barriers to entry and switching costs further entrench CoStar’s
19 monopoly power. The CRE information and listing services markets are
20 characterized by strong network effects: an increase in brokers who use a particular
21 information or listing service increases the value of that service to other brokers,
22 creating a self-reinforcing cycle that benefits incumbents and impedes new entrants.
23 Brokers cannot afford to go without CoStar’s data and visibility, and listings posted
24 to LoopNet gain the most exposure, reinforcing CoStar’s control over the data
25 inputs necessary to compete in information and listing services. Brokers also rely
26 on CoStar’s accumulated data and analytics, which cannot easily be replicated or
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1 exported to a new platform. CoStar reinforces these barriers through exclusionary
2 agreements, manipulation of broker-supplied content, and technological blocking.

3 160. But for CoStar’s exclusionary conduct, rivals could have entered or
4 expanded, eroding CoStar’s market share and pricing power. Customers would
5 have had more choices, lower prices, and better services.

6 161. Industry participants recognize that CoStar is a monopolist. CoStar’s
7 customers recognize that CoStar imposes drastic price hikes at will, that such price
8 increases occur despite a decline in the quality of CoStar’s products, and that they
9 are nonetheless left without any alternative options in the CRE information and
10 listing services markets:

- 11 a. CoStar employee: “This is what an American monopoly looks like[.]”
- 12 b. CoStar employee: “You have a monopoly and you act like it.”
- 13 c. CoStar employee: “Clients don’t like you, but have no choice but to
14 use you.”
- 15 d. CoStar employee: “No one is motivated because company is a clear
16 monopoly.”
- 17 e. CoStar employee: “This place will survive b/c it’s a MONOPOLY.”
- 18 f. CoStar customer: “No idea how loopnet / costar gets away with what
19 they do as an extremely litigious attempt at a monopoly that feels
20 more like extortion than a service every time you pay them.”
- 21 g. CoStar employee: “The company is basically a monopoly in the
22 industry, which stunts any actual growth or need to improve”
- 23 h. CoStar customer: “Too bad CoStar is nearly impossible to compete
24 with... could really use some (accurate) competition in the CRE data
25 space.”
- 26
- 27
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- 1 i. CRE industry commentator: “It feels like software from the Windows
2 95 era, but because it holds the monopoly on data, they have zero
3 incentive to modernize the UI.”
- 4 j. CoStar customer: “We only have so many dollars to spend and
5 costar/loopnet eats up a large part of that. Like everyone else we
6 would like to see a good alternative to costar but at this point I don’t
7 think we are prepared to cut the cord.”
- 8 k. CoStar customer: “After our rent, it’s CoStar. This is probably true for
9 most companies.”
- 10 l. The President of the CCIM Institute, a leading CRE professional
11 organization, following Xceligent’s bankruptcy: “It certainly opens
12 up the opportunity for abuse any time there’s a single player.”

13 **IX. COSTAR’S CONDUCT HAS NO VALID**
14 **PROCOMPETITIVE JUSTIFICATION**

15 162. CoStar’s exclusionary behavior across the CRE information and
16 listing services markets lacks any valid procompetitive justification. Its actions are
17 designed to insulate its market position, foreclose rivals, and limit customer
18 choice—not to improve product quality, innovation, or efficiency.

19 163. CoStar’s contractual restrictions do not protect legitimate intellectual
20 property interests. The vast majority of the CRE listings, photographs, and data
21 that CoStar claims as proprietary were supplied by CoStar’s own broker-
22 customers. CoStar adds little to no value to this content, yet uses its contractual
23 terms to prevent brokers from sharing their own content with competing platforms.
24 Blocking brokers from distributing their own listings serves no purpose other than
25 to deny rivals the data inputs they need to compete.

26 164. CoStar’s technological barriers likewise serve no procompetitive
27 purpose. Blocking competitors—and only competitors—from accessing publicly
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1 available listings on brokers' own websites does not protect CoStar's innovation or
2 investment. It protects CoStar's monopoly. CoStar's own prior conduct confirms
3 this: before acquiring LoopNet, CoStar openly argued that public CRE listings
4 should be freely accessible to competitors, litigated to protect that principle, and
5 adopted internal policies reflecting it. CoStar reversed course only after it acquired
6 LoopNet and had the market power to exclude rivals.

7 165. CoStar's aggressive assertion of intellectual property rights over
8 broker-owned content is similarly unjustified. CoStar routinely watermarks
9 photographs it does not own and fingerprints listings with fictitious data. These
10 practices are not grounded in any legitimate business need—they are designed to
11 create the false impression that broker-supplied content is exclusively CoStar's
12 property, thereby reinforcing CoStar's de facto exclusive arrangements and
13 deterring brokers from sharing their own content with competing platforms.

14 166. To the extent CoStar asserts any procompetitive justification for its
15 conduct, any such justification is pretextual and could be achieved through
16 substantially less restrictive means that do not foreclose competition.

