

IP Law News

CoStar Accuses Rival of ‘Flagrant and Widespread’ IP Theft (1)

By Blake Brittain

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- **COURT:** C.D. Cal.
 - **TRACK DOCKET:** [No. 2:20-cv-08819](#) (Bloomberg Law Subscription)
 - **COMPANY INFO:** [CoStar Group Inc.](#); [Commercial Real Estate Exchange Inc.](#) (Bloomberg Law Subscription)
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Commercial real estate information provider CoStar Group Inc. sued rival Commercial Real Estate Exchange Inc. in Los Angeles federal court Friday, alleging CREXi's business is based on copyrights and protected information stolen from CoStar.

According to CoStar's complaint in the U.S. District Court for the Central District of California, CREXi is building a similar platform using CoStar's "billions of dollars of investments and the thirty-plus years of hard work by CoStar's employees."

CREXi allegedly uses passwords issued to other companies to access CoStar's database and steal broker directories, property listing data, new listing alerts, and copyrighted photographs, among other things.

"CoStar uncovered a mountain of evidence that CREXi is free-riding on CoStar's services and intellectual property to build a rival business," its attorney Nick Boyle, a partner at Latham & Watkins LLP, told Bloomberg Law. "CoStar filed the lawsuit because CoStar doesn't want to compete with itself."

CoStar says it's the nation's leading provider of commercial real estate information, offering data for brokers through a subscription service. It also owns digital real estate marketplaces including LoopNet, the "leading digital marketplace for commercial real estate in the United States." It called CREXi a "relative newcomer," but noted it has already raised over \$60 million in funding and "could compete fairly with CoStar if it so chose."

According to CoStar, CREXi-affiliated IP addresses have wrongly accessed LoopNet more than a million times, and the company switched IP addresses and continued "harvesting" CoStar's content after getting caught. CREXi employees have also created LoopNet accounts using personal email addresses and fake names to "cover their tracks," the complaint says. CREXi also allegedly collects information from LoopNet through an Indian contractor.

CREXi account executives allegedly downloaded and cloned CoStar's broker directories, using the stolen data to generate leads. CoStar also says CREXi infringes its copyrights by using over 10,000 CoStar photos of property listings on its website.

CoStar also called CREXi a "repeat offender," based on a 2016 case where CREXi's founders Michael DeGiorgio and Luke Morris were allegedly "caught red-handed" with confidential customer lists taken from their former company, Ten-X.

"To end the litigation, CREXi made a seven-figure damages payment, and Mr. DeGiorgio stated: 'I regret my conduct at the time I departed Ten-X.' Clearly not," CoStar says. "Mr. DeGiorgio, CREXi, and its employees have continued to steal to get ahead, now on an even greater scale."

Causes of Action: Copyright infringement, violations of the Digital Millennium Copyright Act, common law misappropriation, California unfair competition, breach of contract.

Relief: Injunctive relief, damages, attorneys' fees and costs.

Response: CREXi didn't immediately respond to a request for comment.

Attorneys: Latham & Watkins LLP represents CoStar.

The case is CoStar Group Inc. v. Commercial Real Estate Exch. Inc., C.D. Cal., No. 2:20-cv-08819, complaint filed 9/25/20.

(Updated with new fourth graph to add comment from CoStar.)

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