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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

REX – REAL ESTATE EXCHANGE, INC., a
Delaware corporation,

Plaintiff,

v.

ZILLOW, INC., a Washington corporation;
ZILLOW GROUP, INC., a Washington
corporation; ZILLOW HOMES, INC., a
Delaware corporation; ZILLOW LISTING
SERVICES, INC., a Washington corporation;
ZILLOW GROUP MARKETPLACE, INC., a
Washington corporation; TRULIA, LLC, a
Delaware limited liability company; and THE
NATIONAL ASSOCIATION OF REALTORS,
an Illinois trade association,

Defendants.

No.

COMPLAINT FOR INJUNCTIVE
RELIEF AND FOR DAMAGES

DEMAND FOR JURY TRIAL

1. REX – Real Estate Exchange, Inc. (“REX”) brings this action against Zillow, Inc., Zillow Group, Inc., Zillow Homes, Inc., Zillow Listing Services, Inc., Zillow Group Marketplace, Inc., Trulia, LLC (collectively “Zillow”), and the National Association of Realtors (“NAR”) under federal and state antitrust laws, the Lanham Act, and deceptive trade laws and alleges as follows:

COMPLAINT FOR INJUNCTIVE RELIEF
AND FOR DAMAGES - 1

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1111 THIRD AVENUE, SUITE 3000
SEATTLE, WASHINGTON 98101-3292

I. NATURE OF THE ACTION

2 2. REX brings this lawsuit to keep the digital hubs of the real estate economy open
3 so that consumers have the benefit of innovation and cost savings that come from competition.
4 The internet has radically altered how Americans shop for homes. For most consumers, home
5 buying begins on a mobile device or laptop. Consumers can search for homes by location,
6 price, square footage, numbers of bedrooms and bathrooms, and other categories. In an instant,
7 consumers can view images of homes that fit their preferences—and much more. The internet
8 continues to evolve to satisfy the needs of home buyers. In addition to finding properties,
9 home shoppers can tour properties virtually. Offers are now made online and closing
10 documents are notarized on Zoom.

11 3. Websites that aggregate homes for sale are the digital hubs of the new real estate
12 economy. They attract billions of views every year by gathering a vast inventory of homes and
13 allowing consumers to customize their searches. Search capabilities allow consumers to find
14 individual residences within predefined parameters and then track properties that interest them.
15 Consumers can now perform a substantial amount of their home searches online, at their
16 leisure, instead of spending weekend after weekend at open houses and showing appointments.

17 4. Aggregator sites facilitate transactions that allow millions of Americans every
18 year to relocate for new personal and professional opportunities. Home sellers know that
19 interested buyers flock to aggregator sites and highly value having their homes listed on those
20 sites.

21 5. This democratization of access to real estate inventory changes the old dynamic.
22 The NAR and Multiple Listing Services (“MLS”) largely controlled access to real estate
23 markets, and related brokerage services, because they controlled home inventory information.
24 Direct consumer access to available homes—and the ability for non-NAR, non-MLS licensed
25 brokers and agents to make homes directly visible to consumers—opens the pathway for new,

1 innovative real estate service providers. And, critically, it introduces competition that benefits
2 consumers through greater choice and downward pressure on traditionally high commission
3 structures.

4 6. REX co-founders Jack Ryan and Lynley Sides launched REX in 2015 to disrupt
5 the traditional real estate model by putting consumers first. REX's innovative model uses
6 technology to enhance efficiency and drastically reduce brokerage commissions, while
7 delivering a full suite of personalized services to clients.