17 X. CAUSES OF ACTION

18 COUNT ONE

19 **Exclusive Dealing in Violation of Section 1 of the Sherman Act, 15 U.S.C. § 1** 20 **CRE Information Services**

21 167. Plaintiff repeats and realleges all previous allegations as if fully set
22 forth herein.

23 168. To the extent it is necessary to define the relevant markets, CRE
24 information services in the United States is a relevant antitrust market.

25 169. At all relevant times, CoStar's exclusive dealing arrangements have
26 foreclosed competition in a substantial share of the relevant market. CoStar's
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1 monopoly power in the CRE information services market as alleged herein
2 confirms the substantiality of that foreclosure.

3 170. As more fully alleged above, CoStar has entered into express and/or
4 *de facto* exclusive dealing agreements with customers including contractual
5 restrictions that in practice lock CRE professionals into exclusive relationships
6 with CoStar, which unreasonably restrained trade in the CRE information services
7 market.

8 171. CoStar's conduct affects a substantial volume of interstate commerce.

9 172. CoStar's conduct has substantial anticompetitive effects, including
10 increased prices and costs, reduced choice, reduced innovation and quality of
11 service, and lowered output. Through its anticompetitive conduct, CoStar has
12 excluded, or has sought to exclude, competitors from the CRE information services
13 market and has deprived consumers of the benefits of competition among multiple
14 providers of these services.

15 173. CoStar's exclusive dealing arrangements have substantially
16 foreclosed competition in the market for CRE information services because those
17 agreements cover the market for CRE information services in which CoStar holds
18 monopoly power.

19 174. Through its anticompetitive conduct, CoStar has harmed consumers
20 and the marketplace and impaired competition by depriving consumers of access
21 to alternative CRE information services, as well as more options and lower prices
22 for such services, including the products offered by competitors, such as CREXi
23 and Xceligent.

24 175. CoStar's exclusive dealing arrangements lack a procompetitive
25 justification that offsets the harm caused by its anticompetitive and unlawful
26 conduct.

1 176. To the extent any such procompetitive justification exists, CoStar
2 could have achieved it through less restrictive means.

3 177. As a direct, material, and proximate result of CoStar’s violation of §
4 1 of the Sherman Act, Plaintiff and the Class have suffered injury to their business
5 and property within the meaning of § 4 of the Clayton Act throughout the Class
6 Period, including measurable damages in an amount to be calculated at trial, and
7 face an ongoing threat of new injuries absent an injunction restraining CoStar’s
8 conduct.

9 178. Plaintiff and the Class seek treble damages for CoStar’s violations of
10 § 1 under § 4 of the Clayton Act.

11 179. Plaintiff and the Class seek an injunction against CoStar, preventing
12 and restraining the violations alleged above, under § 16 of the Clayton Act.

13 **COUNT TWO**
14 **Exclusive Dealing in Violation of Section 1 of the Sherman Act, 15 U.S.C. § 1**
15 **CRE Listing Databases**

16 180. Plaintiff repeats and realleges all previous allegations as if fully set
17 forth herein.

18 181. To the extent it is necessary to define the relevant markets, CRE
19 listing databases in the United States is a relevant antitrust market.

20 182. At all relevant times, CoStar’s exclusive dealing arrangements have
21 foreclosed competition in a substantial share of the relevant market. CoStar’s
22 monopoly power in the CRE listing databases market — as alleged herein —
23 confirms the substantiality of that foreclosure.

24 183. As more fully alleged above, CoStar has entered into express and/or
25 *de facto* exclusive dealing agreements with customers including contractual
26 restrictions that in practice lock CRE professionals into exclusive relationships
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1 with CoStar, which unreasonably restrained trade in the CRE listing databases
2 market.

3 184. CoStar's conduct affects a substantial volume of interstate commerce.

4 185. CoStar's conduct has substantial anticompetitive effects, including
5 increased prices and costs, reduced choice, reduced innovation and quality of
6 service, and lowered output. Through its anticompetitive conduct, CoStar has
7 excluded, or has sought to exclude, competitors from the CRE listing databases
8 market and has deprived consumers of the benefits of competition among multiple
9 providers of these services.

10 186. CoStar's exclusive dealing arrangements have substantially
11 foreclosed competition in the market for CRE listing databases because those
12 agreements cover the market for CRE listing databases in which CoStar holds
13 monopoly power.

14 187. Through its anticompetitive conduct, CoStar has harmed consumers
15 and the marketplace and impaired competition by depriving consumers of access
16 to alternative CRE listing databases, as well as more options and lower prices for
17 such services, including the products offered by competitors.

18 188. CoStar's exclusive dealing arrangements lack a procompetitive
19 justification that offsets the harm caused by its anticompetitive and unlawful
20 conduct.

21 189. To the extent any such procompetitive justification exists, CoStar
22 could have achieved it through less restrictive means.