8 7. The legacy real estate industry transfers billions of dollars in commissions every
9 year from home sellers to brokers. In the typical real estate transaction under the traditional
10 model, the seller is represented by an agent who collects a commission in the range of 2.5 to
11 3% of the sale price. The thousands of dollars in commissions paid to the seller agent are
12 only *part* of the commission fees. Under rules written by NAR and enforced by its member
13 MLSs, sellers must also make what is essentially a non-negotiable offer of compensation to
14 any agent representing the ultimate purchaser, generally *another* 2.5 to 3% of the sale price—
15 with total commissions averaging about 5.5%. Total commissions in a REX transaction
16 average 3.3%, representing a 40% discount. REX has already returned more than \$29 million
17 in commission savings to consumers and is on pace to save consumers more than \$100 million
18 annually. On a \$720,000 home sale—the median price in King County, where REX recently
19 opened operations—consumers would save \$16,000 in commissions using REX's data-driven,
20 direct-to-consumer model.

21 8. REX's innovative and competitive model is now threatened by the concerted
22 action of the NAR and Zillow, along with their MLS affiliates. Zillow recently joined NAR-
23 affiliated MLSs and adopted their associational rules to conceal all non-MLS listings on
24 Zillow's heavily trafficked websites. These listing portals, as explained below, are critical
25 channels to reaching consumers. Zillow's recently implemented website changes make non-

1 MLS listings accessible only via a recessed, obscured, and deceptive tab that consumers do not
2 see, and even professional real estate agents find deceiving. The result is that REX's listings
3 are losing significant traffic, severely impacting REX's reputation, its ability to execute its
4 innovative and disruptive business model, and driving consumers away from REX and back
5 into the MLS regime, ensuring higher commissions that benefit NAR's members.

6 9. If the NAR and its MLS partners, which now include Zillow, are allowed to
7 once again close off transparent access to home inventory by entering into agreements among
8 themselves that disadvantage all but their own membership, consumers and competition will
9 suffer.

10 II. THE PARTIES

11 10. Plaintiff REX is a Delaware corporation in good standing, incorporated as REX
12 - Real Estate Exchange, Inc., with its principal place of business at 3300 N Interstate Hwy 35,
13 Suite 149, in the City of Austin and State of Texas.

14 11. Defendant National Association of Realtors is a trade association organized and
15 existing as a non-profit corporation under the laws of the State of Illinois with its principal
16 place of business at 430 N Michigan Avenue in the City of Chicago and State of Illinois. NAR
17 has members residing in the State of Washington and within this District. NAR may be served
18 through its registered agent.

19 12. Defendant Zillow, Inc. is an online real estate marketplace company. Zillow,
20 Inc. is a general corporation organized and existing under the laws of the State of Washington
21 with its principal place of business at 1301 Second Avenue, FL 31, in the City of Seattle and
22 State of Washington. Zillow, Inc. maintains real estate brokerage licenses in a number of
23 states. It may be served through its registered agent.
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1 13. Zillow Group, Inc. offers online real estate services and is a general corporation
2 organized and existing under the laws of the State of Washington with its principal place of
3 business at 1301 Second Avenue, FL 31, in the City of Seattle and State of Washington. It
4 may be served through its registered agent.

5 14. Zillow Homes, Inc., is organized and existing under the laws of the State of
6 Delaware, with its principal place of business at 1301 Second Avenue, FL 31, in the City of
7 Seattle and State of Washington. It maintains real estate brokerage licenses in a number of
8 states. It may be served through its registered agent.

9 15. Zillow Listing Services, Inc. offers miscellaneous real estate services. It
10 maintains real estate brokerage licenses in a number of states. It is a general corporation
11 organized and existing under the laws of the State of Washington with its principal place of
12 business at 1301 Second Avenue, FL 31, in the City of Seattle and State of Washington. It
13 may be served through its registered agent.

14 16. Zillow Group Marketplace, Inc., offers online information services and is a
15 general corporation organized and existing under the laws of the State of Washington with its
16 principal place of business at 1301 Second Avenue, FL 31, in the City of Seattle and State of
17 Washington. It may be served through its registered agent.

18 17. Trulia, LLC is a limited liability company organized and existing under the laws
19 of the State of Delaware with its principal place of business at 1301 Second Avenue, FL 31, in
20 the City of Seattle and State of Washington and its sole governor is Zillow, Inc. It is a real
21 estate website. It may be served through its registered agent.
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