23 190. As a direct, material, and proximate result of CoStar's violation of §
24 1 of the Sherman Act, Plaintiff and the Class have suffered injury to their business
25 and property within the meaning of § 4 of the Clayton Act throughout the Class
26 Period, including measurable damages in an amount to be calculated at trial, and
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1 face an ongoing threat of new injuries absent an injunction restraining CoStar's
2 conduct.

3 191. Plaintiff and the Class seek treble damages for CoStar's violations of
4 § 1 under § 4 of the Clayton Act.

5 192. Plaintiff and the Class seek an injunction against CoStar, preventing
6 and restraining the violations alleged above, under § 16 of the Clayton Act.

7 **COUNT THREE**

8 **Monopolization in Violation of Section 2 of the Sherman Act, 15 U.S.C. § 2**
9 **CRE Information Services**

10 193. Plaintiff repeats and realleges all previous allegations as if fully set
11 forth herein.

12 194. To the extent it is necessary to define the relevant markets, CRE
13 information services in the United States is a relevant antitrust market.

14 195. CoStar's conduct constitutes the intentional and unlawful
15 maintenance of monopoly power in the CRE information services market, in
16 violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.

17 196. At all relevant times, CoStar possessed monopoly power in the
18 relevant market. CoStar possessed the power to control prices in, prevent prices
19 from falling in, and/or exclude competitors from the relevant market.

20 197. Barriers to entry and barriers to expansion by existing firms are high
21 in the CRE information services market.

22 198. CoStar unlawfully maintains its monopoly power in the CRE
23 information services market through the anticompetitive scheme described herein,
24 including by: (a) imposing exclusionary contractual provisions that in practice lock
25 brokers into exclusive relationships with CoStar by prohibiting them from sharing
26 their own CRE listings, data, and photographs with CoStar's rivals; (b)
27 manipulating broker-supplied content through watermarking and fingerprinting to
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1 reinforce the perception among brokers that their own listings and data are now
2 exclusively CoStar's, deterring brokers from sharing their own content with
3 competing platforms; and (c) deploying technological barriers that surreptitiously
4 block competitors from accessing brokers' own publicly available listings.

5 199. Although each of these acts is anticompetitive in its own right, these
6 interrelated and interdependent actions have had a cumulative and synergistic
7 effect that has harmed competition and the competitive process.

8 200. CoStar's conduct affects a substantial volume of interstate commerce.

9 201. CoStar's conduct has substantial anticompetitive effects, including
10 increased prices and costs, reduced choice, reduced innovation and quality of
11 service, and lowered output. Through its anticompetitive conduct, CoStar has
12 excluded, or seeks to exclude, competitors from the CRE information services
13 market and has deprived consumers of the benefits of competition among multiple
14 providers of CRE information services.

15 202. CoStar's conduct has substantially foreclosed competition in the
16 market for CRE information services because it has monopoly power in the market
17 for CRE information services and its exclusionary conduct affects all brokers using
18 CoStar Platform.

19 203. CoStar does not have a legitimate business purpose for its
20 anticompetitive conduct. The anticompetitive effects of CoStar's conduct far
21 outweigh any purported procompetitive justification. CoStar's conduct does not
22 result in any greater ability to reduce costs in producing or innovating upon CRE
23 information services that it sells to customers that could result in reduced prices,
24 higher quality, greater choice, or greater availability to customers. Nor does
25 CoStar's conduct reduce barriers to other rivals' entry, or otherwise result in
26 greater competition in the CRE information services market. CoStar's
27 anticompetitive conduct reduces competition, which only serves to further cement
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1 CoStar's monopoly while disadvantaging consumers and competition on the
2 merits.

3 204. Through its anticompetitive conduct, CoStar has harmed consumers
4 and the marketplace and impaired competition by depriving consumers of access
5 to alternative CRE information services, and lower prices for such services.

6 205. As a direct, material, and proximate result of CoStar's violation of §
7 2 of the Sherman Act, Plaintiff and the Class have suffered injury to their business
8 and property within the meaning of § 4 of the Clayton Act throughout the Class
9 Period, including measurable damages in an amount to be calculated at trial, and
10 face an ongoing threat of new injuries absent an injunction restraining CoStar's
11 conduct.

12 206. Plaintiff and the Class seek treble damages for CoStar's violations of
13 § 2 under § 4 of the Clayton Act.

14 207. Plaintiff and the Class seek an injunction against CoStar, preventing
15 and restraining the violations alleged above, under § 16 of the Clayton Act.

16 **COUNT FOUR**

17 **Monopolization in Violation of Section 2 of the Sherman Act, 15 U.S.C. § 2**
18 **CRE Listing Databases**

19 208. Plaintiff repeats and realleges all previous allegations as if fully set
20 forth herein.

21 209. To the extent it is necessary to define the relevant markets, CRE
22 listing databases in the United States is a relevant antitrust market.

23 210. CoStar's conduct constitutes the intentional and unlawful
24 maintenance of monopoly power in the CRE listing databases market, in violation
25 of Section 2 of the Sherman Act, 15 U.S.C. § 2.

1 211. At all relevant times, CoStar possessed monopoly power in the
2 relevant market. CoStar possessed the power to control prices in, prevent prices
3 from falling in, and/or exclude competitors from the relevant market.

4 212. Barriers to entry and barriers to expansion by existing firms are high
5 in the CRE listing databases market.

6 213. CoStar unlawfully maintains its monopoly power in the CRE listing
7 databases market through the anticompetitive scheme described herein, including
8 by: (a) imposing exclusionary contractual provisions that in practice lock brokers
9 into exclusive relationships with CoStar by prohibiting them from sharing their
10 own CRE listings, data, and photographs with CoStar's rivals; (b) manipulating
11 broker-supplied content through watermarking and fingerprinting to reinforce the
12 perception among brokers that their own listings and data are now exclusively
13 CoStar's, deterring brokers from sharing their own content with competing
14 platforms; and (c) deploying technological barriers that surreptitiously block
15 competitors from accessing brokers' own publicly available listings.

16 214. Although each of these acts is anticompetitive in its own right, these
17 interrelated and interdependent actions have had a cumulative and synergistic
18 effect that has harmed competition and the competitive process.

19 215. CoStar's conduct affects a substantial volume of interstate commerce.

20 216. CoStar's conduct has substantial anticompetitive effects, including
21 increased prices and costs, reduced choice, reduced innovation and quality of
22 service, and lowered output. Through its anticompetitive conduct, CoStar has
23 excluded, or seeks to exclude, competitors from the CRE listing databases market
24 and has deprived consumers of the benefits of competition among multiple
25 providers of CRE listing services.

26 217. CoStar's conduct has substantially foreclosed competition in the
27 market for CRE listing databases because it has monopoly power in the market for
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1 CRE listing databases and its exclusionary conduct affects all brokers using
2 LoopNet.

3 218. CoStar does not have a legitimate business purpose for its
4 anticompetitive conduct. The anticompetitive effects of CoStar's conduct far
5 outweigh any purported procompetitive justification. CoStar's conduct does not
6 result in any greater ability to reduce costs in producing or innovating upon CRE
7 listing services that it sells to customers that could result in reduced prices, higher
8 quality, greater choice, or greater availability to customers. Nor does CoStar's
9 conduct reduce barriers to other rivals' entry, or otherwise result in greater
10 competition in the CRE listing databases market. The only "benefit" that flows
11 from CoStar's anticompetitive conduct is reduction in competition, which only
12 serves to further cement CoStar's monopoly while disadvantaging consumers and
13 competition on the merits.

14 219. Through its anticompetitive conduct, CoStar has harmed consumers
15 and the marketplace and impaired competition by depriving consumers of access
16 to alternative CRE listing databases and lower prices for such services.

17 220. As a direct, material, and proximate result of CoStar's violation of §
18 2 of the Sherman Act, Plaintiff and the Class have suffered injury to their business
19 and property within the meaning of § 4 of the Clayton Act throughout the Class
20 Period, including measurable damages in an amount to be calculated at trial, and
21 face an ongoing threat of new injuries absent an injunction restraining CoStar's
22 conduct.

23 221. Plaintiff and the Class seek treble damages for CoStar's violations of
24 § 2 under § 4 of the Clayton Act.

25 222. Plaintiff and the Class seek an injunction against CoStar, preventing
26 and restraining the violations alleged above, under § 16 of the Clayton Act.

COUNT FIVE

**Unreasonable Restraints of Trade
California Cartwright Act, Cal. Bus. & Prof. Code §§ 16720 *et seq.*
CRE Information Services**

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4 223. Plaintiff repeats and realleges all previous allegations as if fully set
5 forth herein.

6 224. To the extent it is necessary to define the relevant markets, CRE
7 information services in the United States is a relevant antitrust market.

8 225. CoStar has engaged in combinations and arrangements with its
9 customers, including through the exclusive dealing arrangements described herein,
10 that restrain trade and commerce in the CRE information services market, in
11 violation of California Business and Professions Code § 16720.

12 226. At all relevant times, CoStar possessed monopoly power in the
13 relevant market. CoStar possessed the power to control prices in, prevent prices
14 from falling in, and/or exclude competitors from the relevant market.

15 227. Barriers to entry and barriers to expansion by existing firms are high
16 in the CRE information services market.

17 228. CoStar unlawfully restrained trade in the CRE information services
18 market through the anticompetitive scheme described herein, including by: (a)
19 imposing exclusionary contractual provisions that in practice lock brokers into
20 exclusive relationships with CoStar by prohibiting them from sharing their own
21 CRE listings, data, and photographs with CoStar's rivals; (b) manipulating broker-
22 supplied content through watermarking and fingerprinting to reinforce the
23 perception among brokers that their own listings and data are now exclusively
24 CoStar's, deterring brokers from sharing their own content with competing
25 platforms; and (c) deploying technological barriers that surreptitiously block
26 competitors from accessing brokers' own publicly available listings.

1 229. CoStar committed such anticompetitive acts in California and against
2 California residents.

3 230. Although each of these acts is anticompetitive in its own right, these
4 interrelated and interdependent actions have had a cumulative and synergistic
5 effect that has harmed competition and the competitive process.

6 231. CoStar sold its products to California residents, and CoStar's conduct
7 affects a substantial volume of interstate and intrastate commerce in California.

8 232. CoStar's conduct has substantial anticompetitive effects, including
9 increased prices and costs, reduced choice, reduced innovation and quality of
10 service, and lowered output. Through its anticompetitive conduct, CoStar has
11 excluded, or seeks to exclude, competitors from the CRE information services
12 market and has deprived consumers of the benefits of competition among multiple
13 providers of CRE information services.

14 233. CoStar's conduct has substantially foreclosed competition in the
15 market for CRE information services because it has monopoly power in the market
16 for CRE information services and its exclusionary conduct affects all brokers using
17 the CoStar Platform.

18 234. CoStar does not have a legitimate business purpose for its
19 anticompetitive conduct. The anticompetitive effects of CoStar's conduct far
20 outweigh any purported procompetitive justification. CoStar's conduct does not
21 result in any greater ability to reduce costs in producing or innovating upon CRE
22 information services that it sells to customers that could result in reduced prices,
23 higher quality, greater choice, or greater availability to customers. Nor does
24 CoStar's conduct reduce barriers to other rivals' entry, or otherwise result in
25 greater competition in the CRE information services market. CoStar's
26 anticompetitive conduct reduces competition, which only serves to further cement
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1 CoStar’s monopoly while disadvantaging consumers and competition on the
2 merits.

3 235. Through its anticompetitive conduct, CoStar has harmed consumers
4 and the marketplace and impaired competition by depriving consumers of access
5 to alternative CRE information services, as well as more options and lower prices
6 for such services.

7 236. As a direct, material, and proximate result of CoStar’s violations of
8 the Cartwright Act, Plaintiff and the California Subclass have suffered injury to
9 their business and property throughout the Class Period, including measurable
10 damages in an amount to be calculated at trial.

11 237. Plaintiff and the California Subclass seek treble damages pursuant to
12 California Business and Professions Code § 16750(a).

13 238. Plaintiff and the California Subclass seek injunctive relief pursuant to
14 California Business and Professions Code § 16750(a), preventing and restraining
15 the violations alleged above.

16 **COUNT SIX**

17 **Unreasonable Restraints of Trade**

18 **California Cartwright Act, Cal. Bus. & Prof. Code §§ 16720 *et seq.***

19 **CRE Listing Databases**

20 239. Plaintiff repeats and realleges all previous allegations as if fully set
21 forth herein.

22 240. To the extent it is necessary to define the relevant markets, CRE
23 listing databases in the United States is a relevant antitrust market.

24 241. CoStar has engaged in combinations and arrangements with its
25 customers — including through the exclusive dealing arrangements described
26 herein — that restrain trade and commerce in the CRE listing databases market, in
27 violation of California Business and Professions Code § 16720.
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1 242. At all relevant times, CoStar possessed monopoly power in the
2 relevant market. CoStar possessed the power to control prices in, prevent prices
3 from falling in, and/or exclude competitors from the relevant market.

4 243. Barriers to entry and barriers to expansion by existing firms are high
5 in the CRE listing databases market.

6 244. CoStar unlawfully restrained trade in the CRE listing databases
7 market through the anticompetitive scheme described herein, including by: (a)
8 imposing exclusionary contractual provisions that in practice lock brokers into
9 exclusive relationships with CoStar by prohibiting them from sharing their own
10 CRE listings, data, and photographs with CoStar's rivals; (b) manipulating broker-
11 supplied content through watermarking and fingerprinting to reinforce the
12 perception among brokers that their own listings and data are now exclusively
13 CoStar's, deterring brokers from sharing their own content with competing
14 platforms; and (c) deploying technological barriers that surreptitiously block
15 competitors from accessing brokers' own publicly available listings.

16 245. CoStar committed such anticompetitive acts in California and against
17 California residents.

18 246. Although each of these acts is anticompetitive in its own right, these
19 interrelated and interdependent actions have had a cumulative and synergistic
20 effect that has harmed competition and the competitive process.

21 247. CoStar sold its products to California residents, and CoStar's conduct
22 affects a substantial volume of interstate and intrastate commerce in California.

23 248. CoStar's conduct has substantial anticompetitive effects, including
24 increased prices and costs, reduced choice, reduced innovation and quality of
25 service, and lowered output. Through its anticompetitive conduct, CoStar has
26 excluded, or seeks to exclude, competitors from the CRE listing databases market
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1 and has deprived consumers of the benefits of competition among multiple
2 providers of CRE listing services.

3 249. CoStar’s conduct has substantially foreclosed competition in the
4 market for CRE listing databases because it has monopoly power in the market for
5 CRE listing databases and its exclusionary conduct affects all brokers using
6 LoopNet.

7 250. CoStar does not have a legitimate business purpose for its
8 anticompetitive conduct. The anticompetitive effects of CoStar’s conduct far
9 outweigh any purported procompetitive justification. CoStar’s conduct does not
10 result in any greater ability to reduce costs in producing or innovating upon CRE
11 listing services that it sells to customers that could result in reduced prices, higher
12 quality, greater choice, or greater availability to customers. Nor does CoStar’s
13 conduct reduce barriers to other rivals’ entry, or otherwise result in greater
14 competition in the CRE listing databases market. The only “benefit” that flows
15 from CoStar’s anticompetitive conduct is reduction in competition, which only
16 serves to further cement CoStar’s monopoly while disadvantaging consumers and
17 competition on the merits.

18 251. Through its anticompetitive conduct, CoStar has harmed consumers
19 and the marketplace and impaired competition by depriving consumers of access
20 to alternative CRE listing databases, as well as more options and lower prices for
21 such services.

22 252. As a direct, material, and proximate result of CoStar’s violations of
23 the Cartwright Act, Plaintiff and the California Subclass have suffered injury to
24 their business and property throughout the Class Period, including measurable
25 damages in an amount to be calculated at trial.

26 253. Plaintiff and the California Subclass seek treble damages pursuant to
27 California Business and Professions Code § 16750(a).

1 254. Plaintiff and the California Subclass seek injunctive relief pursuant to
2 California Business and Professions Code § 16750(a), preventing and restraining
3 the violations alleged above.

4 **COUNT SEVEN**

5 **Unfair and Unlawful Business Practices**

6 **California Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200 *et seq.***
7 **CRE Information Services and CRE Listing Databases**

8 255. Plaintiff repeats and realleges all previous allegations as if fully set
9 forth herein.

10 256. CoStar has engaged in unlawful, unfair, and fraudulent business acts
11 and practices in violation of California Business and Professions Code § 17200 *et*
12 *seq.* (the “UCL”).

13 257. CoStar’s conduct is unlawful within the meaning of the UCL because
14 it violates Section 1 of the Sherman Act, 15 U.S.C. § 1; Section 2 of the Sherman
15 Act, 15 U.S.C. § 2; and the California Cartwright Act, California Business and
16 Professions Code §§ 16720 *et seq.*, as alleged in Counts One through Six above.

17 258. CoStar’s conduct is independently unfair within the meaning of the
18 UCL because the anticompetitive harm caused by CoStar’s conduct—including
19 supracompetitive pricing, exclusion of competitors, reduced innovation, and
20 diminished choice in the markets for CRE information and listing services—
21 substantially outweighs any utility of that conduct. CoStar’s practice of imposing
22 exclusionary contractual provisions, manipulating broker-supplied content to
23 reinforce the perception of exclusivity, and deploying technological barriers to
24 block competitors offends established public policy favoring free and open
25 competition, as embodied in the Sherman Act, the Cartwright Act, and the common
26 law. The harm CoStar’s conduct inflicts on competition and consumers is
27 substantial, is not outweighed by any countervailing benefits to consumers or
28

1 competition, and could not reasonably have been avoided by Plaintiff or the
2 California Subclass given CoStar's monopoly power in both of the relevant
3 markets.

4 259. CoStar's conduct affects a substantial volume of commerce in
5 California.

6 260. CoStar's unfair and unlawful business practices have caused and
7 continue to cause Plaintiff and the California Subclass to suffer injury in fact,
8 including the payment of supracompetitive prices for CRE information and listing
9 services that they would not have paid absent CoStar's anticompetitive conduct,
10 and the loss of money or property within the meaning of California Business and
11 Professions Code § 17204.

12 261. As a direct and proximate result of CoStar's unfair and unlawful
13 business practices, CoStar has been unjustly enriched at the expense of Plaintiff
14 and the California Subclass. Plaintiff and the California Subclass are entitled to
15 restitution and disgorgement of all revenues, earnings, profits, compensation, and
16 benefits that CoStar obtained as a result of its unfair and unlawful business
17 practices, pursuant to California Business and Professions Code § 17203.

18 262. Plaintiff and the California Subclass seek an order enjoining CoStar
19 from continuing to engage in the unfair and unlawful business practices described
20 herein, pursuant to California Business and Professions Code § 17203.

21 263. Plaintiff and the California Subclass further seek all other relief
22 available under the UCL, including attorneys' fees and costs, including pursuant
23 to California Code of Civil Procedure § 1021.5.

24 **XI. CLASS ACTION ALLEGATIONS**

25 264. Plaintiff brings this action on behalf of itself and all others similarly
26 situated, pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3), as
27
28

1 representatives of a Nationwide Class and a California Subclass (together, the
2 “Classes”), which are defined as follows:

3 **Nationwide Class** (Counts One through Four): All
4 persons and entities in the United States and its territories
5 that directly paid Defendants for use of their CRE
6 information and/or listing services products at any time
7 during the period starting on April 14, 2022 through and
8 until Defendants’ alleged unlawful conduct and its
9 anticompetitive effects cease (the “Class Period”).

10 **California Subclass** (Counts Five through Seven): All
11 members of the Nationwide Class who, during the Class
12 Period, resided in or maintained their principal place of
13 business in the State of California.

14 Excluded from the Classes are Defendants; Defendants’ officers, directors, and
15 employees; Defendants’ parents, subsidiaries, and affiliates; any co-conspirators;
16 federal and state governmental entities; and any judges or justices assigned to hear
17 any aspect of this action.

18 265. CoStar charges all customers based on the same rate card—a uniform
19 pricing structure that CoStar applies across its customer base. Because all Class
20 members are subject to the same pricing methodology, the overcharge resulting
21 from CoStar’s anticompetitive conduct can be measured on a classwide basis. The
22 California Subclass is subject to the same uniform pricing methodology and the
23 same contractual terms as all other Class members, making the California Subclass
24 claims suitable for classwide resolution.

25 266. Each of the Classes is so numerous that joinder of all members in this
26 action is impracticable. There are tens of thousands of members in the Nationwide
27 Class, and thousands of members in the California Subclass.

28 267. Plaintiff’s claims are typical of those of the Classes because Plaintiff
presses the same legal theories, and seeks to redress the same injury, for itself as

1 for all members of the Classes. Plaintiff, as a California-based entity that purchased
2 Defendants' CRE information and listing services during the Class Period, has
3 claims typical of the Nationwide Class and California Subclass.

4 268. Plaintiff and all members of the Classes were all injured by the same
5 unlawful conduct, which resulted in all of them paying more for CRE information
6 and listing services than they otherwise would have in a competitive market.

7 269. Plaintiff will fairly and adequately protect and represent the interests
8 of the Classes. Plaintiff's interests are not antagonistic to the Classes.

9 270. Questions of law and fact common to the members of each of the
10 Classes will predominate over questions, if any, that may be specific to individual
11 members, because Defendants have acted and refused to act on grounds generally
12 applicable to the Classes.

13 271. Questions of law and fact common to the Classes include, but are not
14 limited to:

- 15 a. whether CRE information and listing services represent relevant
16 antitrust markets.
- 17 b. whether CoStar possesses monopoly power in the relevant markets
18 for CRE information and listing services;
- 19 c. whether CoStar willfully acquired or maintained that power through
20 exclusionary conduct, including anticompetitive acquisitions, de facto
21 exclusive dealing arrangements, manipulation of broker-supplied
22 content to reinforce the perception that brokers cannot share their own
23 data with competitors, technological barriers imposed on its own
24 customers, and aggressive litigation to enforce its scheme;
- 25 d. whether CoStar's conduct had the effect of suppressing or eliminating
26 competition in the relevant markets for CRE information and listing
27 services;

- 1 e. whether CoStar’s conduct resulted in supracompetitive pricing, or
- 2 reduced output, innovation, or quality;
- 3 f. the appropriate measure of damages incurred by the Classes;
- 4 g. whether CoStar’s conduct constitutes unreasonable restraints of trade
- 5 in violation of the California Cartwright Act, California Business and
- 6 Professions Code §§ 16720 *et seq.*;
- 7 h. whether CoStar’s conduct constitutes unfair or unlawful business
- 8 practices in violation of the California Unfair Competition Law,
- 9 California Business and Professions Code §§ 17200 *et seq.*;
- 10 i. whether members of the California Subclass suffered injury in fact
- 11 and lost money or property as a result of CoStar’s unfair and unlawful
- 12 business practices; and
- 13 j. the appropriate measure of restitution and disgorgement owed to the
- 14 California Subclass.

15 272. Plaintiff is represented by counsel who are experienced in the
16 prosecution of complex antitrust and unfair competition class actions.

17 273. Class action treatment is the superior method for the fair and efficient
18 adjudication of the controversy because, among other reasons, it will permit a large
19 number of similarly situated people or entities to prosecute their common claims
20 in a single forum simultaneously, efficiently, and without the unnecessary
21 duplication of effort and expense that numerous individual actions would
22 engender. The benefits of proceeding through the class mechanism, including
23 providing injured persons or entities with a method of obtaining redress for claims
24 that might not be practicable for them to pursue individually, substantially
25 outweigh any difficulties that may arise in the management of this class action.
26 The California Subclass claims raise no unique manageability concerns, as they
27 arise from the same conduct, the same contracts, and the same pricing structure as
28

1 the Nationwide Class claims, and California law will apply uniformly to all
2 California Subclass members.

3 **XII. PETITION FOR RELIEF**

4 274. Plaintiff petitions for the following relief:

- 5 a. A determination that this action may be maintained as a class action
6 pursuant to Federal Rule of Civil Procedure 23, with a Nationwide
7 Class and a California Subclass as defined herein; that Plaintiff be
8 appointed class representative of the nationwide Class; that Plaintiff
9 be appointed class representative of the California Subclass; and that
10 Plaintiff's counsel be appointed as class counsel;
- 11 b. A determination that the conduct set forth herein is unlawful under
12 Sections 1 and/or 2 of the Sherman Act, 15 U.S.C. §§ 1, 2, under the
13 rule of reason or any other applicable mode of analysis;
- 14 c. A determination that the conduct set forth herein constitutes
15 unreasonable restraints of trade in violation of the California
16 Cartwright Act, California Business and Professions Code §§ 16720
17 *et seq.*;
- 18 d. A determination that the conduct set forth herein constitutes unfair
19 and unlawful business practices in violation of the California Unfair
20 Competition Law, California Business and Professions Code §§
21 17200 *et seq.*;
- 22 e. An award of treble damages to Plaintiff and the nationwide Class in
23 an amount to be proven at trial, as authorized by Section 4 of the
24 Clayton Act, 15 U.S.C. § 15;
- 25 f. An award of treble damages to Plaintiff and the California Subclass
26 in an amount to be proven at trial, as authorized by California
27 Business and Professions Code § 16750(a);
- 28

- 1 g. Restitution and disgorgement of all revenues, earnings, profits,
2 compensation, and benefits obtained by Defendants as a result of their
3 unfair and unlawful business practices, for the benefit of Plaintiff and
4 the California Subclass, pursuant to California Business and
5 Professions Code § 17203;
- 6 h. A judgment enjoining Defendants from engaging in further unlawful
7 conduct, pursuant to Section 16 of the Clayton Act, 15 U.S.C. § 26,
8 California Business and Professions Code § 16750(a), and California
9 Business and Professions Code § 17203;
- 10 i. An award of attorneys’ fees and costs, including pursuant to
11 California Code of Civil Procedure § 1021.5; California Business and
12 Professions Code § 16750(a); and Sections 4 and 16 of the Clayton
13 Act, 15 U.S.C. §§ 15(a), 26;
- 14 j. An award of pre- and post-judgment interest on all amounts awarded;
15 and
- 16 k. Such other relief as the Court deems just and equitable.

17 **XIII. JURY DEMAND**

18 275. Plaintiff demands a trial by jury of all the claims asserted in this
19 Complaint so triable.

20
21 Date: April 15, 2026

Respectfully submitted,

22 /s/ Halley W. Josephs

23 HALLEY W. JOSEPHS (CA Bar No. 338391)

24 hjosephs@susmangodfrey.com

SUSMAN GODFREY LLP

1900 Avenue of the Stars, Suite 1400

25 Los Angeles, CA 90067

26 Phone: (310) 789-3100

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WILLIAM C. CARMODY (*pro hac vice* forthcoming)
bcarmody@susmangodfrey.com
SHAWN J. RABIN (*pro hac vice* forthcoming)
srabin@susmangodfrey.com
HENRY J. WALTER (*pro hac vice* forthcoming)
hwalter@susmangodfrey.com
SUSMAN GODFREY LLP
One Manhattan West, 50th Fl.
New York, NY 10001
Phone: (212) 336-8330

ANDREW C. CURLEY (*pro hac vice* forthcoming)
acurley@bergermontague.com
ZACHARY D. CAPLAN (*pro hac vice* forthcoming)
zcaplan@bergermontague.com
JULIA MCGRATH (*pro hac vice* forthcoming)
jmcgrath@bergermontague.com
JEREMY GRADWOHL (CA Bar No. 344828)
jgradwohl@bergermontague.com
BERGER MONTAGUE PC
1818 Market Street, Suite 3600
Philadelphia, PA 19103
Phone: (215) 875-3000

NATASHA J. FERNÁNDEZ-SILBER (*pro hac vice* forthcoming)
nfernandezsilber@edelson.com
EDELSON PC
200 South 1st Street
Ann Arbor, MI 48104
Tel: (312) 589-6370
Fax: (312) 589-6378

SARAH R. LAFRENIERE (*pro hac vice* forthcoming)
slafreniere@edelson.com
BRANDON BAUM-ZEPEDA* (CA Bar No. 352698)
bbaum-zepeda@edelson.com
EDELSON PC
1255 Union Street NE, Suite 850
Washington, DC 20002

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Tel: (202) 270-4777
*Barred only in California. Practice limited to matters
authorized by D.C. Rule 49(c)(3)